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Minnesota Biennial Budget

Health & Human Services

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Presented by Governor Arne H. Carlson to the 79th Legislature

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1996-97 BIENNIAL BUDGET

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AGENCY: HUMAN SERVICES, DEPARTMENT OF

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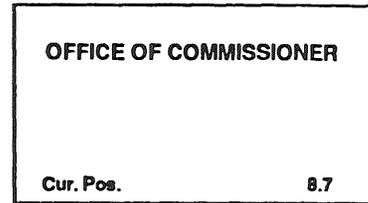
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Department of Human Services

Organizational Chart 7/1/94



<p>Children's Administration</p> <p>Cur. Pos. 49.5 Adjustment 16.0 Total 65.5</p>	<p>Community Mental Health & State Operated Services Administration</p> <p>Cur. Pos. 4,894.2 Adjustment <460.6> Total 4,433.6</p>	<p>Economic Self Sufficiency Administration</p> <p>Cur. Pos. 276.7 Adjustment 16.8 Total 293.5</p>	<p>Finance & Management Administration</p> <p>Cur. Pos. 265.8 Adjustment 32.6 Total 298.4</p>	<p>Health Care Administration</p> <p>Cur. Pos. 520.7 Adjustment (13.7) Total 507.0</p>	<p>Life Skills Self Sufficiency Administration</p> <p>Cur. Pos. 166.3 Adjustment 6.0 Total 172.3</p>
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June 30, 1994 FTE Employees: 6030.7

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Human Services, Department of (DHS)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$2,183,285	\$2,183,285	\$4,366,570
<u>BASE ADJUSTMENT:</u>			
One Time Appropriations	(2,591)	(2,591)	(5,182)
Biennial Appropriations	(428)	(1,231)	(1,659)
Appropriations Carried FWD	(14,056)	(14,056)	(28,112)
Non-Recurring Expenditures	(1,000)	(1,000)	(2,000)
Base Transfer (Btwn Funds)	67,809	67,809	135,618
Documented Rent/Lease Inc/Dec	307	509	816
Special Legis. Adjustments	720	59,125	59,845
Attorney General Costs	554	554	1,108
<u>CURRENT SPENDING</u>	\$2,241,080	\$2,292,404	\$4,533,484
<u>AGENCY DECISION ITEMS:</u>			
Finance and Management	4,780	6,746	11,526
Life Skills Self Sufficiency	1,472	1,874	3,346
Families and Children	3,368	5,339	8,707
Economic Self Sufficiency	708	618	1,326
Health Care	9,642	47,023	56,665
Comm. Mental Health & SOS	(11,125)	(10,470)	(21,595)
Income Maintenance Adjustments	135,729	277,648	413,377
<u>AGENCY PLAN</u>	\$2,385,654	\$2,621,182	\$5,006,836
<u>GOVERNOR'S INITIATIVES:</u>			
Child Care-Basic Sliding Fee	7,025	14,025	21,050
Family Services Collaboratives	3,500	4,000	7,500
Care for Homeless Children	1,075	1,475	2,550
Children's Mental Health Act Funding	2,150	1,650	3,800
Mental Health Adolescent Services	600	6,500	7,100
Welfare Reform	(3,722)	4,015	243
Child Support Improvements	48	980	1,028
Transfer to Children & Ed Svs Dept	-0-	(53,160)	(53,160)
GOVERNOR'S RECOMMENDATION	\$2,396,280	\$2,600,667	\$4,996,947

Brief Explanation of Agency Plan:

The Department of Human Services (DHS) began the development of the biennial budget process by listening to what Minnesota citizens wanted for the future. The department first reviewed the Minnesota Milestone goals and used these as the context for a comprehensive public outreach effort to define more specific goals directed to human service policy. Outreach included policy symposiums, county forums, and questionnaires sent to nearly 1,000 Minnesotans who either receive, provide, or have other interests about human services issues.

Minnesota Milestones and the input received through these outreach efforts became the basis for identifying the following seven "Human Services Priorities for People":

1. health care;
2. life skills self-sufficiency;
3. economic self-sufficiency;
4. children;
5. infrastructure;
6. housing; and
7. community.

These priorities (which are more specifically discussed on the agency narrative page found later in this document) are the focus of the agency's budget plan. Four of the seven priorities have generated department budget initiatives which affect the General Fund. Items affecting the General Fund are listed below, categorized by initiative.

■ **Life Skills Self-Sufficiency**

1. **Quality Assurance Support System** provides resources for testing and implementing alternative quality assurance approaches for persons requiring ongoing care.
2. **Consumer Support Grants** establishes a new program of consumer grants for persons who have significant functional limitations. These grants are to be provided as an alternative to more restrictive program-based service delivery approaches.
3. **Developmental Disabilities (DD) Pilots** provides for purchasing of DD services at the local level, consolidating and streamlining regulatory requirements, and increased choices to consumers of non-traditional supports and services.
4. **DD Waiver Alternative Allocation Structure** provides a new allocation structure for the developmental disabilities waiver program to provide a more equitable allocation of resources to persons receiving these services.

5. **Regional Adult Mental Health Services System Improvements** develops and pilots the integration of state, county, and community mental health programs and resources as a new mental health service delivery approach.

■ **Economic Self-Sufficiency**

1. **Welfare Reform** implements ten welfare reform proposals providing emphasis on employment and families and children.
2. **Child Support Guidelines Reform** provides for the development of an Income Share model child support guideline.
3. **Child Support Contested Hearings** includes contested child support matters in the statewide administrative process.
4. **Child Support Payment and Collections Improvements** centralizes child support payments, reduces county administrative burdens, and simplifies child support withholding and reporting requirements of employees.
5. **Publishing of Delinquent Child Support Obligers** provides resources for publishing the names of delinquent child support obligers.

■ **Children**

1. **Basic Sliding Fee Child Care** provides additional resources for child care assistance to low-income parents.
2. **Adoption Assistance and Nonrecurring Adoption Expenses Reimbursement Program** expands the adoption assistance program to meet projected increases in the number of persons who are adopting children with special needs and who are eligible for this assistance.
3. **Family Services Collaboratives Funding** provides resources for the continued development of community-based family services collaboratives.
4. **Crisis Nurseries Funding** maintains and continues crisis nurseries as federal funding expires.
5. **Continuum of Care for Homeless Children** expands programs serving youth ages 16 to 21 who are homeless or at high risk of becoming homeless.
6. **Cross Cultural Training for Deaf and Hard-of-Hearing Children and their Families** provides families with deaf or hard-of-hearing children education, communication and role modeling opportunities in three separate week long cross-cultural living environments held in greater Minnesota.
7. **Social Services Information System** develops a system to provide timely and reliable client-

specific data to assist in guiding policy and meeting federal reporting requirements.

8. **Children's Mental Health Act Funding** provides resources to children's mental health collaboratives for additional mental health services to children and their families.
9. **Community Mental Health Adolescent Services** provides resources to develop community-based services in the metropolitan area tailored for adolescents who have a serious emotional disturbance and exhibit violent behavior.

■ **Infrastructure**

1. **Statewide Systems Ongoing Support** provides resources necessary to implement the components of the Statewide Systems Project and integrate the new system into the ongoing operations of the department and regional treatment centers.
2. **Diversity Initiative** provides resources for recruitment of employees of diverse populations, staff development and training in diversity, support services related to diversity issues, and accommodations of sign language interpreters, readers, or other auxiliary aids for employees and clients.
3. **Human Resources Organization and Development** provides resources for professional development and support services.
4. **Department-wide Accounts Receivable Consolidation** coordinates accounts receivable within DHS, provides systems analysis and staff resources to enhance accounts receivable operations and pursue increased collections on overdue accounts.
5. **Old Age, Survivors and Disability Health Insurance Project** provides outreach efforts to determine eligibility for social security, Retirement, Survivors, and Disability (RSDI) cash benefits for persons receiving Medical Assistance and group residential housing grants.
6. **Collaborative Funding of Legal Services** provides resources for increases in the legal services costs of the department resulting from increased rates and service needed.

In addition to department initiative items, other changes contained in the agency plan also affect the General Fund. Examples include: inflationary increases to rates for hospitals, nursing homes, and intermediate care facilities for the mentally retarded; increasing hospital rates through modified peer grouping approach; expansion of the alternative care program; increases to department operations; changing pharmacy payment rates to "best price"; regional treatment center downsizing; Faribault Regional Treatment Center closure activity; and forecast changes to income maintenance programs.

REVENUE SUMMARY:

DHS generates revenues that are deposited into the state General Fund. Most significant of these revenues are collections for the cost of care of residents of regional treatment centers (RTC) an State-Operated Services; surcharges on hospitals, physician, and long-term care facilities; and federal reimbursement of administrative costs.,

The DHS Agency Plan incorporates anticipated decreases in revenues due to downsizing of RTCs and a Welfare Reform initiative to put more disposable income into the hands of the working poor that

will have a short-term cash flow effect on tax revenues.

The DHS Agency Plan also includes anticipated increases in revenues due to initiatives in the accounts receivable area.

AFFECTED STATUTES:

- M.S. 245, 245A, 245H, 252 256, 256B, 256D, 256H, 256I, and 518.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan. In addition, the Governor has identified the following items as Governor's Initiatives:

1. Basic Sliding-Fee Child Care;
2. Family Services Collaboratives Funding;
3. Continuum of Care for Homeless Children
4. Childrens Mental Health Act Funding
5. Community Mental Health Adolescent Services
6. Welfare Reform
7. Child Support Payment and Collections Improvements
8. Transfer to DCES

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Human Services, Department of (DHS)

Fund: Health Care Access

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$83,360	\$83,360	\$166,720
<u>BASE ADJUSTMENT:</u>			
Appropriation Carried FWD	\$(1,735)	\$(1,735)	\$(3,470)
Documented Rent/Lease/Inc/Dec	<u>(166)</u>	<u>(145)</u>	<u>(311)</u>
<u>CURRENT SPENDING</u>	\$81,459	\$81,480	\$162,939
<u>AGENCY INITIATIVES:</u>			
MinnesotaCare Cashier Staff	\$ 101	\$ 185	\$ 286
Access to Quality Health Care	(13,284)	(18,621)	(31,905)
<u>OTHER ITEMS:</u>			
Federal Vaccines for Children	(148)	(169)	(317)
Revised Pharmacy Usual and Customary	(2,230)	(2,281)	(4,511)
Inpatient Hospital Peer Grouping	(212)	2,854	2,642
MinnesotaCare Forecast	<u>44,620</u>	<u>71,763</u>	<u>116,383</u>
<u>AGENCY PLAN</u>	\$110,306	\$135,211	\$245,517
GOVERNOR'S RECOMMENDATIONS	\$110,306	\$135,211	\$245,517

Brief Explanation of Agency Plan:

The department, through its health care initiative, proposes to implement a federal waiver to expand access to quality health care for low income Minnesotans, simplify the 3 major publicly funded health care programs, and increase program flexibility, so that these programs can function in Minnesota's changing market place.

The greatest affect that implementation of this federal waiver will have on the Health Care Access Fund results from allowing families and children (with incomes up to 275% of poverty) to utilize the medical assistance program as a funding source for their health care benefits. By accessing the medical assistance program for these persons, MinnesotaCare grants expenditures will be

reduced and replaced by the federal financial participation available through the medicaid program.

In addition to the health care initiative, the Health Care Access Fund is affected by the following items contained in the agency plan:

1. "MinnesotaCare Forecast" which represents forecasted changes to MinnesotaCare expenditures for coverage of adults with incomes up to 125% of poverty, increasing enrollment, and increasing per person costs;
2. "Federal Vaccines for Children" which represents Minnesota Health Care Program providers who administer pediatric vaccines to enroll in the federal Vaccines for Children Program, and increases the allowable administration fee for immunizations;
3. "Revised Pharmacy Usual and Customary Administration" which requires pharmacies to charge Medical Assistance, General Assistance Medical Care and MinnesotaCare Programs the "best price" accepted from any other third-party payor;
4. "Inpatient Hospital Peer Grouping and Inflation Administration" substituting a modified peer grouping approach to hospital rates and funding hospital inflation at 4.3% in calendar year 1996 and 4.5% in 1997; and
5. "MinnesotaCare Cashier Staff" which provides additional cashier staff necessary to process the growing number of MinnesotaCare premium payments based on forecasted enrollment growth.

Revenue Summary:

The department generates revenues from premium payments made by MinnesotaCare clients that are deposited into the Health Care Access Fund. The department's agency plan includes anticipated increases in these revenues, as well as revenues generated by federal financial participation in administrative activities due to the Access to Quality Health Care plan.

Affected Statutes:

- M.S. 256 and 256B

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan. The Governor recommends no further expansion of benefits or eligibility levels nor any other expenditure of health care access funds beyond what is recommended in the agency plan.

The agency plan relies upon receipt of a pending federal waiver to maintain a positive balance in the health care access fund. Further uncertainty due to the introduction of a new population into the forecast demands judicious financial management.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Human Services, Department of (DHS)

Fund: Local Government Trust

Summary of Agency Actions:

Brief Explanation of Agency Plan:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$49,499	\$49,499	\$98,998
<u>BASE ADJUSTMENT:</u>			
Fund Change/Consolidation	\$-0-	\$(51,925)	\$(51,925)
Special Legislative Adjustments	<u>1,000</u>	<u>2,426</u>	<u>3,426</u>
<u>CURRENT SPENDING</u>	\$59,499	\$-0-	\$50,499
<u>AGENCY PLAN</u>	\$50,499	\$-0-	\$50,499
GOVERNOR'S RECOMMENDATIONS	\$50,499	\$50,499	\$50,499

The agency plan does not impact the Local Government Trust Fund beyond the provisions of current law. Current law provides for increases totaling \$3,426,000 over the 1996-97 state biennium. Current law also eliminates the Local Government Trust Fund beginning state F.Y. 1997. Beginning F.Y. 1997, the base appropriations of the Local Government Trust Fund are transferred to the General Fund to continue state funding of the Community Social Services Act.

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1996-97 Biennial Budget

AGENCY: Human Services, Department of (DHS)

AGENCY DESCRIPTION: The Minnesota Department of Human Services' (DHS) mission is to provide health care, economic assistance and social services to Minnesotans whose personal or family resources are inadequate to meet their basic human needs.

Major programs of the agency include Medical Assistance (MA), General Assistance Medical Care (GAMC), MinnesotaCare, Aid to Families with Dependent Children (AFDC), General Assistance (GA), services for children, the elderly, mentally ill, chemically dependent and developmentally disabled. The agency runs 7 Regional Treatment Centers (RTCs), state group homes and 1 state nursing home collectively referred to as State Operated Services (SOS). It also licenses a variety of programs such as child care centers and treatment facilities and, through counties, provides protective services for children and vulnerable adults.

The DHS is organized into 6 program administrations: 1) Health Care; 2) Social Services; 3) Family Self-Sufficiency; 4) Families with Children programs (Children's Initiative); 5) SOS (Mental Health programs and RTCs); 6) Finance and Management.

DHS services are delivered directly and through county human services agencies, health care providers, jobs and training providers, and other public and private sector agencies.

DHS works with other agencies and sectors to achieve Minnesota Milestones goals related to good health, help for those who need it, less child poverty, greater family stability, decent housing, better program delivery and stronger communities.

AGENCY CHALLENGES: The following factors are shaping the development of policies and programs at DHS:

- **An Aging Population.** The number and percentage of our population aged 65 or older is rapidly increasing. This creates a greater need for long-term care services and a need to ensure that those services are affordable, give seniors options, and are available throughout the state.
- **Rising Health Care Costs.** Over 75% of DHS's budget is health care related. Over the past few years, health care costs have risen dramatically. These increases in cost create challenges in DHS's ability to provide necessary coverage and to ensure that all Minnesotans have access to affordable health care.
- **Access to Health Care Coverage and Health Care Services.** DHS needs to purchase health care wisely so enrollees get access to needed services while costs are kept affordable. Changes in Minnesota's health care delivery system--such as provider networks--make it necessary for DHS to adapt so public program enrollees get equitable treatment. DHS must pay attention to how enrollees are affected by changes so they have choices and get the quality care that best fits their needs.
- **A Greater Need for Program Flexibility.** Assuring access, creating greater flexibility and consumer choice in the services DHS provides is important, particularly in social services and long-term care programs. The individuals in these programs want to be as independent and self-sufficient as possible. However, a current systemic problem is program inflexibility that means people usually must choose a program with a benefit set that can't be tailored to what an individual actually may need. This means sometimes providing more services than necessary, and sometimes providing fewer services than necessary, to people who are functioning at about

the same level. Programs need to become more flexible in a number of ways to be responsive to the people they serve.

- **State Operated Services.** Adapting the agency's state hospitals, state-run group homes and state-run nursing home to changes in the health care marketplace continues to be an important issue.
- **Changes in the Economy/Changes in Family Structure.** Over time, more jobs have been created in service industries. Those jobs tend to be lower wage and often do not include health care or child care benefits. There are more single parent families. More women work outside the home. Quality, affordable and available child care and additional supports that help make families healthy and independent are essential for responding to these changes and creating a stronger state.
- **Valuing Children.** To do DHS's share in strengthening our children, in all programs and policies, DHS must be mindful of how children will be affected and must alter those programs and policies to the greatest extent possible to benefit our most important resource.
- **Housing Issues.** Housing issues cut across DHS programs--from rent paid for by an AFDC check to nursing home care paid for by MA. Housing is a critical element for self-sufficiency, stable families, and independent elderly and disabled individuals.
- **Technology.** Over the past 20 years, technology has changed our society. And it has changed human services and how services are delivered. Today, large computer systems are essential to the infrastructure of DHS's programs--calculating benefits, paying medical claims, making services easier to access and ensuring that policies are consistently applied across the state. Without these systems, DHS simply cannot function. Investments in these technologies must be maintained, must be updated and new technologies that hold promise for supporting improved programs need to be explored.
- **Acknowledging the Role Communities Play.** Strong communities play a significant role in preventing people from having the crises that make them fall into the human services "safety net." The role of community must be acknowledged and supported by human services.

AGENCY STRATEGIES: Citizens who participated in Minnesota Milestones Public meetings articulated a long-term vision for Minnesota reflecting their best hopes for our state. The agency's budget plan is constructed to respond to 7 Minnesota Milestones goals through 7 related initiatives.

Milestones goal: "Minnesotans will be healthy."

The agency's health care initiative is constructed to achieve the following outcomes for this Milestone:

- To expand access to quality health care for low- and middle-income people;
- To simplify MA, GAMC, and MinnesotaCare; and
- To increase program flexibility so program enrollees get quality care and the taxpayers who subsidize that care get good deals.

Milestones goal: "People who need help providing for themselves will receive the help they need." The agency's life skills initiative (long-term care reform) is constructed to achieve the following outcomes for this Milestone:

- In addition to maintaining strong economic assistance and health care programs, to maintain a strong social services system that maximizes independence.
- To provide choices in long-term care that allow people to live as independently as possible.
- To increase focus on customer and family needs and outcomes so programs are more flexible and responsive in delivering the help people need.

AGENCY: Human Services, Department of (DHS)
(Continuation)

-
- To work with the health care initiative to assure that the acute health care needs of people who are elderly or have disabilities are addressed appropriately.

Milestones goal: "Our children will not live in poverty."

The agency's economic self-sufficiency initiative (welfare reform) is constructed to achieve the following outcomes for this Milestone:

- To create welfare reforms that are anti-poverty, responsive to economic realities and make work pay for families with children.
- To ensure economic assistance programs reward work and responsibility.
- To orient programs to help people survive economic crises and to regain or to achieve their highest degree of self-sufficiency.
- To improve program policies to help people hold their families together and to maximize support from extended family and community.

Milestones goal: "Families will provide a stable environment for their children."

The agency's children's initiative is constructed to achieve the following outcomes for this Milestone:

- To develop policy that helps children; ensures family economic security; improve health services (particularly early and preventive services and mental health services); strengthen and support families protecting vulnerable children and their families; mobilize and assist communities to support children; and improve data gathering, program coordination and services delivery.

Milestones goal: "All Minnesotans will have decent, safe and affordable housing."

The agency's housing initiative is constructed to achieve the following outcomes for this Milestone:

- To focus resources on providing decent, safe and affordable housing for the people DHS serves.

Milestones goal: "Government in Minnesota will be cost efficient and services will be designed to meet the needs of the people who use them."

The agency's infrastructure initiative is constructed to achieve the following outcomes for this Milestone:

- To maintain/invest in systems that create equity, responsiveness, and cost-efficiency in programs.
- To increase diversity in the human services workforce and ensure that programs are designed and based in the communities and cultures they serve.

Milestones goal: "Our communities will be safe, friendly and caring."

The agency's community initiative is constructed to achieve the following outcomes for this Milestone:

- To support community building efforts that create good environments for raising children and that prevent people from ever needing the human services safety net.

- To involve private sector, nonprofit organizations and communities in the planning and delivery of human services.

- To actively work with various communities to find areas for partnership and mutual support.

REVENUE SUMMARY: The DHS receives funding primarily through state appropriations and federal financial participation in certain department programs. DHS does generate some revenues that are deposited into the state general fund and the health care access fund. Chief among these revenues are collections for the cost of care of residents of RTCs and SOS; premium payments from MinnesotaCare clients (deposited into the health care access fund); surcharges on hospitals, physicians, and long-term care facilities; and federal reimbursement of administrative costs. A small amount of revenue is generated from licensing fees on certain types of facilities.

No significant changes in revenues are anticipated, other than the decrease of collections for the cost of care associated with the normal expected downsizing of the RTCs.

SUMMARY OF BUDGET REQUEST: Over the past year DHS has been talking to people who receive, provide, or are interested in human services to find out what they suggest to make programs better. The result is 7 priorities for people initiatives: health care initiative, economic self-sufficiency initiative, life skills initiative, housing initiatives infrastructure initiative, children's initiative, and community initiative. These address critical issues for children, families, people with disabilities, and older Minnesotans.

Today, the DHS spends approximately \$5 billion in state funds each biennium on important services. With that big budget goes a big responsibility to use monies as wisely as possible so human services are supported appropriately but also so those needs are balanced with their affordability to Minnesota taxpayers.

In paying for these seven new initiatives, therefore, DHS made a conscious decision to re-prioritize funds the agency had rather than just asking for more. In addition to making the agency live more within its means, this presented the opportunity for DHS to re-direct resources from some old and less effective ways of doing business and use that money to support new program directions which have significant potential for actually doing a better job for the people the agency serves.

GOVERNOR'S RECOMMENDATION: The Governor recommends funding levels as requested in the agency budget plan. In addition, the Governor has identified the following Governor's initiatives: Welfare Reform proposals that remove barriers for welfare recipients and create financial incentives so working families increase their income; a biennial increase of \$42.1 million for Children's Initiatives to strengthen and support families; and a biennial increase of \$1 million for child support improvements which will simplify collections and get funds to families months earlier than under the current system.

The Governor further recommends that child care and other children's services activities be transferred to the Department of Children and Education Services in F.Y. 1997. A detailed description of the new agency can be found in the Children and Families budget document. These items are detailed on the following program fiscal pages.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT

PROGRAM RESOURCE ALLOCATION:	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997			
	Est.	Current	Agency	Governor	Current	Agency	Governor	Current	Agency	Governor	Current	Agency	Governor	Current	Agency	Governor
	Spending	Plan	Recomm.	Spending	Plan	Recomm.	Spending	Plan	Recomm.	Spending	Plan	Recomm.	Spending	Plan	Recomm.	
FINANCE & MANAGEMENT PROGRAM	154,819	192,899	226,856	221,746	227,053	227,053	221,969	229,212	229,212							
LIFE SKILLS SELF SUFFICIENCY PROG	199,663	202,270	224,048	223,982	232,786	232,786	221,963	238,710	239,040							
CHILDREN'S PROGRAM	62,903	77,017	79,509	79,303	82,671	87,346	79,468	84,807	80,137							
ECONOMIC SELF SUFFICIENCY PROGRAM	716,198	731,897	718,830	715,575	734,476	737,252	715,654	753,432	685,016							
HEALTH CARE PROGRAM	2,460,991	2,835,939	3,340,111	3,334,280	3,584,466	3,584,466	3,334,203	3,898,096	3,898,596							
COMM MH & STATE OPERATED SERVICES	285,942	285,202	308,914	303,845	292,662	295,837	302,995	292,467	300,942							
TOTAL EXPENDITURES BY PROGRAM	3,880,516	4,325,224	4,898,268	4,878,731	5,154,114	5,164,740	4,876,252	5,496,724	5,432,943							
SOURCES OF FINANCING:																
DIRECT APPROPRIATIONS:																
LOCAL GOVT TRUST	55,807	50,762	49,499	50,499	50,499	50,499										
GENERAL	1,513,668	1,955,593	2,183,285	2,241,080	2,385,654	2,396,280	2,292,404	2,621,182	2,600,667							
HEALTH CARE ACCESS	3,882	28,161	83,360	81,459	110,306	110,306	81,480	135,211	135,211							
STATUTORY APPROPRIATIONS:																
GENERAL	524,926	251,635	276,242	275,473	286,314	286,314	275,473	303,835	303,835							
HEALTH CARE ACCESS	1,723	10,357	13,758	13,758	20,034	20,034	13,758	24,908	24,908							
SPECIAL REVENUE	98,573	122,371	155,552	81,416	82,192	82,192	81,495	83,469	83,349							
FEDERAL	1,628,668	1,849,393	2,079,733	2,077,876	2,161,945	2,161,945	2,074,549	2,271,026	2,227,880							
AGENCY	42,366	45,276	44,848	44,848	44,848	44,848	44,848	44,848	44,848							
GIFTS AND DEPOSITS	288	361	597	928	928	928	851	851	851							
ENDOWMENT	3	1	22	22	22	22	22	22	22							
ENTERPRISE	10,612	11,314	11,372	11,372	11,372	11,372	11,372	11,372	11,372							
TOTAL FINANCING	3,880,516	4,325,224	4,898,268	4,878,731	5,154,114	5,164,740	4,876,252	5,496,724	5,432,943							
FTE BY EMPLOYMENT TYPE:																
REGULAR	5,971.1	5,920.4	5,820.4		5,432.1									5,435.6		
TEMP/SEAS/PART_TIME	215.8	289.2	260.0		249.5									249.5		
OVERTIME	97.5	107.2	101.5		93.9									93.9		
TOTAL FTE	6,284.4	6,316.8	6,181.9		5,775.5	5,775.5								5,779.0	5,770.5	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: HUMAN SERVICES, DPT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	4,898,268	4,898,268	2,459,527	2,459,527	359,008	359,008	2,079,733	2,079,733
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<2,591>	<2,591>	<2,591>	<2,591>				
BIENNIAL APPROPRIATIONS	<428>	<1,231>	<428>	<1,231>				
APPROPRIATIONS CARRIED FWD	<16,006>	<16,006>	<14,271>	<14,271>	<1,735>	<1,735>		
NON-RECURRING EXPENDITURES	<9,586>	<9,586>	<1,028>	<1,028>	<8,558>	<8,558>		
BASE TRANSFER (BTWN FUNDS)			67,809	67,809	<67,809>	<67,809>		
FUND CHANGE/CONSOLIDATION		<51,925>				<51,925>		
DOCUMENTED RENT/LEASE INC/DEC	141	364	307	509	<166>	<145>		
SPECIAL LEGIS. ADJUSTMENTS	9,830	63,260	6,674	58,599	3,156	4,661		
FEDERAL RECEIPTS	<1,451>	<4,855>			406	329	<1,857>	<5,184>
ATTORNEY GENERAL COSTS	554	554	554	554				
SUBTOTAL BASE ADJ.	<19,537>	<22,016>	57,026	108,350	<74,706>	<125,182>	<1,857>	<5,184>
CURRENT SPENDING	4,878,731	4,876,252	2,516,553	2,567,877	284,302	233,826	2,077,876	2,074,549

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1996-97 Biennial Budget

PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

The Department of Human Services (DHS) Finance and Management Program exists to provide overall direction and leadership to the department. This program seeks to continuously improve DHS policy and operations, as well as manage the policy and programs. This program includes the Executive Office, and the support services divisions of Financial Management, Information Policy and Services, Management Services, Human Resources, Reimbursements, Budget Analysis, Appeals and Regulations, Reports and Forecasts, and Licensing.

The major goals of the Finance and Management Program are:

1. To assure uniform and equitable administration of programs and expenditures of funds.
2. To assure that statutory and regulatory standards are established and implemented which protect the health, safety, and rights of the persons served and result in an integrated and cost-effective service delivery system.
3. To carry out the policy directives of the executive, legislative, and judicial branches of both state and federal government.
4. To implement state and federal laws.

To achieve its program goals, this program has the following responsibilities:

1. Provide human resource management services to assure that actions and decisions are completed in a timely and effective fashion in conformance with state law and in a manner that promotes fair and equitable treatment of all staff.
2. Manage volunteer services, equal opportunity, affirmative action and civil rights programs, the county Merit System, health and safety programs, workers' compensation program, and human resource development.
3. Manage the accounts receivable processes of the department and the collection operations for the state-operated services, the Consolidated Chemical Dependency Treatment Fund, and the Parental-Fee Collection System.
4. Manage, coordinate, and develop the department's biennial, capital and supplemental budgets.
5. Forecast biennial expenditures, monitor expenditures, and update the biennial forecast periodically.

6. Provide audio-visual services, document production and printing, forms management, purchasing services, recycling and resource recovery, records management, and travel management services to DHS staff.
7. Provide facility management services, including office space and fixed asset management, parking management, and voice and video communications services.
8. Provide information systems planning, development and maintenance assistance for agency's systems initiatives, including client server systems support and disaster recovery planning.
9. Maintain a system of financial controls, manage and process accounts payable, manage grants and the distribution of state and federal funds, and oversee financial reporting.
10. Maintain a viable, accurate financial system operated according to laws, regulations, and generally accepted accounting principles, that is responsive to management, facilitates delivery of department services, and ensures appropriate stewardship of public funds.
11. Provide direction to department staff in promulgating administrative rules, bulletins, and manuals that are in compliance with the requirements of the Minnesota Administrative Procedures Act, state and federal law, and department goals.
12. Use preventative measures, enforcement powers, and information and referral activities to enforce state and federal laws, rules and regulations in licensed programs.
13. Provide centralized control over the department's contracting procedures and contract drafting to assure that contracts meet all legal requirements and are processed in a timely manner.
14. Coordinate departmentwide efforts regarding data practices.
15. Adjudicate disputes between county human service agencies and recipients of income maintenance and social service programs through administrative appeal procedures established by M.S. sec. 256.045 to assure that due process rights of recipients are protected.

The services, provided as part of this program, are either mandated by federal and state law, or necessary to assure that the funds for human services are efficiently and effectively used to assist eligible persons.

The activities of this program affect over 7,000 employees and contractors working in the department's central office and regional treatment centers (RTCs), as well as 450,000 annual recipients of the department's human service programs, over 170,000 children in child care, 4,000 residents of RTCs, nursing homes, and state-operated community-based services, 87 county social service departments and county boards, 3,700 county employees, and employees of service providers. Other groups affected by this program include community mental health centers, human service professionals, other state agencies, client advocacy groups, consumers, community agencies, and the judicial system.

The program is responsible for the licensure of 1,450 child care centers, 14,700 family child care homes, 6,700 foster homes, the 8 state RTCs, 656 residential programs for mentally ill, chemically

1996-97 Biennial Budget

PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

dependent or developmentally disabled persons, 75 adult day care programs, 90 mental health centers and clinics, 772 day treatment, semi-independent living and waiver services programs for people with developmental disabilities, and 227 outpatient chemical dependency programs.

This program completes background studies on 50,000 individuals, 600 investigations of maltreatment of children or vulnerable adults, 700 investigations of alleged license violations, and orders about 250 negative license sanctions annually.

As a result of the activities included in this program, the department is able to assure that services delivered throughout the state meet minimum standards and are delivered in an integrated and cost-effective manner.

PROGRAM STATUS:

The Finance and Management Administration takes significant department responsibility for achieving the Minnesota Milestones goal that government in Minnesota will be cost efficient and services will be designed to meet the needs of the people who use them.

To move closer to that goal, the department proposes an Infrastructure Initiative to be housed in this administration. It makes investments in the human services "infrastructure" -- its workforce and supporting systems technology. Components of the initiative include strengthening professional development, recruiting and retaining a diverse workforce, redirecting personnel and systems resources to meet new needs whenever possible, using technology to support new program designs and maintenance of the significant investments in systems that create program equity, responsiveness, and accountability at the state and county level.

In addition to the Infrastructure Initiative, the Finance and Management Administration is affected by the following changes:

1. The Licensing Division is responding to increases in the work of the division. The large majority of programs will be on a 2-year licensing schedule because of increased need to complete investigations, complete background studies and respond to county agency license sanction recommendations. The work completed by county agencies in recommending license actions is also on a 2-year schedule for most license holders. The division has moved available resources to complete investigations of alleged maltreatment of children and vulnerable adults and also to more effectively respond to license sanction recommendations from county agencies. It is anticipated that there will be steady increases in the number of licensed programs due to continued development of small community-based services.

2. The Minnesota Medicaid Management Information System (MMIS) is in the process of implementing a total redevelopment of the 20-year-old MMIS I system. The new MMIS uses electronic data interchange and many new on-line technologies, such as voice response systems for accessing client eligibility and point of sale technology for processing claims in real time. At full implementation, this system will qualify for enhanced federal funding for operations. This system will also permit a transition to new Health Care Reform measures such as extensive managed care coverage. The current funding level is \$10 million state and federal dollars for operation.
3. DHS has a major project to install the Statewide Systems Project modules consisting of Accounting, Procurement, Payroll, and Human Resources. This effort will consist of several implementation teams and take 18 months. Fully funding implementation costs and ongoing support are necessary for success.

PLANNED RESULTS:

The department's success in its 7 program priorities (Health Care Reform, Life Skills Self-Sufficiency, Economic Self-Sufficiency, Children, Housing, Infrastructure, and Community) will significantly affect the Finance and Management Program's performance, from increasing the number of clients (through health care reform) to increasing the number of licensed programs (through life skills self-sufficiency initiatives). These changes place increased demands on each division in this program, from increased demands in the Financial Management Division to process MinnesotaCare premiums to increased demand for inspection of licensed programs. It is for this reason that the department has made Infrastructure (developing and maintaining investments in management and financial operations) its 7th priority.

The Finance and Management Program has selected 2 main approaches to achieving the reported performance measures from the 1994 Annual Performance Report: improvements in use of technology, and increased investment in and development of human resources.

Technology. Maintenance and enhancements in MAXIS, as well as the new MMIS; installation of the new Statewide Systems Project modules; and investments in voice and video telecommunications technology will help to assure that all the department's programs will be well run, effective, and cost-efficient.

Developing a strategic information systems plan is necessary to support the department's priorities. Maintenance and enhancements in MAXIS and the new MMIS and installation of the new Statewide Systems Project modules offer opportunities for improving our service delivery, but will continue to require significant investments in resources.

Increased customer populations and program complexity make it imperative that the department effectively manage both incoming customer telephone calls, as well as communications from the department to our constituents. Investments in automated telecommunications systems will allow calls to be routed efficiently in an effort to minimize customer frustration.

Human Resource Investments. Planned investments in the department's human resources include targeted increases in staff resources, as well as increased resources to support professional development, training, mentoring, and recruitment.

1996-97 Biennial Budget

PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

The increasing diversity of both personnel and human services clients, as well as rapid technological changes and increasing program complexity requires an investment in professional development to assure that the department can continue to deliver services efficiently and effectively. The effectiveness of this initiative will be enhanced by the development of a learning center that incorporates voice and video telecommunications technology.

Increases in Financial Management staff resources are planned to handle the increased number of MinnesotaCare premiums that must be deposited on an ongoing basis.

Implementation of collaborative funding of legal services has provided the department with an opportunity to review its use of legal services and assess the level of investment needed to fully meet the department's needs. By increasing resources available for this service, the department will be able to achieve its goal of a legal and regulatory policy that promotes equal access to services and ensures quality.

Consolidation of accounts receivable will provide staff and procedural efficiencies in the collection of money authorized in various department programs.

BUDGET AND REVENUE SUMMARY:

See following budget activities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXECUTIVE OFFICE	616	681	667	667	667	667	667	667	667
FINANCIAL MANAGEMENT DIVISION	137,639	174,863	201,804	201,774	204,084	204,084	201,774	206,348	206,348
INFORMATION POLICY & SERV. DIV.	847	841	5,411	1,411	2,781	2,781	1,411	2,722	2,722
MANAGEMENT SERVICES DIVISION	6,700	7,263	7,455	7,496	7,636	7,636	7,719	7,821	7,821
HUMAN RESOURCES DIVISION	1,425	1,489	1,693	1,581	2,027	2,027	1,581	1,989	1,989
REIMBURSEMENT DIVISION	2,476	2,586	4,118	2,702	3,421	3,421	2,702	3,228	3,228
BUDGET ANALYSIS DIVISION	321	374	504	457	457	457	457	457	457
APPEALS AND REGULATIONS	1,361	1,429	1,543	2,097	2,419	2,419	2,097	2,419	2,419
REPORTS & FORECASTS DIVISION	675	716	894	894	894	894	894	894	894
LICENSING DIVISION	2,759	2,657	2,767	2,667	2,667	2,667	2,667	2,667	2,667
TOTAL EXPENDITURES BY ACTIVITY	154,819	192,899	226,856	221,746	227,053	227,053	221,969	229,212	229,212
AGENCY PLAN ITEMS:			FUND						
EXPANSION OF OASDHI PROJECT			GEN		500			367	
DHS ACCOUNTS RECEIVABLE CONSOLIDATION			GEN		219			159	
STATEWIDE SYSTEMS PROJECT			GEN		1,370			1,311	
COLLAB. FUNDING LEGAL SERVICES			GEN		322			322	
HR ORGANIZATIONAL DEVELOPMENT			GEN		100			100	
DIVERSITY INITIATIVE			GEN		200			200	
MINNESOTACARE CASHIER STAFF			HCA		101			185	
DEPARTMENTWIDE OPERATIONS			GEN		2,069			4,287	
ACCESS TO QUALITY HC INITIATIVE			HCA		146			108	
ACCESS TO QUALITY HC INITIATIVE			HCA		140			102	
ACCESS TO QUALITY HC INITIATIVE			HCA		140			102	
TOTAL AGENCY PLAN ITEMS					5,307			7,243	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	17,819	17,698	24,717	19,803	24,583	24,583	20,005	26,751	26,751
HEALTH CARE ACCESS	991	1,066	1,335	1,169	1,696	1,696	1,190	1,687	1,687
STATUTORY APPROPRIATIONS:									
GENERAL	44	49	48	48	48	48	48	48	48
SPECIAL REVENUE	598	782	1,153	1,123	1,123	1,123	1,123	1,123	1,123

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	97,714	132,645	159,583	159,583	159,583	159,583	159,583	159,583	159,583
AGENCY	37,653	40,659	40,020	40,020	40,020	40,020	40,020	40,020	40,020
TOTAL FINANCING	154,819	192,899	226,856	221,746	227,053	227,053	221,969	229,212	229,212
FTE BY EMPLOYMENT TYPE:									
REGULAR	245.7	251.4	250.9		283.0			283.5	
TEMP/SEAS/PART_TIME	23.1	23.7	23.2		23.2			23.2	
OVERTIME	.4	.4	.4		.4			.4	
TOTAL FTE	269.2	275.5	274.5		306.6	306.6		307.1	307.1

1996-97 Biennial Budget

BUDGET ACTIVITY: Executive Office
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The executive office provides broad leadership to the department in all aspects of its mission, particularly in priority setting and policy development. It oversees all department activities and ensures that directives from the Governor, the Minnesota Legislature, and the federal government are carried out; that fiscal resources are used efficiently and effectively and for their intended purposes; and that effective communication is maintained with national, state, and local governments, with agencies both in the public and private sectors, with the general public, and with clients and advocates.

The executive office consists of the commissioner, deputy commissioner, executive assistant, communications director, public information officer, and 2 clerical support positions.

The major functions of this activity are:

1. **Leadership.** To set priorities that are consistent with the Governor's agenda, legislative directives, Minnesota Milestones, and the department's mission. These priorities create a framework for policy creation and implementation departmentwide.
2. **Policy development.** To develop a budget and legislative program for the department in cooperation with the Governor, the Legislature, Minnesota counties, and constituents. To develop policies that foster prevention, protection, and independence.
3. **Planning.** To develop plans that enable the department to achieve its priorities. These planning efforts regularly solicit the input of counties, providers, and other stakeholders in order to create the most effective possible outcomes.
4. **Implementation.** To implement the department's plans and ensure conformity with federal law and state statutes.
5. **Accountability.** To use public funds in ways that balance the need to be cost-effective and the importance of being responsive to other public needs.
6. **Ensure quality and promote diversity.** To continually improve the services we provide to our customers by applying the philosophy of Continuous Quality Improvement (CQI) to our work. To create policies that produce an overall atmosphere which values and welcomes diversity in the department's work force and to recognize the diversity of Minnesota in policy development.
7. **Communication.** To effectively communicate our goals and policies with government agencies, public and private human service agencies, clients, advocacy groups, providers, and the general public. To solicit input from key customers on creation of those goals and policies.

8. **Coordination and supervision.** To create policies and practices that enable the department to work in an effective partnership with Minnesota's 87 counties, which deliver human services at the local level. To supervise the counties' administration of human services programs. Authority for this activity is found in M.S. 256.01, Subd. 2.
9. **Compliance.** To monitor policy and practice in the state residential treatment facilities and ensure compliance with state and federal regulations.

BUDGET ISSUES:

The executive office is responsible to develop and oversee the implementation of the following departmentwide priorities:

- **Health Care Initiative:** The department has a significant role in achieving good citizen health because through its Medical Assistance (MA), General Assistance Medical Care, and MinnesotaCare programs, the Department of Human Services (DHS) purchases over \$2.5 billion annually in health care services. Issues to explore in the next biennium include expanding access to good health care for more low income Minnesotans, simplifying the three major DHS health care programs and increasing program flexibility so enrollees get quality care and the taxpayers who subsidize that care receive good deals.
- **Life Skills Self-Sufficiency (Long-Term Care Reform) Initiative:** The Life Skills Initiative is intended to assure access, create greater flexibility, and consumer choice in social services and long-term care programs so people can be as independent and self-sufficient as possible. Issues to explore in the biennium include creating more consumer and family choice from an array of services and putting more emphasis on outcomes.
- **Economic Self-Sufficiency (Welfare Reform) Initiative:** To help our children out of poverty, Minnesota must implement anti-poverty welfare reforms that reward families for working, reinforce responsibility, and maximize support from community, family, and other institutions outside the welfare system. Issues to explore in the biennium include increasing child support collections, implementing the concepts of the Minnesota Family Investment Program into other programs and increasing child care subsidies.
- **Families with Children Initiative:** DHS must do its share in helping families provide a stable environment for their children. To that end, an across-the-agency initiative was created to pay special attention to how children are affected by all DHS policies and programs and to influence agency direction. Issues in the biennium include ensuring economic security for families, improving family/child health, strengthening and supporting families by promoting responsible parenting and providing child care, mobilizing and assisting communities to value children, protecting vulnerable children, and making policies and programs for families and children work better.
- **Housing Initiative:** From long-term care paid for by MA to rent paid from an Aid to Families with Dependent Children check, DHS pays for housing directly and indirectly through many programs. The Housing Initiative is a new look at how DHS spends money to make sure resources are used most effectively so clients receive decent, safe, and affordable housing. Issues for the biennium include creating a department housing policy and supporting housing options that support independent living.

1996-97 Biennial Budget

BUDGET ACTIVITY: Executive Office
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

- **Community Initiative:** Strong communities that are safe, friendly, and caring go a long way to preventing people from having the crises that cause them to fall into the human services "safety net." Since prevention is often easier, healthier, preferred, and less expensive than problem solving, DHS and its programs must complement and support other sectors and groups in their efforts to build informal, community resources to help people before they need government intervention. Issues to explore for the biennium include engaging communities to find areas of mutual support and partnership and involving them to a greater degree in planning human services program delivery.

- **Infrastructure Initiative:** To make DHS programs cost efficient and responsive to those who use them, DHS must continue to make investments in the human services "infrastructure" - its workforce and its supporting systems technology. Issues for the biennium include creating and retaining a diverse workforce, redirecting resources to met new needs whenever possible, and maintaining the significant investments in systems that create program equity and accountability at the state and county level. This initiative has less budget and legislative activity because its focus is working with others, not developing more programs at DHS.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 45% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: FINANCE & MANAGEMENT PROGRAM
 ACTIVITY: EXECUTIVE OFFICE
 MACT: EXECUTIVE OFFICE

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	541	601	623	623	623	623	623	623	623
EXPENSES/CONTRACTUAL SRVCS	29	35	20	20	20	20	20	20	20
MISC OPERATING EXPENSES	21	24	18	18	18	18	18	18	18
SUPPLIES/MATERIALS/PARTS	23	14	6	6	6	6	6	6	6
CAPITAL EQUIPMENT	2	7							
SUBTOTAL STATE OPERATIONS	616	681	667	667	667	667	667	667	667
TOTAL EXPENDITURES	616	681	667	667	667	667	667	667	667
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	616	681	667	667	667	667	667	667	667
TOTAL FINANCING	616	681	667	667	667	667	667	667	667
FTE BY EMPLOYMENT TYPE:									
REGULAR	7.3	7.9	7.9		7.9			7.9	
TEMP/SEAS/PART_TIME	1.8	.8	.8		.8			.8	
TOTAL FTE	9.1	8.7	8.7		8.7	8.7		8.7	8.7

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1996-97 Biennial Budget

BUDGET ACTIVITY: Financial Management Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The basic mission of Financial Management is to maintain a viable, accurate financial system operated according to laws, rules, regulations, and generally accepted accounting principles, that is responsive to management, facilitates delivery of department services, and ensures appropriate stewardship of public funds; to disburse appropriations made for the Red Lake Band of Chippewa Indians program in accordance with law; and to prepare, maintain, and administer a federally approved cost allocation plan that maximizes administrative reimbursement to the state and to county governments.

Financial Management is a support operation and as such has both internal and external customers. Internal customers include department staff and managers. External customers include local agencies, vendors, other state departments (primarily the Finance Department), federal agencies, and department clients. Since one of Financial Management's major goals is to facilitate delivery of department services, the primary customer focus is on the internal customers. To accomplish this, Financial Management must prepare annual operating budgets and biennial budget figures, working with division directors, activity managers, and program administrators; pay all department operating expense bills and pay/record in the Statewide Accounting System all grant and assistance payments; receive and deposit to the state treasury all department check and cash receipts; report and claim federal expenditure reimbursement; maintain the department fiscal records; and ensure that all department fiscal operations are accomplished in compliance with state and federal laws, regulations, policies within a system of adequate internal controls.

Major tasks include:

- Preparing annual operating budgets and interim adjusting documents. There are over 700 budgetary accounts for the DHS central office and an additional 500 for the regional treatment centers.
- Preparing the fiscal portion of the biennial budget. The department budget (all sources of funds) exceeds \$4.5 billion for each year of the biennium.
- Paying bills (including department payroll) for Department of Human Services (DHS) central office. Over 8,000 payment transactions are desk-audited, coded, and entered into the statewide accounting system each month.
- Receiving, identifying, and depositing DHS central office receipts to the state treasury. Over 252,000 checks are received by DHS each year.
- Maintaining fiscal records through the statewide accounting system and generating, distributing, and maintaining the statewide accounting reports on state, federal, and other funds expended by the department.
- Preparing internal management reports on the financial status of department programs.
- Preparing federal fiscal estimate and expenditure reports for all federal programs administered by the department.
- Obtaining and monitoring federal grant program funds, drawing funds by program on letter of credit. Ten to 12 letter of credit draws are made each work day. Approximately \$2 billion in federal funds are drawn on letter of credit each year.

- Developing and maintaining the federally-approved department cost allocation plan, including a standard county plan that most counties utilize.
- Calculating, drawing on letter of credit, and distributing federal administrative earnings to counties and the state general fund. Federal administrative cost reimbursement is over \$20 million per year for DHS central office and over \$80 million per year for county human services departments.
- Developing, promulgating, receiving, and desk-auditing financial reports for the Grant Programs supervised by the department. There are 222 grant programs comprising 89.79% of the DHS budget.
- Issuing appropriate state and federal reimbursement to local agencies and other department subrecipients.
- Establishing financial procedure guidelines and providing technical assistance to local agencies and state residential facilities.
- Coordinating the single-audit process for human services activities and resolving audit findings and recommendations of department subrecipients. The division is responsible for the DHS financial internal control system and for audit resolution of findings for the DHS central office, the 87 counties (human service related findings) and 98 DHS non-profit sub-recipients.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except as detailed in the MinnesotaCare cashier proposal.

REVENUE:

This activity earns federal administrative reimbursement at the rate of 37% of its expenditures for DHS operations.

GRANTS:

Red Lake Band - Chippewa Indians.

The Red Lake Chippewa Indian program provides reimbursement for costs of human services programs attributable to members of the Red Lake Band of Chippewa Indians who reside on the Red Lake Reservation. Counties that provide financial assistance and services to the Red Lake Reservation (Beltrami and Clearwater) are reimbursed up to 100% of net county human services program expenditures to and for members of the Red Lake Band of Chippewa Indians who reside on the Red Lake Reservation. The statutory authority for this program is found in M.S. 245.765.

The Beltrami and Clearwater County Human Services Departments report total grant and administrative costs attributable to eligible Red Lake Indians. Applicable state and federal funds are deducted to determine net county costs eligible for reimbursement from this appropriation. If the appropriation is insufficient to reimburse all eligible costs at 100%, there is a pro-rata reduction in payments.

The Red Lake Reservation is 1 of 2 "closed" reservations in the country. No tax revenues from reservation lands are realized by the counties, but they are required by law to provide financial assistance and services to the individuals residing on the reservation.

The counties have received full reimbursement of Red Lake costs in the Medical Assistance (MA), Aid to Families with Dependent Children, General Assistance Medical Care (GAMC), General

1996-97 Biennial Budget

BUDGET ACTIVITY: Financial Management Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of
(Continuation)

Assistance, Minnesota Supplemental Aid, Emergency Assistance, Pre-admission Screening/Alternative Care, Work Readiness, Success Through Reaching Individual Development and Employment, GAMC Transportation, and MA Transportation programs from the 100% state financing of human services aids appropriation since the 1-1-91 implementation of that program.

The appropriation for this grant program has remained constant at \$496 per year for several bienniums.

Federal Administrative Reimbursement.

This grant account provides a "holding" and "pass through" account for federal administrative reimbursement to counties and to the state general fund according to federal regulations and state statute.

Federal reimbursement for administrative costs is available at varying percentages to all counties administering the various federal programs and for administrative costs incurred at the state level. To be eligible for federal reimbursement, county and state administrative costs must be identified and allocated by program based upon an approved cost allocation plan. Cost allocation plans and amendments to the plans must be approved by the Federal Division of Cost Allocation.

A standard, statewide cost allocation plan is used by most counties. Counties using the standard plan need not submit individual plans to the state or federal agency. Hennepin, Ramsey, and St. Louis Counties do not use the standard plan and so must submit their individual cost allocation plans through DHS for approval by the Federal Division of Cost Allocation.

In addition to a human services cost allocation plan, all counties may submit an acceptable county-wide indirect cost plan. This will entitle counties to receive reimbursement for county expenses incurred by non-human services county departments or offices (the county auditor, for example) which are properly allocated to the county human services department. If a county does not have a county-wide indirect cost plan it will not be entitled to receive federal reimbursement for county-wide indirect costs.

Reimbursement to counties and the state general fund is based on application of the varying rates of federal financial participation by program to eligible county and state expenditures.

Day Training and Habilitation Services (DT&H).

This grant account provides a mechanism to "pass through" MA payments for habilitation services for persons with developmental disabilities to DT&Hs without the delay of going through Intermediate Care Facilities for the Mentally Retarded (ICF/MR) bookkeeping operations. Federal regulations prohibit payments directly to DT&Hs, however the payments may be made to a fiscal intermediary for the DT&Hs.

In order to get payments to DT&Hs as quickly as possible, agreements have been negotiated between the ICF/MRs and the DT&Hs that name DHS as the fiscal intermediary for the DT&Hs. Payments intended for DT&Hs are transferred into this grant account and are disbursed to the DT&Hs the same day.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: FINANCIAL MANAGEMENT DIVISION
MACT: FINANCIAL MANAGEMENT DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,223	2,333	2,584	2,584	4,786	4,786	2,584	7,071	7,071
EXPENSES/CONTRACTUAL SRVCS	142	224	6,681	6,651	6,661	6,661	6,651	6,671	6,671
MISC OPERATING EXPENSES	42	42	58	58	61	61	58	63	63
SUPPLIES/MATERIALS/PARTS	63	27	33	33	89	89	33	53	53
CAPITAL EQUIPMENT	145	10	25	25	64	64	25	67	67
OTHER			33,851	33,851	33,851	33,851	33,851	33,851	33,851
SUBTOTAL STATE OPERATIONS	2,615	2,636	43,232	43,202	45,512	45,512	43,202	47,776	47,776
AIDS TO INDIVIDUALS	38,361	45,803	44,820	44,820	44,820	44,820	44,820	44,820	44,820
LOCAL ASSISTANCE	96,663	126,424	113,752	113,752	113,752	113,752	113,752	113,752	113,752
TOTAL EXPENDITURES	137,639	174,863	201,804	201,774	204,084	204,084	201,774	206,348	206,348
AGENCY PLAN ITEMS:									
			FUND						
MINNESOTACARE CASHIER STAFF			HCA		101			185	
DEPARTMENTWIDE OPERATIONS			GEN		2,069			4,287	
ACCESS TO QUALITY HC INITIATIVE			HCA		140			102	
TOTAL AGENCY PLAN ITEMS					2,310			4,574	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,655	2,473	2,507	2,507	4,576	4,576	2,507	6,794	6,794
HEALTH CARE ACCESS	68	126	213	213	454	454	213	500	500
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	222	253	352	322	322	322	322	322	322
FEDERAL	97,041	131,781	158,712	158,712	158,712	158,712	158,712	158,712	158,712
AGENCY	37,653	40,230	40,020	40,020	40,020	40,020	40,020	40,020	40,020
TOTAL FINANCING	137,639	174,863	201,804	201,774	204,084	204,084	201,774	206,348	206,348

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: FINANCIAL MANAGEMENT DIVISION
MACT: FINANCIAL MANAGEMENT DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	38.8	40.7	40.7		44.7			46.2	
TEMP/SEAS/PART_TIME	4.9	7.3	7.3		7.3			7.3	
OVERTIME	.1	.1	.1		.1			.1	
TOTAL FTE	43.8	48.1	48.1		52.1	52.1		53.6	53.6

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Finance and Management
BUDGET ACTIVITY: Financial Management Division
ITEM TITLE: MinnesotaCare Cashier Staff

PROGRAM OUTCOMES:

The requested staff will enable the premium payments to be processed promptly, thereby ensuring clients a smooth flow of eligibility, and will assure the Health Care Access Fund the timely receipt of revenue that has been forecast. If checks are not processed promptly, eligibility of clients may be left in question.

LONG-TERM IMPACT:

The requested staff will enable the MinnesotaCare premium component to continue to operate efficiently into the future.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
Health Care Access Fund				
Financial Management Division	\$101	\$185	\$166	\$172
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$101,000 in F.Y. 1996 and \$185,000 in F.Y. 1997. This funding will provide the staff resources necessary to process MinnesotaCare premium checks received by the Department of Human Services (DHS) and deposit the funds into the State Treasury. Cashier staff needs are based on the caseload forecast for MinnesotaCare and the resulting projection of premium checks to be processed. This proposal is part of the department's infrastructure initiative.

RATIONALE:

One of the requirements for participation in the MinnesotaCare program is the payment by a client of a premium based on family size and income. Ongoing eligibility for the program depends on payment of this premium. Premium payments are received by the cashier unit of DHS, identified as MinnesotaCare premium payments, input into the MinnesotaCare computer system so the client will be cleared to remain eligible, and deposited into the state treasury in the Health Care Access Fund.

This request for staff is based on the DHS Reports and Forecast Division forecast of the total number of MinnesotaCare premium checks to be received each month for F.Y. 1996 and 1997. The forecasted monthly average households enrolled is used as a proxy measure for premium checks received, and is divided by 6,000 to arrive at the number of staff needed. A total of 9 FTEs will be needed in F.Y. 1996 and 10.5 FTEs will be needed in F.Y. 1997. Six and eight-tenths FTEs are already approved as part of current spending. The staff costs were calculated by using a gradual phase-in throughout each fiscal year.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Financial Management Division
 DECISION ITEM TITLE: DHS Operations

PROGRAM OUTCOMES:

Approval of this request will allow the department to continue existing operations at current levels. No additional funding would result in a net reduction in resources available for ongoing administrative operations, development and implement of current initiatives, and provision of direct services in state-operated facilities and regional offices.

LONG-TERM IMPACT:

Funding anticipated increases in salary and administrative costs will allow the department to continue to maintain current operations as it progresses through priority changes and redesign of its programs.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Central Office Operations	\$2,069	\$4,287	\$4,287	\$4,287
RTC System-wide Operations	4,003	8,087	8,087	8,087
DD SOCS-ICF/MR	144	312	312	312
MA LTC Facilities	<u>822</u>	<u>1,597</u>	<u>1,597</u>	<u>1,597</u>
Net Expenditures	\$7,038	\$14,283	\$14,283	\$14,283
Revenues: (\$000s):				
General Fund				
Collections	\$1,939	\$3,766	\$3,766	\$3,766

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an increase in the budget base of \$7,036,000 in F.Y. 1996 and \$14,283,000 in F.Y. 1997. This proposal provides funding for the increased costs of operations department-wide resulting from normal inflationary pressures.

RATIONALE:

This request represents a 2% compounded annual growth in costs associated with department operations, including salaries, fringe benefits, and non-salary administrative expenses. Requested increases are below the current projected inflation rate of 2.7%. This additional funding is necessary to maintain existing levels of effort and support for required activities of the department. These activities represent both administrative and direct-service functions.

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BUDGET ACTIVITY: Information Policy and Services
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity assists departmental programs by developing and maintaining information management systems. Accountability for large and complex human service programs depends on computerized recording of essential data about persons and families served and benefits provided. This activity covers both existing systems and those which need to be developed. Such systems include data exchanges and interfaces with federal agencies, other state agencies, and local governmental units.

The following services are provided:

1. Ongoing life cycle support from planning new systems through maintenance and replacement of obsolete systems, and developing a knowledge base for evolving applications.
2. Agency-wide data management, coordinating data standards among information systems, and supporting interfaces between applications.
3. Facilitate systems solutions by preparing a development priority list for the department and examining outsourcing potentials.
4. Administrative support leading to an updated strategic information system plan for the department for the next 3 to 5 years.
5. Develop and administer network and hardware maintenance strategies for the department.
6. Coordinate Statewide Systems Project implementation throughout the Department of Human Services (DHS) central office and regional treatment centers.
7. Support end users through network tools such as E-mail, servers, printers, and access to applications on a variety of platforms (mainframe, minicomputers, and servers).

BUDGET ISSUES:

An extension of the current level of funding for this activity is requested, except for increases associated with the statewide systems proposal.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 51% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: INFORMATION POLICY & SERV. DIV.
MACT: INFORMATION POLICY & SERV. DIV.

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	702	721	1,501	1,168	1,590	1,590	1,168	1,590	1,590
EXPENSES/CONTRACTUAL SRVCS	16	25	685	88	453	453	88	453	453
MISC OPERATING EXPENSES	18	18	36	16	349	349	16	290	290
SUPPLIES/MATERIALS/PARTS	37	16	61	11	11	11	11	11	11
CAPITAL EQUIPMENT	74	61	3,013	13	263	263	13	263	263
OTHER			115	115	115	115	115	115	115
SUBTOTAL STATE OPERATIONS	847	841	5,411	1,411	2,781	2,781	1,411	2,722	2,722
TOTAL EXPENDITURES	847	841	5,411	1,411	2,781	2,781	1,411	2,722	2,722
AGENCY PLAN ITEMS:									
			FUND						
			GEN		1,370			1,311	
TOTAL AGENCY PLAN ITEMS					1,370			1,311	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	747	740	5,131	1,131	2,501	2,501	1,131	2,442	2,442
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	100	101	280	280	280	280	280	280	280
TOTAL FINANCING	847	841	5,411	1,411	2,781	2,781	1,411	2,722	2,722
FTE BY EMPLOYMENT TYPE:									
REGULAR	13.0	13.6	13.6		25.6			25.6	
TOTAL FTE	13.0	13.6	13.6		25.6	25.6		25.6	25.6

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Information Policy and Services Division
 ITEM TITLE: Statewide Systems Ongoing Support

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Information Policy and Services Div.	\$1,370	\$1,311	\$1,311	\$1,311
Revenues: (\$000s):				
General Fund				

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,370,000 in F.Y. 1996 and \$1,311,000 in F.Y. 1997. This funding will provide the resources necessary to implement the components of the Statewide Systems Project (SSP) and integrate the new system into the ongoing operations of the department and regional treatment centers. This proposal is part of the department's infrastructure initiative.

RATIONALE:

The SSP is an ambitious undertaking that is attempting the first major revision of the state's accounting system in 20 years. It is also attempting the design and installation of modern, computerized operations systems for human resources and procurement where they did not exist previously.

One of the main themes of the project is decentralization of work, authority, information, and responsibility. As a result, operating departments such as human services are expected to assume work duties previously performed by central state agencies. Operating agencies are also expected to take primary responsibility for developing, producing, and refining managerial and operating information (reports, data, etc. tailored for use at various levels of the agency) specific to the needs and conditions of the individual agency.

The Department of Human Services (DHS) is looking forward to these opportunities, however in order to operate the new systems and take full advantage of their features, additional resources are necessary across the agency and in the regional treatment centers (RTCs) to implement and provide

for long term computer operations. These resources are varied and cover training, equipment purchases, additional staff, local programming resources, and computer operations at Intertech for the SSP mainframe processing.

Staff resources are estimated to include 8 FTEs at central office and 4 FTEs distributed across the RTCs.

PROGRAM OUTCOMES:

The SSP is intended to provide modern, up-to-date, computerized state systems for accounting, procurement, human resources, and payroll. These systems are intended to provide more efficient and timely operation of state government by moving data entry points closer to the initiator and by decentralizing authority.

Better day-to-day decision-making by operating staff will be promoted by making more and better information available to them. The information can be tailored to individual situations and circumstances. Information will be available immediately via terminals located in the work areas. There will be no need to wait for paper reports at the end of the month. Information will be updated frequently on the statewide data base, so that it will be up-to-date and not lag a month behind.

More and better variety and sorts of information will be available due to the increased number of data elements input at the front end of the process. This will give increased ability to customize data for operating users and will provide state policy makers with the tools to analyze proposed actions and changes in rules, regulations, and procedures.

LONG-TERM IMPACT:

The long term impact on state agencies will be further enhancements in operations as described in the previous section. For state, legislators and legislative staff the long term impact of the SSP will be realized when the decision support module of the systems is complete and implemented. This module will provide policy makers direct access to up-to-date, detailed data on state programs so they can analyze and model potential policy changes and alternative policy models.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Management Services Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The mission of the Management Services Division is to provide office and building-related services to the program units of the Department to Human Services (DHS). These services are provided in the following areas:

- **Facility management:** Includes management of the Human Services Building and 3 other central office locations in the metro area. This involves coordination of all aspects of the building such as maintenance, security, rental rates, parking, and remodeling. It also involves managing the leases for approximately 30 locations out-state.
- **Office space planning:** Includes modifying the office space to adapt to the changing needs of the program staff. This includes reassignment of space among the various organizational units, the reconstruction of walls, and the reconfiguration of paneling. In F.Y. 1994 DHS central office facilities were adapted to comply with the requirement of the Americans with Disabilities Act and meet current indoor air quality standards.
- **Telecommunication services:** Includes the installation and management of wiring systems for computers and telephones and the management of the department-owned telephone systems for all department leased facilities. The division also owns a voice mail system providing service to over 1,100 department staff.
- **General office services:** Includes media services and equipment, graphics services, forms management, centralized purchasing (3,500 requisitions were processed in F.Y. 1993 to provide goods and services to department staff. Almost 500 purchases were made from targeted vendors, i.e., minority owned, small businesses, etc.), inventory management, records management, printing, travel arrangements for employees, equipment repair services, central word processing, information desk and visitor services, photocopy services, surplus property services, and recycling services.
- **Mail Services:** Includes comprehensive mail service to the department and its major clientele such as county agencies, private child caring agencies residential treatment centers, medical and licensed providers, MinnesotaCare clients, and others. This includes providing mail services to customers in the Human Services Building and 3 off-site locations. Approximately 3,500,000 pieces of mail are handled annually.
- **Forms Supply:** Includes the printing, stocking, and furnishing of forms to 28,000 agencies such as local human services agencies medicaid providers, residential treatment centers, and private child caring agencies.

- **Video-communications:** Includes coordination of the human services' video network (currently 10 sites), arranging video conferences for customers (currently averaging 120 conference hours per month), coordination of satellite productions, expanding the network, and making the entire function self-sufficient by selling services to customers and to other agencies.
- **Legislative process:** Coordinates department-wide legislative activities with the Governor, the legislature, the Revisor of Statutes, and the congressional delegation; responds to requests for program and fiscal information from the commissioner, the legislature, the Governor, and the congressional delegation; and provides legislative information to department staff.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns General Federal administrative reimbursement at the rate of 36% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: MANAGEMENT SERVICES DIVISION
MACT: MANAGEMENT SERVICES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,196	1,314	1,530	1,530	1,616	1,616	1,530	1,616	1,616
EXPENSES/CONTRACTUAL SRVCS	4,630	4,481	5,059	5,100	5,100	5,100	5,323	5,323	5,323
MISC OPERATING EXPENSES	150	197	329	329	329	329	329	329	329
SUPPLIES/MATERIALS/PARTS	543	529	347	347	401	401	347	363	363
CAPITAL EQUIPMENT	181	742	190	190	190	190	190	190	190
SUBTOTAL STATE OPERATIONS	6,700	7,263	7,455	7,496	7,636	7,636	7,719	7,821	7,821
TOTAL EXPENDITURES	6,700	7,263	7,455	7,496	7,636	7,636	7,719	7,821	7,821
AGENCY PLAN ITEMS:									
			FUND						
			ACCESS TO QUALITY HC INITIATIVE		140			102	
TOTAL AGENCY PLAN ITEMS					140			102	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,847	6,008	6,527	6,734	6,734	6,734	6,936	6,936	6,936
HEALTH CARE ACCESS	773	721	740	574	714	714	595	697	697
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	14	7	84	84	84	84	84	84	84
FEDERAL	66	98	104	104	104	104	104	104	104
AGENCY		429							
TOTAL FINANCING	6,700	7,263	7,455	7,496	7,636	7,636	7,719	7,821	7,821
FTE BY EMPLOYMENT TYPE:									
REGULAR	26.5	28.3	28.3		30.3			30.3	
TEMP/SEAS/PART_TIME	5.4	6.3	6.3		6.3			6.3	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: MANAGEMENT SERVICES DIVISION
MACT: MANAGEMENT SERVICES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.3	.3	.3		.3			.3	
TOTAL FTE	32.2	34.9	34.9		36.9	36.9		36.9	36.9

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1996-97 Biennial Budget

BUDGET ACTIVITY: Human Resources
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes 2 major program areas: 1) human resource management services and 2) affirmative action, equal opportunity, and civil rights services. Direct customers include approximately 8,000 department managers and employees in multiple locations statewide and 3,700 county managers and employees in 77 counties.

The Human Resources Division is responsible for the management of all department employees and their employee relations issues. This centralized function provides services directly to managers, employees and applicants for employment. It also provides department-wide human resources policies and procedures. This division has 5 key activities:

- **Staffing:** Provides recruitment, selection, compensation and classification services to department managers. Includes administering examinations; recruiting candidates; maintenance and certification of candidate lists; developing interview questions and participating in selection interviews; determining appropriate compensation for employees; consulting with managers regarding organizational structure and job design; developing position descriptions; and determining the appropriate classification of jobs.
- **Merit System:** Governs human resource policies and practices for all positions and employees funded in whole or in part by federal grants-in-aid requiring a merit system of personnel administration. Manages all staffing activities as described above for 73 county social services/human services agencies in 77 counties.
- **Training and Development:** Consults with managers on organizational and staff development needs. Coordinates and provides training and development information and opportunities for department and county employees. Manages library and volunteer programs. Provides leadership in the training applications for modern technology including satellite, audio and interactive video conferences.
- **Labor Relations:** Administers collective bargaining agreements; advises management in performance management concerns and grievance handling; negotiates memoranda of understanding; arbitrates grievances; and works cooperatively with labor and management representatives to solve problems and address issues of mutual concern.
- **Health, Safety and Workers Compensation:** Provides department employee health and safety programs and administers workers' compensation and return-to-work programs for injured department employees.

The Office for Equal Opportunity, Affirmative Action and Civil Rights is responsible for ensuring compliance with local, state and federal non-discrimination laws and regulations in employment and human service delivery. It also has responsibility for directing efforts to achieve the department's diversity vision of a diverse workforce able to provide effective services, programs and policies that are culturally appropriate and accessible to diverse communities. The office provides services and consultation to central office, regional centers and state operated facilities and to 73 merit system human services agencies throughout Minnesota. The office has 4 key activities:

- **Affirmative action:** Conducts statistical workforce utilization analyses and numerical goal setting for hiring of protected group employees for 10 department locations and approximately 100 goal units, and for 73 merit system agencies, as provided in state law and rule. This involves research and analysis of current data sources, providing consultation and training to local hiring authorities and decision-making on reasonable hiring objectives. Performs targeted recruitment of protected group communities, including collaboration with advocacy, employment and training agencies and educational institutions and faculty, as well as development of individual recruitment plans for specific positions.
- **Diversity:** Provides direction to department programs and facilities on development and implementation of diversity plans in 4 areas: recruitment and selection, education and training, service delivery and employee retention and development. Leads 2 department planning efforts, for central office and regional centers/state operated services. Includes development of mentoring and career entry programs, evaluation of workplace climate, individual and group consultation and training for staff and managers.
- **Civil rights:** Ensures that clients, patients and all recipients of federally-funded human services in Minnesota, are not discriminated against in the delivery of those services, in accordance with federal regulations and state law.
- **Equal Opportunity:** Ensures that employees and applicants for employment in the department and the 73 merit system agencies are not discriminated against, in accordance with state and federal laws.

The office investigates and resolves formal and informal complaints of discrimination brought by department or merit system employees or applicants and by human services clients or applicants, on the basis of sex, race, color, creed, religion, disability, age, sexual orientation, national origin, marital status or public assistance status. It also monitors and facilitates compliance with the Americans with Disabilities Act, including determining reasonable employment and service delivery accommodations for persons with disabilities and managing a reasonable accommodation fund. Other functions include providing training to department and county staff and managers and maintaining working relationships with protected group communities.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for increases requested for human resource organizational development and the diversity proposal.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 10% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: HUMAN RESOURCES DIVISION
MACT: HUMAN RESOURCES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,084	1,156	1,427	1,380	1,645	1,645	1,380	1,645	1,645
EXPENSES/CONTRACTUAL SRVCS	123	114	130	94	187	187	94	187	187
MISC OPERATING EXPENSES	85	95	77	64	72	72	64	72	72
SUPPLIES/MATERIALS/PARTS	79	65	35	34	89	89	34	51	51
CAPITAL EQUIPMENT	53	59	24	9	34	34	9	34	34
SUBTOTAL STATE OPERATIONS	1,424	1,489	1,693	1,581	2,027	2,027	1,581	1,989	1,989
AIDS TO INDIVIDUALS	1								
TOTAL EXPENDITURES	1,425	1,489	1,693	1,581	2,027	2,027	1,581	1,989	1,989
AGENCY PLAN ITEMS:									
HR ORGANIZATIONAL DEVELOPMENT			GEN		100			100	
DIVERSITY INITIATIVE			GEN		200			200	
ACCESS TO QUALITY HC INITIATIVE			HCA		146			108	
TOTAL AGENCY PLAN ITEMS					446			408	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,267	1,298	1,458	1,346	1,646	1,646	1,346	1,646	1,646
HEALTH CARE ACCESS		4	31	31	177	177	31	139	139
STATUTORY APPROPRIATIONS:									
GENERAL	44	49	48	48	48	48	48	48	48
SPECIAL REVENUE	23	43	41	41	41	41	41	41	41
FEDERAL	91	95	115	115	115	115	115	115	115
TOTAL FINANCING	1,425	1,489	1,693	1,581	2,027	2,027	1,581	1,989	1,989

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: HUMAN RESOURCES DIVISION
MACT: HUMAN RESOURCES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	22.3	21.5	21.0		27.0		27.0		
TEMP/SEAS/PART_TIME	4.6	3.3	2.8		2.8		2.8		
TOTAL FTE	26.9	24.8	23.8		29.8	29.8	29.8		29.8

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Finance and Management
BUDGET ACTIVITY: Human Resources Division
ITEM TITLE: Human Resource Organizational Development

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Human Resources Division	\$100	\$100	\$100	\$100
Revenues: (\$000s):				
General Fund				

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$100,000 in F.Y. 1996 and \$100,000 in F.Y. 1997. The proposal will provide resources for professional development and support services needed to keep pace with the changing work environment within the department. This proposal is part of the department's infrastructure initiative.

RATIONALE:

The resources of the Human Resources Division have not kept pace with changes in society, the department and human resource management. These changes have resulted in significantly heavier workloads and more complex policies and procedures to administer. Some of these changes include:

- Expansion of health care programs;
- Increases in county employment and demands from counties for employment services;
- Increased number and complexity of employment laws, regulations and legal decisions (e.g., the Americans with Disabilities Act and the Family Medical Leave Act);
- Regional treatment center downsizing and transition to community-based services;
- Decentralization of employee selection activities and information system duties from the Department of Employee Relations; and
- Changing demographics of the workforce and changing needs and expectations of employees, resulting in new and different demands on our human services systems.

As managers' program responsibilities increase, their needs for human resource services also increase. They have less time to deal directly with employee problems themselves and have a greater need for highly skilled employees. The stresses of work life are increasing as evidenced by

the report of the state Employee Assistance Office on the increased numbers of employees using their services for work-related reasons. Failure to address these needs and issues will increasingly result in ineffective employees and work units, and less effective customer service.

The requested resources include 2 FTE positions.

PROGRAM OUTCOMES:

The additional resources will help the department to achieve key priorities by enabling it to develop managers and supervisors and train them in new ways of maximizing and revitalizing existing staff in the face of rapidly changing jobs and technologies. It will provide the Human Resources Division with the ability to help managers and supervisors develop their management, team-building, problem-identification, and problem-solving skills. It will help the department prevent some human resource problems before they occur.

LONG-TERM IMPACT:

In the long-term, this proposal will enable the department to develop and maintain a workforce capable of adapting to rapid changes without significant losses in productivity and quality.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Human Resources Division
 ITEM TITLE: Diversity Initiative

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Human Resources Division	\$200	\$200	\$200	\$200
Revenues: (\$000s):				
General Fund	\$40	\$40	\$40	\$40

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$200,000 in F.Y. 1996 and \$200,000 in F.Y. 1997. These resources will provide: 1) recruitment of employees representative of diverse populations; 2) staff development and training in diversity; 3) individualized diversity consultation and support services to program areas, regional facilities and counties; and 4) reasonable accommodations of sign language interpreters, readers, or other auxiliary aids for employees and clients. This proposal is part of the department's infrastructure and community initiatives.

RATIONALE:

The populations served by the department are increasingly more diverse, with many of those served coming from different cultures and having different needs from the more homogeneous populations previously served. Training is needed to develop and enhance staff understanding of, and familiarity with these differing cultures. Additionally, an effort must be made to acquire and retain a wider variety of staff, some of whom are of the cultures being served. Intensified efforts to educate and diversify the work force are essential in the context of today's changing social and cultural climate.

The following are related factors precipitating this proposal:

- The Americans with Disabilities Act (ADA) requires employers to make reasonable accommodations to the known physical or mental limitation of an otherwise qualified employee or recipient of service. Accommodation requests are increasing as are the associated costs.
- There is an ever-widening gap between department staff and the communities they are serving.

A growing proportion of clients served speak languages other than English and demographic projections indicate this will continue into the next century.

- Research indicates that there is a direct correlation between the efficacy of mental health and other program services and provider cultural competency.
- The department's central office minority employment level has risen from 5% to 7% over the past 3 years. Despite this increase, the department still has not kept pace with Minnesota's minority growth.
- County Merit System agencies have a minority employment level of 1% despite dramatic increases in Minnesota's Hispanic and Asian populations.
- Gaining access to state employment can be very difficult. A recruiter who is knowledgeable in these matters and able to disseminate this information to potential employees is a critical asset to those who lack familiarity with majority culture and state government employment practices and/or whose first language is not English.

This proposal is for 2.0 FTEs and associated costs of employee training and retention efforts, service delivery, and reasonable accommodations.

PROGRAM OUTCOMES:

This proposal will provide the department with the resources needed to expand the development and retention of a diverse work force able to provide culturally appropriate services to clientele. It will position the department to achieve its affirmative action goals, a richer working environment and a more appropriately-served clientele. Counties will be assisted in their efforts to plan and implement culturally competent service delivery and to achieve a diverse workforce.

LONG-TERM IMPACT:

This proposal will assist the department in its goal of achieving a truly diverse work force and developing better understanding of the communities it serves.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Reimbursement Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity manages the accounts receivable for 9 regional treatment centers (RTCs)/and state nursing facilities (NF), the Consolidated Chemical Dependency Treatment Fund (CCDTF), Medical Assistance (MA) Parental Fees, and activities of the State Operated Community Services (SOCS) (including: Developmentally Disabled (DD) and Mentally Ill (MI) Waivered Group Homes, Day Training and Habilitation, and Crises Centers). The division also has the lead role in the departmentwide project to manage its accounts receivable in an automated and systematic like manner to improve collections and reduce accounts receivable.

The division employs reimbursement specialists and support staff in the RTC/NF to establish the account and notify the patients/clients of the fee for services. Supervisory, professional and support staff are located in the St. Paul central office to capitalize on the economies of scale of central billing and collection activities which permits the division to achieve an optimum cost/benefit ratio. The division supports the management of the RTC through a cost accounting system that provides the RTC a method to identify cost centers and accurately track the provision of services. These fiscal analysis and financial reporting activities permit the department to monitor the cost of operating the facilities and to maximize the collections from entitlement programs and other payer sources.

CCDTF staff are responsible for processing claims for chemical dependency (CD) treatment provided at the RTC system and/by the 250 other providers who participate in the program throughout the state. The division functions as the invoice processing agent for this 50 million-dollar entitlement program.

Parental fees are calculated, assessed and collected from parents of children who are determined eligible for MA without consideration of parental income and assets. After the initial establishment of the fee, the division annually informs parents of the parental fee requirements. The fees are never higher than the cost of the services provided to the child.

The services provided by this activity include:

1. Client cost of care account establishment, notification and consultation services.
2. Billing and collection services:
 - Client fees
 - Entitlement Programs
 - Insurance Claims
 - Government Services
 - Estate Claims
 - Conciliation and District Court Claims
 - MA Parental Fees
3. Fiscal and Accounting Services
 - RTC Rate Setting
 - CD Financial Statements
 - Revenue Forecasts

- Federal Cost Reports
- Cost Accounting Reports
- Cost Control Analyses
- Compliance with Reimbursement regulations

BUDGET ISSUES:

This activity requests an extension of current level of funding and additional funding to:

- Restructure the department's accounts receivable management.
- Enhance activity operations to capture additional Social Security Retirement, Survivors, and Disability (RSDI) cash benefits, Medicare Part A Hospital Insurance and Medicare Part B Medical benefits.

REVENUE:

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Collections Activity (in 000's)					
RTC/(including NH & DD SOCS)	\$155,370	\$154,083	\$136,556	\$135,122	\$135,122
MA Parental Fee	620	765	840	852	864
RTC-CD Enterprise	10,471	11,212	9,444	10,700	10,700
CCDTF	3,345	4,682	3,423	3,156	3,156
TOTAL COLLECTIONS	\$169,806	\$170,742	\$150,263	\$149,830	\$149,842

Expenditures for this activity are included in collection rates calculated for the RTCs. RTC/NF revenues, CCDTF, MA Parental Fees, and Developmentally Disabled-SOCs revenues are collected by this activity. RTC CD enterprise revenues are used for the operation of the RTC CD programs.

Beginning in F.Y. 1994, RTC receipts are deposited as non-dedicated revenue to the General Fund. Certain receipts from the care of residents in DD SOCS are dedicated for the operation of the individual homes.

A percentage of CCDTF revenue collected from clients, insurance carriers and the federal portion of MA receipts is dedicated to the Reimbursement Division to pay for CCDTF invoice processing and collection costs. Net revenue collected for the CCDTF from clients and insurance carriers are the property of the county/reservation originating the claim. The federal portion of MA receipts collected for the CCDTF are dedicated to the general/reservation reserve account used by counties/reservations once their allocation has been exhausted. Billings for CD services to MinnesotaCare recipients are either submitted to MA or to the recipient as a co-pay. MinnesotaCare payments and recipient co-payments go directly to the general reserve without any percentage dedicated to the division to pay for invoice processing and collection costs.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: REIMBURSEMENT DIVISION
MACT: REIMBURSEMENT DIVISION

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,049	2,133	3,355	2,299	2,726	2,726	2,299	2,666	2,666
EXPENSES/CONTRACTUAL SRVCS	136	183	338	105	228	228	105	203	203
MISC OPERATING EXPENSES	159	146	160	123	162	162	123	160	160
SUPPLIES/MATERIALS/PARTS	56	45	108	73	99	99	73	83	83
CAPITAL EQUIPMENT	76	79	132	77	181	181	77	91	91
OTHER			25	25	25	25	25	25	25
SUBTOTAL STATE OPERATIONS	2,476	2,586	4,118	2,702	3,421	3,421	2,702	3,228	3,228
TOTAL EXPENDITURES	2,476	2,586	4,118	2,702	3,421	3,421	2,702	3,228	3,228
AGENCY PLAN ITEMS:									
			FUND						
EXPANSION OF OASDHI PROJECT			GEN		500			367	
DHS ACCOUNTS RECEIVABLE CONSOLIDATION			GEN		219			159	
TOTAL AGENCY PLAN ITEMS					719			526	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,318	2,208	3,722	2,306	3,025	3,025	2,306	2,832	2,832
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	158	378	396	396	396	396	396	396	396
TOTAL FINANCING	2,476	2,586	4,118	2,702	3,421	3,421	2,702	3,228	3,228
FTE BY EMPLOYMENT TYPE:									
REGULAR	47.3	50.2	50.2		58.3			57.3	
TEMP/SEAS/PART_TIME	2.8	2.1	2.1		2.1			2.1	
TOTAL FTE	50.1	52.3	52.3		60.4	60.4		59.4	59.4

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Reimbursement Division
 ITEM TITLE: Departmentwide Accounts Receivable Consolidation

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Reimbursement Division	\$219	\$159	\$159	\$159
Revenues: (\$000s):				
General Fund	\$1,499	\$1,499	\$1,499	\$1,499

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$219,000 in F.Y. 1996 and \$159,000 in F.Y. 1997. This proposal results in the coordination of accounts receivable within the Department of Human Services (DHS), provides systems analysis for the department's non-Child Support Enforcement accounts receivable, and provides the staff resources to enhance accounts receivable operations and pursue increased collections on overdue accounts. This investment is projected to increase state revenues by \$1,499,000 in F.Y. 1996 and \$1,499,000 in F.Y. 1997. This proposal is part of the department's infrastructure initiative.

RATIONALE:

The 1992 legislature directed the Attorney General's Office and the commissioners of Finance, Revenue, and Human Services, under the supervision of the Legislative Commission on Planning and Fiscal Policy, to identify long-term options on restructuring the state's accounts receivable processes and to recommend improvements to policies governing the management of receivables. The Accounts Receivable Reengineering Project Final Report of 2-93 recommended development and implementation of initiatives to improve collections statewide. Project funds channeled to DHS by the Finance Department have been used to initiate accounts receivable procedural improvements, develop comprehensive accounts receivable reporting, and indicate areas susceptible to further improvement. The accounts receivable project is developing a management framework for coordinating the department's non-Child Support Enforcement accounts receivable policy and processes by late summer of 1995. This initiative provides funding for a DHS project and is above the expectations of the statewide Accounts Receivable project. Four FTEs are included in F.Y. 1996 and 3 FTEs in subsequent years. The additional investment in staff resources will result in increased revenues.

PROGRAM OUTCOMES:

The requested staff resources will develop improved accounts receivable processes and procedures, and the consistent application of those processes and procedures resulting in increased revenues. With the significant resources located within the department's accounts receivable activities and the statewide effort to improve collections, there is a need to establish a centralized organization within DHS to manage its accounts receivable processes and to serve as a liaison to other agencies on accounts receivable related matters, including statewide reporting requirements. This initiative will improve collections of receivables by reducing uncollectible and accelerating collections activities.

LONG-TERM IMPACT:

The accounts receivable policy, procedure, and practices improvements that would be possible with the resources requested would carry on into the future. The improvements in accounts receivable operations will prevent the accumulation and growth of new overdue accounts and thus avoid revenue loss to the state.

F. Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Reimbursement Division
 ITEM TITLE: Old Age, Survivors and Disability Health Insurance Project

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Reimbursement Division	\$500	\$367	\$367	\$367
MA Long-Term Care Facilities	(2,761)	(5,508)	(4,217)	(4,169)
MA Long-Term Care Waivers and Home Care	(32)	(568)	(2,579)	(3,495)
Group Residential Housing	<u>(17)</u>	<u>(731)</u>	<u>(3,784)</u>	<u>(5,235)</u>
Net Total:	(\$2,310)	(\$6,440)	(\$10,243)	(\$12,532)

Revenues: (\$000s):

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$2,310,000 in F.Y. 1996 and \$6,440,000 in F.Y. 1997. These reductions will result from outreach efforts to determine eligibility for Social Security, Retirement, Survivors, and Disability (RSDI) cash benefits for persons receiving Medical (MA) and Group Residential Housing (GRH) grants. RSDI funds will offset state MA and GRH expenditures for these persons. This proposal is part of the department's infrastructure initiative.

RATIONALE:

Existing federal and state laws mandate supplemental security income (SSI) recipients to file for all benefits they may be entitled to receive. Clients and residents of state facilities were recently screened for age of onset of disability, whether their parents had sufficient work quarters for social security and whether the parents' status (disabled, retired, or deceased) would qualify the adult children for RSDI benefits. This pilot project, conducted by the department's reimbursement division, found many SSI recipients served by DHS potentially eligible for RSDI and Medicare. For those found eligible, the monthly cash benefit and Medicare coverage will decrease state expenditures in Minnesota Supplemental Aid (MSA), General Assistance (GA) General Assistance Medical Care (GAMC) and MA.

This proposal will require 6 FTEs each year to: 1) establish a combined DHS/Social Security Administration client database; 2) use this database as the screening tool to identify potential eligible clients for RSDI, and Medicare Part A/B benefits; 3) analyze client medical records to establish proof of disability, and age of onset under the meaning of the law; 4) establish the oldest possible disability onset date for purposes of social security retroactivity; 5) verify insured status of the client or the insured status of his/her parents for RSDI benefits; 6) refer RSDI claimants to social security utilizing an interdisciplinary team approach; and 7) provide oversight and administrative appeal assistance to the client in pursuing their claims, and rights to Due Process.

PROGRAM OUTCOMES:

This proposal is beneficial to both the clients and the state. The clients will become eligible for additional benefits they are entitled to receive. The proposal will deliver long term cost savings by entitling certain disabled SSI, MSA, and MA clients to RSDI benefits under the Social Security Act. Since RSDI is an entitlement program, additional long-term cost savings to MA will be realized by further entitlement of these persons to Medicare Part A Hospital and Medicare Part B Medical Insurance benefits. SSI and MSA cash benefits cease in most cases, and will be replaced with higher RSDI cash benefits. MA medical program costs will be reduced by clients meeting spenddowns. Medicare will become the primary health care provider (before MA) for acute care inpatient hospital services and outpatient physician services. MA will remain the primary payer (minus the individual client spenddown) for intermediate care facilities for the mentally retarded, waived service facilities, group homes, state operated community services and prescription drugs expenditures.

LONG-TERM IMPACT:

This proposal will develop and promote greater financial stability for SSI, GRH, MA recipients, and reduce state MA and GRH expenditures.

1996-97 Biennial Budget

BUDGET ACTIVITY: Budget Analysis
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Budget Analysis division has 2 missions: 1) to coordinate the work of the other divisions to produce the biennial operating budget and any necessary supplementary budget requests; and 2) to provide policy analysis to the senior management team on human service financing and budgeting issues.

Budget Analysis has 4 primary goals:

- Manage and direct the biennial and supplemental operating budget process so that the budget is produced to meet the Governor's guidelines and is delivered to the Department of Finance (DOF) by 10-15 and to the legislature by 11-30 in the even years (M.S. 1993, section 16A.10, subd. 2).
- Produce budget information, fiscal reports and financing recommendations as required by the Department of Human Services (DHS) senior management team, the Governor, legislature, executive staff agencies and the federal government.
- Assist DHS staff in establishing and implementing legislative intent in the budget passed by the legislature and in other laws that have a fiscal impact on DHS.
- Provide analytical support to major agency initiatives and policy priorities.

Budget Analysis activities have 2 components: budget planning and development and financial and policy analysis.

The budget planning and development component prepares substantive internal guidelines, based on DOF instructions, necessary to uniformly implement processes for producing the biennial operating budget. Division personnel orient all DHS divisions on how to carry out DHS and DOF budget instructions and coordinate the preparation of all budget support documents. Staff further identify policy issues with budget ramifications, study them and make recommendations to senior DHS staff when appropriate. When senior management makes its final budget decisions, division staff coordinate the process of assembling and editing the budget documents and prepare fiscal summaries of the final product for delivery to DOF.

After the Governor makes his recommendations, division staff will monitor the biennial operating budget through the legislative process and write summaries of enacted fiscal bills incorporating legislative intent where possible.

The financial and policy analysis function operates in this manner: as staff to the senior management team, division personnel identify and evaluate both current and future issues regarding the financing and management of human services programs. In particular, staff provide policy development, planning and fiscal analysis regarding issues that cut across department divisions.

This function of budget analysis also develops baseline information related to current and historical program financing that will be used to produce budget development tools for DHS policy makers. Division recommendations serve as a basis for possible restructuring and simplification of current state financing of programs.

Division clients include DHS operating divisions, DHS senior management team, the Governor, and the legislature, in addition to the general public.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 41% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: FINANCE & MANAGEMENT PROGRAM
 ACTIVITY: BUDGET ANALYSIS DIVISION
 MACT: BUDGET ANALYSIS DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	285	327	424	424	424	424	424	424	424
EXPENSES/CONTRACTUAL SRVCS	6	4	58	11	11	11	11	11	11
MISC OPERATING EXPENSES	20	31	11	11	11	11	11	11	11
SUPPLIES/MATERIALS/PARTS	8	6	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	2	6	9	9	9	9	9	9	9
SUBTOTAL STATE OPERATIONS	321	374	504	457	457	457	457	457	457
TOTAL EXPENDITURES	321	374	504	457	457	457	457	457	457
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	321	374	504	457	457	457	457	457	457
TOTAL FINANCING	321	374	504	457	457	457	457	457	457
FTE BY EMPLOYMENT TYPE:									
REGULAR	2.9	3.0	3.0		3.0			3.0	
TEMP/SEAS/PART_TIME	3.0	3.7	3.7		3.7			3.7	
TOTAL FTE	5.9	6.7	6.7		6.7	6.7		6.7	6.7

1996-97 Biennial Budget

BUDGET ACTIVITY: Appeals and Regulations
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Appeals and Regulations Division is responsible for assuring policy and program coordination and integration through communications, regulation development, administrative appeals processes, contract management, and administration of legal services funding. Its primary activities are as follows:

1. **APPEALS.** This activity conducts evidentiary hearings to determine the facts and draw conclusions of law affecting human service applicants and recipients whose benefits have been denied, terminated or otherwise adversely affected by county human service agency or state agency actions. These hearings are held to protect the due process rights of recipients in compliance with the United States Supreme Court decision in *Goldberg v. Kelly*. Hearings are held through telephone conference calls, or are heard on a "circuit-rider" basis to permit recipients and local agencies to participate. The department conducts over 3,500 appeals each year.

This activity also conducts administrative disqualification hearings, initiated by local human service agencies when they have determined that an Aid to Families with Dependent Children or food stamp recipient has committed an intentional program violation; issues orders in battered women's shelter appeals; and decides disputes between county agencies over financial responsibility.

2. **CONTRACTS.** This activity reviews and approves all draft contracts prior to execution; processes all final contracts; and prepares the department's annual contract plan, the quarterly socially economically disadvantaged/small business reports, and provides other contract related information. The department enters into over 1,000 contracts per year.
3. **ADMINISTRATIVE LAW.** This activity reviews records in licensing contested cases and prepares orders for the commissioner's signature. This activity also serves as a resource for department staff who are responding to data practices requests, and provides training in the proper handling of data.
4. **RULES AND BULLETINS.** This activity facilitates the development and promulgation of the department's administrative rules; maintains the department's official rulemaking files; and reviews, edits, and processes the department's program bulletins and manuals.
5. **LEGAL SERVICES.** This activity administers the legal services account, from which attorney general's office services are purchased. It also monitors payments to the office of administrative hearings and other legal services costs incurred by the department, ensures consistency in legal interpretation, and recommends resource allocation.

BUDGET ISSUES:

Additional funds are requested for legal services to cover both increased Attorney General's Office fees and a need for increased level of service.

REVENUE:

This activity earns general federal administrative reimbursement at a rate of 38% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: APPEALS AND REGULATIONS
MACT: APPEALS AND REGULATIONS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,242	1,269	1,391	1,391	1,391	1,391	1,391	1,391	1,391
EXPENSES/CONTRACTUAL SRVCS	44	63	79	633	955	955	633	955	955
MISC OPERATING EXPENSES	49	71	51	51	51	51	51	51	51
SUPPLIES/MATERIALS/PARTS	20	21	15	15	15	15	15	15	15
CAPITAL EQUIPMENT	6	5	7	7	7	7	7	7	7
SUBTOTAL STATE OPERATIONS	1,361	1,429	1,543	2,097	2,419	2,419	2,097	2,419	2,419
TOTAL EXPENDITURES	1,361	1,429	1,543	2,097	2,419	2,419	2,097	2,419	2,419
AGENCY PLAN ITEMS:									
FUND									
COLLAB. FUNDING LEGAL SERVICES			GEN		322			322	
TOTAL AGENCY PLAN ITEMS					322			322	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,330	1,336	1,411	1,965	2,287	2,287	1,965	2,287	2,287
HEALTH CARE ACCESS	31	93	132	132	132	132	132	132	132
TOTAL FINANCING	1,361	1,429	1,543	2,097	2,419	2,419	2,097	2,419	2,419
FTE BY EMPLOYMENT TYPE:									
REGULAR	24.3	23.8	23.8		23.8			23.8	
TEMP/SEAS/PART_TIME	.6	.2	.2		.2			.2	
TOTAL FTE	24.9	24.0	24.0		24.0	24.0		24.0	24.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Finance and Management
 BUDGET ACTIVITY: Appeals and Regulations
 ITEM TITLE: Collaborative Funding of Legal Services

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Appeals and Regulations	\$322	\$322	\$322	\$322
Revenues: (\$000s):				
General Fund				

Requires Statutory Change? Yes ___ No X
 If yes, statute affected: N/A

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$322,000 in F.Y. 1996 and \$322,000 in F.Y. 1997. This proposal provides increased funds for legal services required by the Department of Human Services (DHS). Funding needs are based upon changes associated with a new collaborative funding model for Attorney General's Office (AGO) services and projected increases in the total hours of services needed. This proposal is part of the department's infrastructure initiative.

RATIONALE:

The 1994 legislature, in Laws of Minnesota 1994, Chap. 636, Art. 1 and 10, directed that funding for the AGO be appropriated directly to the agencies it represents, and then transferred to the AGO in accordance with an interagency agreement. To effect this change, funds have been transferred to the base of the DHS budget from the AGO by the Department of Finance. This proposal would increase the base amount by \$322,000 to cover additional need for legal services.

The department has reviewed its anticipated need for legal services in F.Y. 1996-97, and has determined that the need for legal services will increase in 3 areas. Additional hours of service will be needed to provide consultation on legal and policy issues in the Family and Children's Services Division, particularly in the area of relative foster care and adoptions. In addition, lawsuits regarding program regulations and procedures for the Aid to Families with Dependent Children, Food Stamps, General Assistance/Work Readiness and Emergency Assistance programs will require additional legal services. Of particular concern are state residency issues (including eligibility for cash assistance for nonresidents in excluded time facilities) and Emergency Assistance for migrants. Additional legal services will also be needed to provide consultation on contracts for systems

development, computer hardware and software related acquisitions, and intellectual property disposition. It is anticipated that these needs will continue to grow through the next biennium as DHS continues to develop human services information systems.

PROGRAM OUTCOMES:

Adequate access to legal services is necessary for the department to operate effectively and efficiently. This proposal will provide adequate funding for the department to obtain timely and cost-effective legal services from the AGO, to provide legal support to county attorneys, and to ensure adequate defense of federal and state law, rules, and policy. If this proposal is not funded, the department will be forced to obtain legal services in a more limited number of cases or issues. This could lead to arbitrary enforcement based on the cost of enforcing a law or rule, rather than the merit of the rule. In the long run, the integrity of the department's programs will suffer.

LONG-TERM IMPACT:

The collaborative funding model for legal services is designed to provide the legislature with a clear picture of the legal service costs associated with an agency's operation. It is also designed to provide the agency with more control over the level of services it purchases from the AGO, and in determining which matters should be given priority in the AGO. It is a department priority to increase funding for legal services because adequate access to legal advice is essential for policy development, to reduce or avoid more costly litigation, and to enforce and defend federal and state legislation and regulation.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Reports and Forecasts Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is responsible for accurate budgeting of Department of Human Services (DHS) programs and for statistical reporting and the provision of data and information on DHS Family Self-Sufficiency (FSS) and health care programs. Its primary activities are as follows:

1. **Forecasting.** This activity forecasts expenditures in DHS programs which require forecasts. Forecasts are used for state and federal budget purposes. Forecasted programs include Medical Assistance (MA), General Assistance Medical Care (GAMC), MinnesotaCare (MNCare), Alternative Care, Consolidated Chemical Dependency Fund, Aid to Families with Dependent Children (AFDC), AFDC Child Care, General Assistance (GA), Work Readiness, Minnesota Supplemental Aid (MSA), and Group Residential Housing.
2. **Fiscal Notes.** This activity prepares fiscal notes on proposed changes in forecasted programs and in new programs under consideration by the legislature. It also analyzes the fiscal impact of federal changes on forecasted programs.
3. **Consultation.** This activity uses the technical expertise of its staff to provide consultation on quantitative analysis and research design and budget issues to DHS staff and, on health care reform issues, to Department of Health and Health Care Commission staff.
4. **Data and Information.** This activity produces statistical reports on caseloads, caseload activity, and costs in Family Self-Sufficiency (FSS) and health care programs; responds to requests from DHS staff, the legislature, other state agencies, and the public for information about FSS and medical program caseloads, expenditures, and forecasts. Statistical reports on AFDC, Food Stamps, and MA are required by the federal government. Reporting on GA and GAMC is required by M.S. 256D.04.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 32% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: FINANCE & MANAGEMENT PROGRAM
 ACTIVITY: REPORTS & FORECASTS DIVISION
 MACT: REPORTS & FORECASTS DIVISION

MACT SUMMARY	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	531	651	723	723	723	723	723	723	723	723	723	723	723	723	723
EXPENSES/CONTRACTUAL SRVCS	103	40	128	128	128	128	128	128	128	128	128	128	128	128	128
MISC OPERATING EXPENSES	6	5	8	8	8	8	8	8	8	8	8	8	8	8	8
SUPPLIES/MATERIALS/PARTS	28	17	13	13	13	13	13	13	13	13	13	13	13	13	13
CAPITAL EQUIPMENT	7	3	22	22	22	22	22	22	22	22	22	22	22	22	22
SUBTOTAL STATE OPERATIONS	675	716	894	894	894	894									
TOTAL EXPENDITURES	675	716	894	894	894	894									
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	556	594	675	675	675	675	675	675	675	675	675	675	675	675	675
HEALTH CARE ACCESS	119	122	219	219	219	219	219	219	219	219	219	219	219	219	219
TOTAL FINANCING	675	716	894	894	894	894									
FTE BY EMPLOYMENT TYPE:															
REGULAR	10.9	12.7	12.7				12.7						12.7		
TOTAL FTE	10.9	12.7	12.7				12.7						12.7		

1996-97 Biennial Budget

BUDGET ACTIVITY: Licensing Division
PROGRAM: Finance and Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The activity is responsible for protecting the health, safety, rights and well-being of children and vulnerable adults in programs licensed through the authority in M.S. Chap. 245A. Methods used include prevention measures, enforcement powers, and information and referral activities to enforce state and federal laws, rules and regulations.

This activity is responsible for licensing, monitoring and investigating child care centers, family child care homes, foster homes, group homes and residential centers for children, day and residential programs for persons with mental retardation or related conditions, mental illness, chemical abuse or dependency or physical handicaps, and mental health centers. The major functions of this activity are to monitor and license the following:

- | | |
|--|---|
| Child foster care (Rule 1) 4,647 | Mental health centers (Rule 29) 95 |
| Family child care (Rule 2) 14,917 | Residential MR/RC (Rule 34) 370 |
| Child care centers (Rule 3) 1,452 | Residential CD (Rule 35) 102 |
| Placement/Adoption agencies (Rule 4) 48 | Residential MH (Rule 36) 83 |
| Child caring institutions (Rule 5) 45 | Day training and habilitation (Rule 38) 223 |
| Maternity shelters (Rule 6) 2 | Home & com. waiver for MR/RC (Rule 42) 454 |
| Group homes (Rule 8) 56 | Outpatient CD (Rule 43) 226 |
| County agency certification (Rule 13) 87 | Adult foster care (Rule 203) 2,180 |
| Semi-independent living serv. (Rule 18) 94 | Adult day care (Rule 223) 78 |

INVESTIGATIONS

- | | |
|--|-----|
| Conduct abuse, neglect, maltreatment reports | 600 |
| Conduct license complaints | 700 |

LICENSE SANCTIONS

- | | |
|-------------------------|-----|
| Issue license sanctions | 250 |
|-------------------------|-----|

Applicant background studies

Complete over 50,000 studies

Variances

Process 2,500 requests

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 37% of its expenditures for the Department of Human Services operations. In addition, this activity also generates approximately \$500,000 in revenue from licensing fees each year.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: FINANCE & MANAGEMENT PROGRAM
ACTIVITY: LICENSING DIVISION
MACT: LICENSING DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,358	2,218	2,313	2,313	2,313	2,313	2,313	2,313	2,313
EXPENSES/CONTRACTUAL SRVCS	122	148	189	89	89	89	89	89	89
MISC OPERATING EXPENSES	263	272	224	224	224	224	224	224	224
SUPPLIES/MATERIALS/PARTS	16	11	11	11	11	11	11	11	11
CAPITAL EQUIPMENT		8	9	9	9	9	9	9	9
OTHER			21	21	21	21	21	21	21
SUBTOTAL STATE OPERATIONS	2,759	2,657	2,767	2,667	2,667	2,667	2,667	2,667	2,667
TOTAL EXPENDITURES	2,759	2,657	2,767	2,667	2,667	2,667	2,667	2,667	2,667
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,162	1,986	2,115	2,015	2,015	2,015	2,015	2,015	2,015
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	81								
FEDERAL	516	671	652	652	652	652	652	652	652
TOTAL FINANCING	2,759	2,657	2,767	2,667	2,667	2,667	2,667	2,667	2,667
FTE BY EMPLOYMENT TYPE:									
REGULAR	52.4	49.7	49.7		49.7			49.7	
TOTAL FTE	52.4	49.7	49.7		49.7	49.7		49.7	49.7

PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

The Life Skills Self-Sufficiency Initiative is part of the Social Services Administration. This administration exists to provide coordination, leadership and direction in order to serve adults and children with intermittent or ongoing need for support beyond basic health care or economic assistance. This administration includes the following budget activities: Deaf and Hard of Hearing Services, Quality Services, Community Social Services, Developmental Disabilities Services, Aging and Adult Services, and Chemical Dependency Services.

PROGRAM STATUS:

In public hearings around the state, older Minnesotans and Minnesotans with physical or developmental disabilities or mental illness said that they want to live as independently and self-sufficiently as possible. And they said that they want more choice and flexibility in how their long-term care and social services needs are met.

The Life Skills Self-Sufficiency Initiative responds by creating greater flexibility and consumer choice in long-term care and social services programs. These services support more independent living and help realize the Minnesota Milestones' goal that people who need help providing for themselves will receive the help they need.

A primary goal of the initiative includes eventually providing services to people based on their functional abilities and income rather than on their diagnosis. A current systemic problem is that benefits cannot be tailored to meet individual needs. This means, in some cases, providing more or fewer services than necessary to people who are functioning at about the same level but who have different diagnoses. The proposals in the Life Skills Initiative are a strong beginning in streamlining service administration, creating more tailoring and choice and focusing more on outcomes.

The Life Skills Self-Sufficiency Initiative is an important step in the state's long-term care reform efforts - efforts that will provide insight into different ways to purchase and provide care to special populations that are preferred by consumers and are cost effective.

Because the individuals served by this initiative often have significant acute health care needs, Life Skills and the department's Health Care Initiative have strong connections.

In addition to providing leadership for the Life Skills Initiative, this administration continues to ensure that integrated community-based services are efficiently and effectively provided to individuals with special needs under the current programs and funding streams. Thousands of persons requiring support services and special assistance are assured services through this program activity.

PLANNED RESULTS:

The Life Skills Self-Sufficiency Initiative would provide the necessary support to achieve the following goals:

- To assure access by persons meeting a common threshold of need to intermittent or ongoing support services which assure health, safety, and achievement of self-sufficiency to the extent possible.
- To increase focus on consumer and family needs and outcomes.
- To increase ease in the delivery and administration of services to individuals.
- To improve how services are purchased so that: 1) consumers have choices within limits about the type and amount of services, and in the selection of the direct service provider; 2) purchasers of services can get more efficient and effective service delivery for the money spent; 3) service decisions are made at a level close to the consumer; 4) incentives are created which support the purchasing of services that are high in quality, efficient and effective.

BUDGET AND REVENUE SUMMARY:

Summary of agency plan is as follows:

The following budget activities and associated decision pages expand on the information provided above and reflect adjustments of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DEAF & HARD OF HEARING SERVICES	3,069	2,982	3,296	3,296	3,496	3,496	3,296	3,496	3,496
QUALITY SERVICES DIVISION	1,707	1,760	2,537	2,537	2,742	2,742	2,537	2,557	2,557
COMMUNITY SOCIAL SERVICES GRANT	101,957	98,079	101,042	102,042	102,042	102,042	100,521	100,521	100,851
CONSUMER SUPPORTS					175	175		1,882	1,882
DEVELOPMENTAL DISABILITIES	8,811	8,951	9,169	8,561	9,623	9,623	8,511	8,453	8,453
AGING & ADULT SERVICES	21,087	22,581	23,455	23,455	23,730	23,730	23,455	23,730	23,730
CHEMICAL DEPENDENCY	9,963	10,171	22,538	22,080	22,080	22,080	21,632	21,632	21,632
CD CONSOLIDATED TREATMENT	53,069	57,746	62,011	62,011	68,898	68,898	62,011	76,439	76,439
TOTAL EXPENDITURES BY ACTIVITY	199,663	202,270	224,048	223,982	232,786	232,786	221,963	238,710	239,040
AGENCY PLAN ITEMS:			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		6,556			12,899	
INCOME MAINTENANCE ADJUSTMENTS			SR		776			1,974	
CROSS CULTURAL TRAINING FOR DEAF			GEN		100			100	
FARIBAULT RC CLOSURE			GEN		162			37	
QUALITY ASSURANCE SUPPORT SYSTEM			GEN		205			20	
D & HHS INTERPRETER REFERRAL CENTER			GEN		100			100	
CCDTF TIER II REDUCTION			GEN		<445>			<445>	
REDUCE LENGTH OF CLOSING ICF/MR			GEN		75			50	
DEVELOPMENTAL DISABILITIES PILOTS			GEN		505			125	
DD WAIVER ALTER ALLOCATION STRUCTURE			GEN		220			205	
CONSUMER SUPPORT GRANTS			GEN					<525>	
GROUP RESIDENTIAL HOUSING CHANGES			GEN		100			50	
CONSUMER SUPPORT GRANTS			GEN		175			1,882	
HOMESHARING PROGRAM TRANSFER			GEN		275			275	
TOTAL AGENCY PLAN ITEMS					8,804			16,747	
GOV'S INITIATIVES:			FUND						
(B) WELFORM REFORM			GEN						330
TOTAL GOV'S INITIATIVES									330

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
LOCAL GOVT TRUST	55,807	50,762	49,499	50,499	50,499	50,499			
GENERAL	19,220	19,736	20,496	58,391	66,419	66,419	110,316	125,089	125,419
HEALTH CARE ACCESS		13	26	26	26	26	26	26	26
STATUTORY APPROPRIATIONS:									
GENERAL	662	612	612	612	612	612	612	612	612
SPECIAL REVENUE	54,174	58,835	63,857	25,442	26,218	26,218	25,442	27,416	27,416
FEDERAL	69,762	72,289	89,516	88,970	88,970	88,970	85,525	85,525	85,525
GIFTS AND DEPOSITS	38	23	42	42	42	42	42	42	42
TOTAL FINANCING	199,663	202,270	224,048	223,982	232,786	232,786	221,963	238,710	239,040
FTE BY EMPLOYMENT TYPE:									
REGULAR	133.5	129.2	132.2		138.2			138.2	
TEMP/SEAS/PART_TIME	31.9	34.1	34.1		34.1			34.1	
TOTAL FTE	165.4	163.3	166.3		172.3	172.3		172.3	172.3

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1996-97 Biennial Budget

BUDGET ACTIVITY: Deaf and Hard of Hearing Services Programs
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the following management activities:

1. Deaf and Hard of Hearing Services Administration

2. State Grants:

Interpreter Referral
Specialized Mental Health Services
Services to Persons with Deafblindness

3. Equipment Distribution Program (contract with the Telecommunication Access for Communication Impaired People (TACIP) Board).

The following pages contain descriptions of each of these management activities.

BUDGET ISSUES:

See the following management activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEAF & HARD OF HEARING SERVICES

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DEAF & HARD OF HEARING SVC. GRANTS	367	399	401	401	501	501	401	501	501
DEAF & HARD OF HEARING SVC. ADMIN.	1,985	1,755	1,965	1,965	2,065	2,065	1,965	2,065	2,065
EQUIPMENT DISTRIBUTION PROGRAM	717	828	930	930	930	930	930	930	930
TOTAL EXPENDITURES	3,069	2,982	3,296	3,296	3,496	3,496	3,296	3,496	3,496
AGENCY PLAN ITEMS:				FUND					
CROSS CULTURAL TRAINING FOR DEAF D & HHS INTERPRETER REFERRAL CENTER					100			100	
					100			100	
TOTAL AGENCY PLAN ITEMS					200			200	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,339	2,132	2,343	2,343	2,543	2,543	2,343	2,543	2,543
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	717	830	930	930	930	930	930	930	930
FEDERAL	9	18	16	16	16	16	16	16	16
GIFTS AND DEPOSITS	4	2	7	7	7	7	7	7	7
TOTAL FINANCING	3,069	2,982	3,296	3,296	3,496	3,496	3,296	3,496	3,496
FTE BY EMPLOYMENT TYPE:									
REGULAR	45.5	44.0	44.0		44.0			44.0	
TEMP/SEAS/PART_TIME	2.8	2.0	2.0		2.0			2.0	
TOTAL FTE	48.3	46.0	46.0		46.0	46.0		46.0	46.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Deaf and Hard of Hearing Services Grants
BUDGET ACTIVITY: Deaf and Hard of Hearing Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes grant appropriation responsibilities designed to address specific needs of deaf and hard of hearing persons, and of deaf and hard of hearing persons with multiple disabilities. Each area is described separately below. All of these grant responsibilities reinforce the Department of Human Services (DHS) priorities for families with children, life skills self-sufficiency, infrastructure and community.

1. *Interpreter Referral*

The 1980 Hearing Impaired Services Act (HISA) gives authority and funding responsibility to DHS for coordination of statewide interpreter referral (M.S. 256C.25, subd. 1). The purpose of this grant is to ensure access to human services by deaf and hard of hearing persons. Funding of \$101,000 is awarded through the request for proposals process to a community-based organization to provide referral services. The entire allocation is awarded to a community-based provider. No administrative costs are retained by the Deaf and Hard-of-Hearing Services Division (DHHS). The Minnesota Foundation for Better Hearing and Speech (MFBHS) has been the recipient of this grant award since the mandate for interpreter referral was established. However, the regional service center (RSC) offices also assist in interpreter referral in Greater Minnesota, coordinating requests in their respective regions. During F.Y. 1994 over 20,000 interpreter referral requests were handled by the MFBHS and the RSCs.

2. *Specialized Mental Health Services*

As annual appropriation of \$100,000 is awarded to the St. Paul Ramsey Medical Center, Health and Wellness Program (Laws of MN, 1985, 1st Special Session, Chpt. 9, Art. 1, subd. b.). This appropriation is awarded to provide specialized mental health services to deaf and hard of hearing persons and their families. Due to the unique communication and cultural needs of persons who are deaf or hard of hearing, the mainstream mental health community is ill-equipped to provide comprehensive preventive or crisis mental health services. Specialized staff at the Health and Wellness Program Serving Deaf and Hard of Hearing Persons provide expertise in understanding cultural and communication issues unique to these populations. Therapy is provided one on one without the use of an interpreter.

3. *Services to Persons with Deafblindness*

Grant funds of \$200,000 per year are awarded on a biennial basis to community-based providers serving persons with deafblindness (Laws of MN 1994, Chpt. 292, Art. 1). These awards are granted through the request for proposals process which is publicized statewide. The entire allocation of funding goes to direct service provision by community agencies. There are no administrative funds retained by the division. During F.Y. 1994-1995 community-based

organizations provided specialized services to the deafblind community: Duluth Lighthouse for the Blind (Duluth), Leisure Education for Exceptional People (Mankato), the Minnesota Deaf-Blind Association, Functional Independence Training, Inc. (FIND, Inc.) and St. Paul Ramsey Medical Center. During F.Y. 1994 over 200 Minnesotans with deafblindness received specialized services from these providers statewide.

BUDGET ISSUES:

The budget proposed for this activity addresses the need for increasing funding for statewide referral services.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: DEAF & HARD OF HEARING SERVICES
 MACT: DEAF & HARD OF HEARING SVC. GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	367	399	401	401	501	501	401	501	501
TOTAL EXPENDITURES	367	399	401	401	501	501	401	501	501
AGENCY PLAN ITEMS:									
D & HHS INTERPRETER REFERRAL CENTER			GEN		100			100	
TOTAL AGENCY PLAN ITEMS					100			100	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	367	399	401	401	501	501	401	501	501
TOTAL FINANCING	367	399	401	401	501	501	401	501	501
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Deaf and Hard of Hearing Services
 MANAGEMENT ACTIVITY: Deaf and Hard of Hearing Services Grants
 ITEM TITLE: Interpreter Referral Center Supplement

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Deaf and Hard of Hearing Services Admin.	\$100	\$100	\$100	\$100
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$100,000 in F.Y. 1996 and \$100,000 in F.Y. 1997. This funding will provide additional statewide interpreter referral services necessary to meet growing demands and the federal Americans with Disabilities Act (ADA) requirements.

RATIONALE:

The purpose of this request is to increase funding for statewide interpreter referral. The 1980 Minnesota Hearing Impaired Services Act (HISA) mandates the Department of Human Services (DHS) to supervise the development, implementation and coordination of statewide interpreter referral services. In addition, the ADA mandates full communication access to be provided by both public and private service providers. To comply with both federal and state accessibility mandates, the department administers the request for proposal (RFP) process, which allocates an annual \$101,000 grant to a community-based provider agency. The department's Regional Service Centers for Deaf and Hard of Hearing People (RSCs) have also assisted the Minnesota Foundation for Better Hearing and Speech in providing referral services throughout Greater Minnesota since the \$101,000 allotment is inadequate to provide statewide referral. Due to the significant increase in interpreter referral requests, the existing grant allocation is no longer adequate. Funds are used entirely for contract grants. No funds are retained for administrative purposes.

In 1983, state funding for interpreter referral services was \$71,062 for coordination of 5,395 requests. In 1994, the funding for interpreter referral was \$101,000 for coordination of more than 20,000 requests statewide. Over the last 10 years, interpreter referral needs and demand for services have risen over 190% but funding has increased only slightly during that same time period. Qualified interpreters are needed for a variety of situations, including those involving courts, hospitals, and educational facilities. In order to continue to provide statewide interpreter referral services, additional funding is required.

PROGRAM OUTCOMES:

This proposal will allow for funding of comprehensive statewide interpreter referral services. Funding will be sufficient to award a grant contract to a provider(s) to coordinate referral statewide. As a result of comprehensive service delivery, compliance with state and federal accessibility mandates will be achieved.

LONG-TERM IMPACT:

Deaf and hard of hearing consumers will be provided interpreter referral services, statewide. Comprehensive, statewide interpreter referral will satisfy both ADA and HISA, resulting in statewide compliance with regulations regarding communication accessibility and access to the mainstream of human services.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Deaf and Hard of Hearing Services Administration
BUDGET ACTIVITY: Deaf and Hard of Hearing Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity funds program, staff and administrative costs of the Deaf and Hard of Hearing Services division (DHHSD). The purpose of this activity is to ensure access to human services for persons who are deaf or hard of hearing. Interpreter referral, case management, and technical assistance are provided so that consumers can effectively use services related to developmental disability, chemical dependency, mental health, aging, social services, health, education, employment and corrections. Access to services and programs promotes self-sufficiency and economic independence for deaf and hard of hearing citizens and their families. Those consumers with multiple disabilities receive the highest priority. The Americans with Disabilities Act (ADA) has greatly increased consumer agency requests for services.

To accomplish its responsibilities, the division provides grants, planning and direct services to individuals, families, counties, public and private agencies, advocacy organizations, consumer groups and a variety of community-based organizations. Direct services provided include planning and development, technical assistance, training and information/referral. Client services are provided through the statewide regional service centers (RSCs) for deaf and hard of hearing persons which provide a central entry point by which deaf and hard of hearing individuals access the human service system. RSCs are located in Duluth, Virginia, Fergus Falls, Crookston, St. Peter, Rochester, St. Cloud, Willmar, and St. Paul. Through the statewide RSC system, the division reaches the 275,000 deaf and hard of hearing persons throughout Minnesota. Approximately 40% live in Greater Minnesota in rural, sparsely populated settings. Hearing loss is the largest chronic disability impacting about 40,000 deaf and 235,000 hard of hearing people statewide. The division also oversees effective service delivery through the RSC system, organizing and coordinating regionally-based programs that have previously been difficult for this population to access.

The division is also responsible for implementation and monitoring of several state-funded grant projects that address the specific needs of deaf and hard of hearing people with multiple disabilities. These areas include statewide interpreter referral, specialized mental health services, and services to persons with deafblindness. Working with consumer and community-based organizations, the division monitors each grant area for program delivery and effectiveness to ensure fiscal accountability of grant monies.

During F.Y. 1994-95 the division continued to focus activities that support broader Department of Human Services (DHS) priorities for families and children, life skills self-sufficiency, infrastructure and community. The division continues to interact with regional organizations, service providers, advocates and community members. Such examples include:

- Town meetings are held throughout the state, hosted by the RSCs and the Minnesota Commission serving deaf and hard of hearing people, to solicit input from consumers and agencies about the quality of RSC services and future program enhancement needs.

- The division hosts the Adventures in Summer Learning Camp provided to cross cultural families with deaf and hard of hearing children. This is a week-long learning environment focusing on communication, role modeling, and preventive mental health services.
- Establishment of a specialized grant in cooperation with the Minnesota Board on Aging to provide services, in western Minnesota, to senior citizens experiencing hearing loss.
- The division collaborates with the Minnesota Department of Health and audiologists on the Early Identification and Intervention for Hearing Loss workgroup, focusing on the issue of statewide hearing for screening newborns.

In addition, the division has participated in several intra and inter-departmental work groups to ensure coordination of its efforts with potential partners. This has included a number of divisions within DHS and the Departments of Education, Economic Security, and Health. The division has worked extensively with the Division for Persons with Developmental Disabilities within DHS in conducting a pilot project focusing on deaf persons with developmental disabilities. As a result of this project, 3 specialized group homes are being developed to meet the needs of this unique population.

This activity also provides clerical support, interpreter services, office space, technical assistance, and program support to the Minnesota Commission Serving Deaf and Hard of Hearing Persons (MVFHH). The Telecommunication Access for Communication Impaired People project contracts with the division to provide the Equipment Distribution Program.

BUDGET ISSUES:

The budget proposed for this activity addresses the need for increasing funding for cross-cultural training opportunities for individuals that are deaf or hard of hearing.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEAF & HARD OF HEARING SERVICES
MACT: DEAF & HARD OF HEARING SVC. ADMIN.

MACT SUMMARY	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	1,618	1,500	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739
EXPENSES/CONTRACTUAL SRVCS	196	106	111	111	134	134	111	134	134	111	134	134	111	134	134
MISC OPERATING EXPENSES	127	121	91	91	92	92	91	92	92	91	92	92	91	92	92
SUPPLIES/MATERIALS/PARTS	42	21	15	15	16	16	15	16	16	15	16	16	15	16	16
CAPITAL EQUIPMENT	2	7	9	9	9	9	9	9	9	9	9	9	9	9	9
SUBTOTAL STATE OPERATIONS	1,985	1,755	1,965	1,965	1,990	1,990	1,965	1,990	1,990	1,965	1,990	1,990	1,965	1,990	1,990
LOCAL ASSISTANCE					75	75		75	75		75	75		75	75
TOTAL EXPENDITURES	1,985	1,755	1,965	1,965	2,065	2,065	1,965	2,065	2,065	1,965	2,065	2,065	1,965	2,065	2,065
AGENCY PLAN ITEMS:															
FUND															
CROSS CULTURAL TRAINING FOR DEAF															
GEN															
TOTAL AGENCY PLAN ITEMS					100	100		100	100		100	100		100	100
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	1,972	1,733	1,942	1,942	2,042	2,042	1,942	2,042	2,042	1,942	2,042	2,042	1,942	2,042	2,042
STATUTORY APPROPRIATIONS:															
SPECIAL REVENUE															
FEDERAL	9	18	16	16	16	16	9	16	16	9	16	16	9	16	16
GIFTS AND DEPOSITS	4	2	7	7	7	7	4	7	7	4	7	7	4	7	7
TOTAL FINANCING	1,985	1,755	1,965	1,965	2,065	2,065	1,965	2,065	2,065	1,965	2,065	2,065	1,965	2,065	2,065
FTE BY EMPLOYMENT TYPE:															
REGULAR	36.0	33.3	33.3		33.3			33.3			33.3			33.3	
TEMP/SEAS/PART_TIME	1.8	1.0	1.0		1.0			1.0			1.0			1.0	
TOTAL FTE	37.8	34.3	34.3		34.3			34.3			34.3			34.3	

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Life Skills-Self Sufficiency
BUDGET ACTIVITY: Deaf and Hard of Hearing Services
MANAGEMENT ACTIVITY: Deaf and Hard of Hearing Services Administration
ITEM TITLE: Cross-Cultural Training for Deaf and Hard of Hearing Children and Their Families

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Deaf and Hard of Hearing Services Admin.	\$100	\$100	\$100	\$100
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$100,000 in F.Y. 1996 and \$100,000 in F.Y. 1997. These funds will be used to provide families with deaf or hard of hearing children education, communication, and role modeling opportunities in 3 separate week-long cross-cultural living environments held in greater Minnesota. This proposal is part of the department's children's initiative.

RATIONALE:

Ninety percent of deaf and hard of hearing children are born to hearing parents. These families are in need of support as they attempt to raise their deaf or hard of hearing child with no prior knowledge or familiarity with deafness or hearing loss, the deaf community, alternative communication techniques, or social/educational options. To understand deafness as a culture and a community requires exposure to those community members and providers who are positive role models for families and children alike.

More than half of the deaf children in Minnesota's educational system are integrated into mainstream systems which tend to isolate the child and reduce opportunities for peer and community interaction. For those deaf children in rural Minnesota, the chance to meet and interact with deaf children and deaf adults is rare. Through this week-long learning environment, families can participate in structured communication courses, recreational learning activities, and social interaction with deaf

and hard of hearing adults. This is a unique experience that brings together families and their children from all over Minnesota to spend time together learning and applying successful communication techniques with each other. Deaf and hard of hearing role models allow for teaching, socialization, and encouragement of families and their children through direct contact in a concentrated fashion. Deaf and hard-of-hearing communities have distinctive values, traits, family-based issues and communication as the focal point. No other learning opportunities such as this exist throughout Minnesota. This community-based, community-shared project will produce families that are better able to communicate as a family and to fully include their child who is deaf or hard of hearing.

PROGRAM OUTCOMES:

This project will: 1) enhance communication within hearing families with deaf or hard of hearing children, 2) break down barriers that cause fear and isolation through interaction with role models and education, 3) reinforce positive relationships within each family and, 4) educate hearing parents about deaf culture.

LONG-TERM IMPACT:

As a result of attending a 5-day learning environment, children and families will: 1) gain initial or improved communication techniques to effectively communicate with deaf family members and other persons who are deaf or hard of hearing; 2) participate in learning opportunities that provide information on successful preventative mental health strategies; 3) receive information about statewide resources available to assist the family with future needs including education, equipment, and other resources for family support; 4) understand the values of the deaf culture through deaf and hard of hearing role models; and, 5) have met successful adults with hearing loss which is critical for self-esteem.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Equipment Distribution Program
BUDGET ACTIVITY: Deaf and Hard of Hearing Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Funding for this activity is through a contract between the Department of Human Services (DHS) and the Telecommunication Access for Communication Impaired People (TACIP) Board. The contract is funded through special revenues collected by the TACIP Board and the Department of Administration.

This activity funds the administration, recurring expense, and equipment for the Equipment Distribution Program (EDP). The purpose of the EDP is to enable eligible Minnesotans who are deaf, hard of hearing, speech impaired, or mobility impaired to access the telephone system. This is done by providing specialized telephone equipment and the necessary training on its appropriate use to those who are eligible. Examples of the types of equipment distributed include but are not limited to Telecommunication Devices for the Deaf (TTYs), amplified telephones, ring signalers, hands-free speaker phones and special equipment for those who are deaf and blind.

The EDP has staff located in 6 of the Regional Service Center (RSC) offices of the Deaf and Hard of Hearing Services Division (DHHSD). The office locations include: St. Paul, Duluth, Rochester, St. Cloud, Fergus Falls and St. Peter.

During F.Y. 1994, 2068 individuals were served for the first time by the EDP. During F.Y. 1995, it is anticipated that 2000 individuals will receive service from the Equipment Distribution Program. In addition, the program maintains over 16,000 devices that have been distributed to date.

To inform the public of the services provided by the EDP, advertisements have been placed in various publications that target those who are likely to need assistive telephone equipment. The program also has informational brochures and posters that are widely distributed. Program staff also promote the EDP by conducting presentations to various organizations that include both potential applicants and service providers.

To monitor consumer satisfaction, a survey was conducted in March 1994. Of the 220 surveys sent, 176 responses were received. Of those who responded, 172 (98%) indicated that they were using the equipment that they received. In addition, 167 (97%) indicated that they received adequate training on how to use and install the equipment, 98% of those asked indicated that the equipment they received allows them to independently access the telephone system.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEAF & HARD OF HEARING SERVICES
MACT: EQUIPMENT DISTRIBUTION PROGRAM

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	361	446	476	476	476	476	476	476	476
EXPENSES/CONTRACTUAL SRVCS	63	47	58	58	58	58	58	58	58
MISC OPERATING EXPENSES	39	45	51	51	51	51	51	51	51
SUPPLIES/MATERIALS/PARTS	246	284	277	277	277	277	277	277	277
CAPITAL EQUIPMENT	8	6	3	3	3	3	3	3	3
OTHER			65	65	65	65	65	65	65
SUBTOTAL STATE OPERATIONS	717	828	930	930	930	930	930	930	930
TOTAL EXPENDITURES	717	828	930	930	930	930	930	930	930
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	717	828	930	930	930	930	930	930	930
TOTAL FINANCING	717	828	930	930	930	930	930	930	930
FTE BY EMPLOYMENT TYPE:									
REGULAR	9.5	10.7	10.7		10.7			10.7	
TEMP/SEAS/PART_TIME	1.0	1.0	1.0		1.0			1.0	
TOTAL FTE	10.5	11.7	11.7		11.7	11.7		11.7	11.7

1996-97 Biennial Budget

BUDGET ACTIVITY: Quality Services Division
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 56% of its expenditures for DHS operations.

ACTIVITY DESCRIPTION:

The Quality Services Division is organizationally located within the Social Services Administration (SSA) of the Department of Human Services (DHS). The division is organized into 3 overlapping work units: Mandates Reform; Outcome Evaluation; and Data Analysis and Reporting. The division is responsible for specific tasks within the SSA and plays a lead role within the department in broad departmental priority areas such as improved county/state relationships and quality improvement.

The Quality Services (QS) Division is committed to client-focused outcome goals. The division can succeed only to the extent that local agencies reach their own goals. It is understood that counties (and other service providers) deliver direct services to clients and that the division needs to be a resource in the effort to bring about mutually agreed upon client outcomes. Therefore, division goals reflect integration of local agency and statewide goals into a package which holds the focus on the recipients of service - not on organizational "process" goals.

1. **County State Relationships** - The transition from a compliance/monitoring focus to one of partnership with the counties is believed to be in the best interest of our mutual customers - persons receiving social services. To be successful, the department believes it must improve its efforts to work together as a partner in order to achieve agreed upon client-focused outcomes. The QS Division provides technical assistance to counties in planning desired outcomes and developing systems to evaluate our progress. In addition, the division is responsible for the Quality Review which has been conducted to determine counties' satisfaction with the department's performance, and to develop action plans to improve areas which have been identified as needing improvement. The division is expanding this effort to determine where counties need assistance and to develop plans to meet those needs.
2. **Mandates Reform** - The division has responsibility for developing, implementing, analyzing, and evaluating proposals designed to simplify and reduce unnecessary and burdensome administrative requirements including providing input and recommendations as a part of Mandates Reform, Intergovernmental Contracts, and the Board of Innovation and Cooperation. Staff work closely with counties, providers, other divisions, and other state agencies to find ways to develop innovative, flexible, and simplified community social service delivery and planning which will meet the needs of people at the local level.
3. **Data Analysis and Reporting** - The Quality Services Division presently assists other work units and programs with data analysis, reporting, and maintaining the Community Services Information System (CSIS).

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for an increase needed to fund the quality assurance support system proposal.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: QUALITY SERVICES DIVISION
MACT: QUALITY SERVICES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,079	1,132	1,148	1,148	1,148	1,148	1,148	1,148	1,148
EXPENSES/CONTRACTUAL SRVCS	511	566	1,294	1,294	1,499	1,499	1,294	1,314	1,314
MISC OPERATING EXPENSES	42	43	53	53	53	53	53	53	53
SUPPLIES/MATERIALS/PARTS	59	16	21	21	21	21	21	21	21
CAPITAL EQUIPMENT	16	3	21	21	21	21	21	21	21
SUBTOTAL STATE OPERATIONS	1,707	1,760	2,537	2,537	2,742	2,742	2,537	2,557	2,557
TOTAL EXPENDITURES	1,707	1,760	2,537	2,537	2,742	2,742	2,537	2,557	2,557
AGENCY PLAN ITEMS:									
			FUND						
QUALITY ASSURANCE SUPPORT SYSTEM			GEN		205			20	
TOTAL AGENCY PLAN ITEMS					205			20	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	646	515	400	400	605	605	400	420	420
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		83	760	760	760	760	760	760	760
FEDERAL	1,061	1,162	1,377	1,377	1,377	1,377	1,377	1,377	1,377
TOTAL FINANCING	1,707	1,760	2,537	2,537	2,742	2,742	2,537	2,557	2,557
FTE BY EMPLOYMENT TYPE:									
REGULAR	17.8	17.4	17.4		17.4			17.4	
TEMP/SEAS/PART_TIME	4.8	7.0	7.0		7.0			7.0	
TOTAL FTE	22.6	24.4	24.4		24.4	24.4		24.4	24.4

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Quality Services Division
 ITEM TITLE: Quality Assurance Support System

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Quality Services Division	\$205	\$20	\$-0-	\$-0-
MA Grants	<u>150</u>	<u>350</u>	<u>380</u>	<u>410</u>
Net Total	\$355	\$370	\$380	\$410
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No
 If yes, statute affected: Rider

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$335,000 in F.Y. 1996 and \$370,000 in F.Y. 1997. These funds will be used to test and implement alternative quality assurance approaches for persons requiring ongoing care. Alternative approaches will include: 1) peer review models for public and private providers; 2) client satisfaction and client feedback instruments; and 3) local quality assurance and service planning approaches. This proposal is part of the department's life skills self-sufficiency initiative.

RATIONALE:

Quality assurance systems in Minnesota have historically relied heavily upon the use of investigative and reactive approaches to correct programs and deficiencies. Additionally, Minnesota continues to rely upon a system of legal representation for public wards which makes the same agency responsible for funding and service authorization also responsible for decisions concerning the "best interest" of individuals.

With the current commitment to flexibility at the local level and to choice and increased independence on the part of consumers, service delivery systems are changing. This proposal includes steps which would address the needs of a changing service delivery system. The actions

to be taken are intended to shape the quality assurance system of the future. This "system" would not eliminate necessary monitoring and oversight, but would address the issue of quality in a more proactive manner. To do so, this proposal includes the following strategies:

1. Self-diagnosing/Self Correcting Strategies: design of a "peer review" model that can be used in various key program areas to examine service delivery practices within county agencies and other service delivery organizations.
2. Consumer Satisfaction and Feedback: design and field test (with immediate emphasis on SAIL) processes and instruments to measure client satisfaction and develop feedback mechanisms to providers and local agencies.
3. Advocacy and Oversight for Individual Consumers: study and develop recommendations for the 1996 Legislature regarding:
 - a. availability of legal representation for vulnerable individuals with the specific goal of addressing the current conflict of interest within the public guardianship system;
 - b. actions which are responsive to the ongoing pressure to increase ombudsman related functions.
4. Supporting Local Capacity for Assuring Health and Safety/Proactive Planning Approach: allow local social service and public health agencies to coordinate services and funding for individuals under a capitated limit. This will assure ongoing involvement by appropriate nursing and medical professionals for persons having significant health needs in community based settings (MR/RC home and community based waiver program), and will streamline access to the needed services for individual consumers.

PROGRAM OUTCOMES:

Through this proposal more components of a system for quality assurance will be developed and assessed for their effectiveness. Additionally, by encouraging local service agencies to collaboratively plan and oversee client services, health, safety, and quality of care will be improved.

LONG-TERM IMPACT:

This proposal will complement current activities and will provide further information and tools for a quality assurance infrastructure. Given the direction toward dispersed community based services, it is imperative that consumers with ongoing need for support and who are vulnerable have mechanisms to assure that their daily life is of a quality that meets their needs.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Community Social Services Grants
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Community Social Services Act (CSSA, M.S. 256E) establishes a system of planning for and providing community social services by county social services agencies/boards of county commissioners under the supervision of the Commissioner of Human Services. The Quality Services division has the following responsibilities for CSSA:

- standard-setting;
- technical assistance to the counties;
- arranging for the preparation, review, and approval of county plans;
- preparation of the state biennial plan and annual reports;
- evaluation of community social services programs; and
- oversight for the distribution of public money for services.

State provided CSSA funds are coordinated with the federal Title XX Block Grant and integrated with other federal, state, and local funds for the provision of a coordinated system of service delivery at the local level.

The Quality Services (QS) Division is responsible for overseeing the biennial Community Social Services Act (CSSA) plan submitted by all 84 local county human service agencies (1 tri-county, 1 bi-county) for review by all program divisions within the Social Services Administration, including the QS Division. Each CSSA plan includes intended outcomes and indicators for client populations served by the following program areas:

- Children
- Families in Need of Child Care
- Chemical Dependency
- Mental Health - Adult
- Mental Health - Children
- Developmental Disabilities
- Aging and Adult Services

BUDGET ISSUES:

Beginning in 1997, CSSA will be transferred from the local government trust fund to the general fund. Also in 1996, an increase to the CSSA base will be granted.

GRANTS:

M.S. 256E.06 governs the distribution of CSSA grant funds to the counties. To receive CSSA funds, each county must submit a local plan for community social services that must be approved by the commissioner. Counties are allocated CSSA dollars based on the following factors:

- 1/3 income maintenance caseload;
- 1/3 county population; and
- 1/3 number of persons over age 65.

Each CSSA plan includes intended outcomes and indicators for client populations served by the following program areas:

- Children
- Families in Need of Child Care
- Chemical Dependency
- Mental Health - Adult
- Mental Health - Children
- Developmental Disabilities
- Aging and Adult Services

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: COMMUNITY SOCIAL SERVICES GRANT
MACT: COMMUNITY SOCIAL SERVICES GRANT

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS									330
OTHER			1,300	1,300	1,300	1,300	1,300	1,300	1,300
SUBTOTAL STATE OPERATIONS			1,300	1,300	1,300	1,300	1,300	1,300	1,630
LOCAL ASSISTANCE	101,957	98,079	99,742	100,742	100,742	100,742	99,221	99,221	99,221
TOTAL EXPENDITURES	101,957	98,079	101,042	102,042	102,042	102,042	100,521	100,521	100,851
GOV'S INITIATIVES:									
			FUND						
(B) WELFORM REFORM			GEN						330
TOTAL GOV'S INITIATIVES									330
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
LOCAL GOVT TRUST	55,807	50,762	49,499	50,499	50,499	50,499			
GENERAL		540	1,177	1,177	1,177	1,177	53,102	53,102	53,432
STATUTORY APPROPRIATIONS:									
FEDERAL	46,150	46,777	50,366	50,366	50,366	50,366	47,419	47,419	47,419
TOTAL FINANCING	101,957	98,079	101,042	102,042	102,042	102,042	100,521	100,521	100,851
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

BUDGET ACTIVITY: Consumer Supports
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The goal of this new budget activity is to provide consumers with functional limitations and their families the option of using a consumer grant to purchase goods or services which support living in their own or family home. Eligible persons would include elderly persons desiring to leave nursing homes and in need of community support, persons with developmental disabilities, persons with severe and ongoing mental illness or emotional disturbance, persons with hearing impairments who have significant functional limitations, and others with functional limitations living in a natural family setting.

Allocation of grants will be based on the severity of a person's functional limitation, or as a cost-effective alternative to existing services. This program will: 1) provide consumers with more flexibility in choices; 2) allow funds to be locally managed based on the needs of consumers; 3) protect existing recipients of grants from service reductions; and 4) develop a capacity for families and consumers to jointly purchase formal and informal supports that they are not able to access independently. By supporting families with this more direct method of service funding, individuals will still receive the services that they need, but families and consumers will gain more control over who and how the supports are provided.

BUDGET ISSUES:

The planning, authorization, and purchasing of services frequently provides few choices for consumers in terms of the type of services made available within programs and in who can provide those services. Frequently services end up not really meeting the need. Also, consumers have little incentive to be prudent purchasers/negotiators of supports when they are given fixed packages from which to choose. The lack of consumer control and choice results in services being less effective in achieving the desired outcome.

The following decision page requests support of the transfer of state dollars that otherwise would have been spent in entitlement programs to the Consumer Support Program and also the incorporation of the Developmental Disabilities Family Support Program over time into the Consumer Support Program for the purpose of establishing a new program of consumer grants for persons who have significant functional limitations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CONSUMER SUPPORTS
MACT: CONSUMER SUPPORTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES					50	50		50	50
EXPENSES/CONTRACTUAL SRVCS					105	105		60	60
MISC OPERATING EXPENSES					8	8		8	8
SUPPLIES/MATERIALS/PARTS					5	5		5	5
CAPITAL EQUIPMENT					7	7		2	2
SUBTOTAL STATE OPERATIONS					175	175		125	125
AIDS TO INDIVIDUALS								1,757	1,757
TOTAL EXPENDITURES					175	175		1,882	1,882
AGENCY PLAN ITEMS:									
			FUND						
CONSUMER SUPPORT GRANTS			GEN		175			1,882	
TOTAL AGENCY PLAN ITEMS					175			1,882	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL					175	175		1,882	1,882
TOTAL FINANCING					175	175		1,882	1,882
FTE BY EMPLOYMENT TYPE:									
REGULAR					1.0			1.0	
TOTAL FTE					1.0	1.0		1.0	1.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Consumer Supports
 MANAGEMENT ACTIVITY: Consumer Support Administration
 ITEM TITLE: Consumer Support Grants

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Grants	\$-0-	(\$ 917)	(\$ 2,904)	(\$3,815)
DD Family Support Grant	-0-	(525)	(575)	(625)
Alternative Care	-0-	(315)	(1,021)	(1,275)
Consumer Supports	175	1,882	4,625	5,840
 Net Total	 \$175	 \$125	 \$125	 \$-0-
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 252.32

ITEM SUMMARY:

The Governor recommends an increase in the budget base of \$175,000 in F.Y. 1996 and \$125,000 in F.Y. 1997. This item establishes a new program of consumer grants for persons who have significant functional limitations. Grants will be provided through the reallocation of existing resources. Eligible persons will use their grant to purchase services as alternatives to more rigid, program-based approaches such as institutional services and other medical assistance programs. Grant eligibility will not be related to traditional diagnostic categories, but rather to functional limitations. This proposal is part of the department's life skills self-sufficiency initiative.

RATIONALE:

By supporting families with a more direct method of grants, individuals will still receive the services that they need, but families and consumers will gain more control over who and how those supports are provided. At a time of escalating health care costs, the Consumer Support Grant Program can be chosen as an alternative to more expensive service options such as home care and nursing facility services. This proposal would be implemented 7-1-96. Administrative funds are necessary in F.Y. 1996 to provide for a smooth transition of recipients from current programs, county training, and

technical assistance on the new program and related system changes.

Eligible consumers could include elderly persons desiring to leave nursing homes and in need of community support, persons with developmental disabilities, persons with severe and ongoing mental illness or emotional disturbance, persons with hearing impairments who have significant functional limitations, and others with functional limitations living in a natural family setting. Consumers and families will use these grants to purchase needed care, services, supplies, and equipment. More informal services may be purchased directly from individuals, such as neighbors.

Specifically, this program will: 1) allocate grant funds to counties based on the severity of a person's functional limitation, or as a cost-effective alternative to existing services; 2) provide more program choices to consumers of existing services; 3) allow funds to be locally managed based on the needs of consumers in a county or across counties; and, 4) develop the capacity for families and consumers to purchase formal and informal supports in a joint and coordinated manner for those supports that they are not able to access independently.

PROGRAM OUTCOMES:

The Department of Human Services will be able to move toward a service delivery approach directed at functional rather than categorical funding. Families and individuals will be given more control and responsibility over the supports that they need. Local control will be achieved by returning much of the decision-making back to the county agencies to assure that counties can respond to persons most in need of services and support.

LONG-TERM OUTCOMES:

This initiative will result in the transfer of state dollars that would otherwise have been spent in entitlement and other programs, such as personal care attendant services, nursing facilities, and the Developmental Disabilities Family Support Program, to the Consumer Support Program. Grants and vouchers to families will enable them to purchase services and support from neighbors and friends and also provide more individual control of options and support that are needed.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Developmental Disabilities
PROGRAM: Life Skills Self Sufficiency
AGENCY: Human Services, Department of (DHS)

REVENUES:

Federal revenues are received for the administration of Medical Assistance programs for persons with DD.

ACTIVITY DESCRIPTION:

The goal of this budget activity is to promote maximum individual self-sufficiency and integration of persons with developmental disabilities (DD) into the community by implementing state laws and policies and managing programs which provide high quality, cost-effective services.

Characteristics of the DD system include:

1. Services must provide for a range of ages and frequently must be flexible enough to follow a person from birth to death;
2. Services must provide for a range of needs as some individuals require only intermittent help and support and others need intensive support 24 hours per day;
3. The quality of life for persons with developmental disabilities frequently depends upon the nature of the services;
4. Services are transitioning from institutional care models to community-based services; and
5. Increases or reductions in one area will result in changes in another service area.

Current issues include:

1. The system of multiple programs and sources of funding has become too complicated;
2. The system is not flexible enough to provide the newer types of services desired;
3. There is a need for a housing policy and program that complements a community-based system;
4. Despite the growth in services for persons with DD, there continues to be long waiting lists for home- and community-based services.
5. Today there are greater life expectations for young adults with DD coming out of public schools;
6. Frequently the amount of resources available to an individual are based on their previous living arrangement and type of service provider rather than on the individual's service needs.

This budget activity consists of the management activities of Developmental Disabilities Administration, Semi-Independent Living Services Grants and DD Family Support Grants. The following pages contain descriptions of each of these three management activities.

BUDGET ISSUES:

The agency plan is intended to address issues including: 1) the need to change the manner in which money is allocated under the MR/RC waiver program so that the distribution is fairer and maximizes federal revenues; and 2) the need to test new ways of purchasing services so that services are more efficient, responsive to consumer need, flexible, and cost effective.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEVELOPMENTAL DISABILITIES

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DD ADMINISTRATION	1,814	1,764	2,822	2,214	3,276	3,276	2,164	2,631	2,631
SILS GRANTS	5,519	5,588	4,748	4,748	4,748	4,748	4,748	4,748	4,748
DD FAMILY SUPPORT GRANT	1,478	1,599	1,599	1,599	1,599	1,599	1,599	1,074	1,074
TOTAL EXPENDITURES	8,811	8,951	9,169	8,561	9,623	9,623	8,511	8,453	8,453
AGENCY PLAN ITEMS:			FUND						
FARIBAULT RC CLOSURE			GEN		162			37	
REDUCE LENGTH OF CLOSING ICF/MR			GEN		75			50	
DEVELOPMENTAL DISABILITIES PILOTS			GEN		505			125	
DD WAIVER ALTER ALLOCATION STRUCTURE			GEN		220			205	
CONSUMER SUPPORT GRANTS			GEN					<525>	
GROUP RESIDENTIAL HOUSING CHANGES			GEN		100			50	
TOTAL AGENCY PLAN ITEMS					1,062			<58>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,780	8,913	8,798	8,278	9,340	9,340	8,278	8,220	8,220
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	8	33	15	15	15	15	15	15	15
FEDERAL			338	250	250	250	200	200	200
GIFTS AND DEPOSITS	23	5	18	18	18	18	18	18	18
TOTAL FINANCING	8,811	8,951	9,169	8,561	9,623	9,623	8,511	8,453	8,453
FTE BY EMPLOYMENT TYPE:									
REGULAR	26.0	25.2	25.2		29.2			29.2	
TEMP/SEAS/PART_TIME	1.9	1.0	1.0		1.0			1.0	
TOTAL FTE	27.9	26.2	26.2		30.2	30.2		30.2	30.2

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Developmental Disabilities Administration
BUDGET ACTIVITY: Developmental Disabilities
PROGRAM: Life Skills Self Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This management activity supports the Division for Persons with Developmental Disabilities. The division plans, develops, and coordinates community-based services for approximately 20,500 persons with developmental disabilities (DD) who require services from public agencies. The division: 1) supervises and supports 87 county human service agencies which administer programs serving persons with DD; 2) proposes state policies, legislation and rules; 3) provides training and technical assistance in program areas; 4) maintains an information management system on the variety of services for which the division is responsible; and 5) provides overall management of services totalling approximately \$500,000,000 annually.

Program areas that are a responsibility of the division include: case management; determination of need for ICF/MR and day programs, residential services, residential-based habilitation services, day training and habilitation services, guardianship, receivership, and use of aversive and deprivation procedures; and relocation of persons from nursing homes, regional treatment centers and community intermediate care facilities for persons with mental retardation or related conditions to more appropriate community based services. The division is also responsible for piloting and evaluating new and effective ways to purchase and deliver services.

This management activity also funds the administration of the Semi-Independent Living Services Grants Program and DD Family Support Grants Program.

BUDGET ISSUES:

Additional administrative support is necessary to carry out the level of activity required to maintain current responsibilities and to support the long-term reform in Health Care and Long Term Care, including information system changes, contracts to support pilot projects and evaluations of projects, and attorney general charges related to DD programs.

REVENUE:

This activity earns general federal reimbursement at the rate of 43% of its expenditures for DHS administration.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEVELOPMENTAL DISABILITIES
MACT: DD ADMINISTRATION

MACT SUMMARY	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	1,398	1,334	1,944	1,544	1,735	1,735	1,544	1,735	1,735	1,544	1,735	1,735	1,544	1,735	1,735
EXPENSES/CONTRACTUAL SRVCS	254	246	654	486	910	910	446	672	672	446	672	672	446	672	672
MISC OPERATING EXPENSES	101	101	138	138	151	151	128	137	137	128	137	137	128	137	137
SUPPLIES/MATERIALS/PARTS	36	17	26	26	44	44	26	29	29	26	29	29	26	29	29
CAPITAL EQUIPMENT	25		60	20	34	34	20	21	21	20	21	21	20	21	21
SUBTOTAL STATE OPERATIONS	1,814	1,698	2,822	2,214	2,874	2,874	2,164	2,594	2,594	2,164	2,594	2,594	2,164	2,594	2,594
LOCAL ASSISTANCE		66			402	402		37	37		37	37		37	37
TOTAL EXPENDITURES	1,814	1,764	2,822	2,214	3,276	3,276	2,164	2,631	2,631	2,164	2,631	2,631	2,164	2,631	2,631
AGENCY PLAN ITEMS:															
	FUND														
FARIBAULT RC CLOSURE			GEN		162				37						
REDUCE LENGTH OF CLOSING ICF/MR			GEN		75				50						
DEVELOPMENTAL DISABILITIES PILOTS			GEN		505				125						
DD WAIVER ALTER ALLOCATION STRUCTURE			GEN		220				205						
GROUP RESIDENTIAL HOUSING CHANGES			GEN		100				50						
TOTAL AGENCY PLAN ITEMS					1,062				467						
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	1,783	1,726	2,451	1,931	2,993	2,993	1,931	2,398	2,398	1,931	2,398	2,398	1,931	2,398	2,398
STATUTORY APPROPRIATIONS:															
SPECIAL REVENUE	8	33	15	15	15	15	15	15	15	15	15	15	15	15	15
FEDERAL			338	250	250	250	200	200	200	200	200	200	200	200	200
GIFTS AND DEPOSITS	23	5	18	18	18	18	18	18	18	18	18	18	18	18	18
TOTAL FINANCING	1,814	1,764	2,822	2,214	3,276	3,276	2,164	2,631	2,631	2,164	2,631	2,631	2,164	2,631	2,631

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: DEVELOPMENTAL DISABILITIES
 MACT: DD ADMINISTRATION

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	26.0	25.2	25.2		29.2		29.2		
TEMP/SEAS/PART_TIME	1.9	1.0	1.0		1.0		1.0		
TOTAL FTE	27.9	26.2	26.2		30.2	30.2	30.2		30.2

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Life Skills Self-Sufficiency
BUDGET ACTIVITY: Developmental Disabilities
MANAGEMENT ACTIVITY: Developmental Disabilities Administration
ITEM TITLE: Reduce Length of Interim Rate Period for Closing Intermediate Care Facilities for the Mentally Retarded

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
MA Grants	\$ (681)	\$ (947)	\$ (957)	\$ (957)
DD Administration	<u>75</u>	<u>50</u>	<u>50</u>	<u>50</u>
Net Total:	\$ (606)	\$ (897)	\$ (907)	\$ (907)

Revenues: (\$000s):

General Fund	\$38	\$25	\$25	\$25
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Requires Statutory Change? Yes X No _____

If yes, statute affected: M.S. 252.292

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$606,000 in F.Y. 1996 and \$897,000 in F.Y. 1997. This reduction results from shortening the maximum interim rate period by 1 year in the closing of an intermediate care facility for the mentally retarded (ICF/MR). Interim rates established in closing ICF/MR facilities are typically higher than the rates of the facilities prior to entering into agreements for closure. Planning closures over shorter time periods have proven to be less disruptive to individuals served and also creates savings by reducing the interim costs.

RATIONALE:

It is not necessary or desirable for closing ICF/MR facilities to extend the closure implementation over the full period of time allowed by current law. Administrative funds are necessary to provide greater support to counties in the acceleration of the closure process.

PROGRAM OUTCOMES:

Closure agreements with providers could occur over a longer period to allow for planning but actual rate adjustments for the facilities would be limited in duration. This proposal does require up-front planning by all parties (affected counties and providers, as well as the department) due to shortened timelines. However, this would benefit individuals served, their families, and facility staff by reducing the length of time in which the program is going through the transitional process.

LONG-TERM IMPACT:

This proposal will result in a more planned and efficient approach to implementing ICF/MR closure agreements, thereby reducing disruption to recipients' services and reducing state costs.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Developmental Disabilities
 MANAGEMENT ACTIVITY: Developmental Disabilities Administration
 ITEM TITLE: Developmental Disabilities Waiver Alternative Allocation Structure

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Grants	\$3,624	\$7,854	\$11,715	\$15,575
DD SOCS-Waiver Services	(3,395)	(2,334)	(1,231)	(85)
DD Administration	220	205	205	205
Net Totals:	\$449	\$5,725	\$10,689	\$15,695
Revenues: (\$000s):				
General Fund	\$110	\$102	\$102	\$102

Requires Statutory Change? Yes No
 If yes, statute affected: Rider

GOVERNOR'S RECOMMENDATION: The Governor recommends an increase in the budget base of \$449,000 in F.Y. 1996 and \$5,725,000 in F.Y. 1997. These funds will be used to implement a new allocation structure for the Home and Community-Based Services (HCBS) waiver program for persons with mental retardation and related conditions. This new allocation structure is intended to provide a more equitable allocation of resources to HCBS recipients, regardless of previous living arrangement or whether the provider is public or private and will reduce state costs for state-operated community services (SOCS). This proposal is part of the department's life skills self-sufficiency initiative.

RATIONALE: Minnesota Statute requires the commissioner to report to the legislature on plans to implement an alternative allocation structure for HCBS for persons with mental retardation or related conditions which bases funding on the assessed needs of eligible persons.

Currently, county agencies have the authority to authorize the types and amounts of services to be provided to a HCBS recipient and negotiate rates with service providers within an overall average daily reimbursement limit established by the commissioner. The average reimbursement limit does not set a cap on the amount of services that may be provided to any one recipient but permits the local agency to average the costs of services across recipients within that aggregate limit. Over the past several years, the existing rate structure has become increasingly complex as additional state-managed averages were added to carry out particular goals related to the transfer of persons with

significant needs to home and community-based services. Counties were not able to incorporate the service costs of serving persons who have a disproportionately higher level of need into their existing averages and thus, several state-managed averages have been created. This has greatly increased the complexity of the program for all involved.

The alternative allocation structure is intended to equitably provide HCBS resources through the use of a single system of allocating resources based upon a person's needs while permitting flexibility in management of the overall average reimbursement limits. This structure does not establish payment limits to a specific individual but assures that a reasonable dollar amount is provided for within an overall average for services to be purchased to meet the needs of all recipients. Decisions regarding service types and amounts and management authority for all recipients rests at the local level.

This proposal will facilitate serving the most severely handicapped individuals receiving both public and private services and assist in the closure of large community ICFs/MR.

If this proposal is not approved, additional appropriations for SOCS costs would be required in the amounts shown below:

	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
Existing Waivered SOCS, including DT&H	\$1,237	\$2,166
Faribault Regional Center closure SOCS	759	2,218
Total	\$1,996	\$4,384

In addition, this request replaces the need for additional appropriations for the cost of serving persons with severe disabilities leaving closing community ICFs/MR facilities. (These costs also exceed the limits of the existing allocation structure.)

PROGRAM OUTCOMES: This initiative will reduce the state cost for SOCS. State funds will move to the Medical Assistance account. Added federal revenues will establish a resource base that will permit a more equitable allocation of HCBS service dollars based upon recipient needs rather than previous living arrangement or whether the current provider is public or private. SOCS rates will not be affected by this action. Similarly, private providers will be able to obtain more equitable reimbursement rates for providing services to individuals with significant needs.

LONG-TERM IMPACT: This initiative will result in equitable resource allocations for HCBS recipients, simplify local service administration, and reduce state costs for SOCS provided to persons with developmental disabilities.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Developmental Disabilities
 MANAGEMENT ACTIVITY: Developmental Disabilities Administration
 ITEM TITLE: Developmental Disabilities Pilots

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Grants	\$1,531	\$-0-	\$-0-	\$-0-
DD Administration	505	125	115	115
Net Totals:	\$2,036	\$125	\$115	\$115
Revenues: (\$000s):				
General Fund	\$252	\$62	\$57	\$57

Requires Statutory Change? Yes No
 If yes, statute affected: Rider

GOVERNOR'S RECOMMENDATION: The Governor recommends an increase in the budget base of \$2,036,000 in F.Y. 1996 and \$125,000 in F.Y. 1997. This funding is necessary to pilot the effects of: 1) shifting all purchasing of services for persons with developmental disabilities (DD) to the local level; 2) consolidating and streamlining regulatory requirements; 3) allowing these efficiencies to be used to expand services to eligible participants; and, 4) providing increased choices to consumers of nontraditional supports and services. The money will be used to make Medical Assistance payments to management entities and pay for the administrative support needed to implement the DD pilots.

RATIONALE: Currently, services to persons with DD are purchased and managed through a variety of funding streams and regulations. During this past biennium the department has convened discussions among all major stakeholders in the DD service system which have focused on the need to promote locally developed innovative approaches that demonstrate the effectiveness of integrating service delivery funding and management in the DD service system. The stakeholders have recommended that pilots should:

1. be locally developed and be oriented so that services are consumer and family driven;
2. demonstrate innovative methods for getting services to persons who need those services and demonstrate a substantial change in how business gets done;
3. keep emerging reform efforts, such as changes in health care access and delivery, in mind so that a logical and efficient fit can be made as each is implemented;

4. be "self-diagnosing" and "self-correcting" and have a strong evaluation component; and,
5. address issues of waiting lists and expectations of consumers/families who want flexible community-based services.

Two local stakeholder groups have formed that have tendered proposals to the Department of Human Services (DHS) to develop and implement a restructured purchasing system.

While interest exists at the local level to develop alternative models, it is acknowledged that a great deal of effort is required to successfully develop approaches which will effectively achieve the desired outcomes that fit the changing health care structure. This request also provides; 1) 1 FTE necessary for department administrative support for research and coordination with the federal Health Care Financing Agency; 2) administrative dollars for system support, actuarial studies and rate structure development, evaluation and technical assistance; and 3) planning funds totalling \$240,000 to be awarded to 4-6 pilot proposals during the first year.

The 1993 legislature authorized the department to seek federal waivers to demonstrate the effectiveness of integrating service delivery funding and management. This request was made as part of a health care waiver, submitted to the federal government. Other Minnesota statutes, such as intergovernmental contracting and the Board of Innovation and Cooperation, also provide legal means for proposing alternative models of service delivery. This proposal is contingent on receiving federal waiver approval and would be effective 1-1-96.

PROGRAM OUTCOMES: This proposal will support the establishment of collaborative efforts among counties, providers, school districts, advocates, and other community agencies to test strategies of reform in the developmental disability service area. Of particular interest are strategies which would:

1. make the system easier for the consumer to use while making the system easier to administer so that needed services can be provided in appropriate but effective ways;
2. increase consumer control and choice about the types and amounts of service, the means of delivery and payment including increasing the ability of families to assist children through strategies which support the family as a unit;
3. consider the total cost of providing services to the consumer;
4. address the needs of persons waiting for services; and
5. give greater weight to the outcomes of services.

This initiative will also provide a sound basis for developing an equitable eligibility process and assure service access for persons when there is a functional need for supports regardless of the person's cognitive and adaptive skill levels. Additionally, this initiative will allow the collaborating parties to explore methods of integrating efforts with the health care Regional Coordinating Boards and the Integrated Service Networks.

LONG-TERM IMPACT: These pilots will assist Minnesota in: 1) developing strategies to better respond to the needs of consumers and their families; 2) reducing reliance on more costly methods of purchasing and managing services; providing more-efficient and effective service access and service delivery; 4) reducing overlapping and unnecessary program requirements and mandates; and, 4) evaluating the reliability and implications of moving from a diagnostic-based eligibility system to a functional needs-based system.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: SILS Grants
BUDGET ACTIVITY: Developmental Disabilities
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The mission of the Semi-Independent Living Services (SILS) grants program is to "provide support for persons with mental retardation or related conditions to live as independently as possible in the community." One of the objectives of this program is to reduce unnecessary use of intermediate care facilities or home and community-based waived services for persons with mental retardation or related conditions.

This program provides funds to enable between 1,600 and 1,700 persons with mental retardation or related conditions to maintain themselves with SILS. SILS services include training and assistance in managing money, preparing meals, shopping, maintaining personal appearance and hygiene, and other activities which are needed to support and improve a person's capability to live in the community. SILS services are provided in community settings such as the client's own home, apartment, or rooming house. To be eligible for this program, an individual must be: 1) age 18 or older; 2) must be unable to function independently without SILS services; and 3) must be at risk of placement in an intermediate care facility for persons with mental retardation in the absence of less restrictive services.

All counties are eligible to receive reimbursement for the provision of SILS to eligible persons. Counties determine specific levels of funding and service arrangements per recipient. The state appropriation for SILS pays for 70% of total service costs, up to a specified limit per county which is adjusted by current and historical usage. Counties use dollars from other sources to pay the balance.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: DEVELOPMENTAL DISABILITIES
 MACT: SILS GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	5,519	5,588	4,748	4,748	4,748	4,748	4,748	4,748	4,748
TOTAL EXPENDITURES	5,519	5,588	4,748	4,748	4,748	4,748	4,748	4,748	4,748
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,519	5,588	4,748	4,748	4,748	4,748	4,748	4,748	4,748
TOTAL FINANCING	5,519	5,588	4,748	4,748	4,748	4,748	4,748	4,748	4,748
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: DD Family Support Grant
BUDGET ACTIVITY: Developmental Disabilities
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Developmental Disability (DD) Family Support Grants program was established under M.S. 252.32 to prevent or delay the out-of-home placement of children with mental retardation or a related condition and to support families in maintaining their child in the family home.

To enable families to purchase services and items above the ordinary care for their child's support in the home, this program provides cash grants of up to \$3,000 per year to families with a son or daughter:

1. under the age of 22;
2. who has mental retardation or a related condition; and
3. who has been determined to be at risk of institutionalization.

Counties assist families in the application process. The department awards grants to families based on approved applications submitted by counties. Each family's level of need is assessed and each eligible applicant's place on a waiting list is determined. The waiting list is not first come, first served; an applicant's status continually changes as new applications are received and grants are awarded to eligible applicants. Criteria for assessing a family's eligibility for a subsidy include: 1) the potential for placement of the child outside the home; 2) the likelihood that the child would be returned to his/her natural or adoptive home if subsidy funds were available; 3) the severity of the physical and mental disabilities of the child; 4) the amount of emotional stress of the family; and 5) the availability of support to the caregiver(s). Grants are awarded as openings occur. Family Support Grant funds may only be used to purchase items and services for which there are no other public or private funds available to the family. Each service or item purchased with a Family Support Grant must: 1) be over and above the normal costs of caring for the dependent if the dependent did not have a disability; 2) be directly attributable to the dependent's disabling condition; and 3) enable the family to delay or prevent the out-of-home placement of the dependent.

BUDGET ISSUES:

Over 400 families are currently on the waiting list for the DD Family Support Grants. Due to the success of this program model, it is proposed that a larger "Consumer Support Grants" program be created that would operate similarly to the DD Family Support Grant Program, but serve individuals (both children and adults) with a wide variety of functional limitations. The purpose of the program would be to reduce institutional services, maintain families, and create consumer choice in the types of supports provided. The DD Family Support Program would be incorporated into this larger program over time.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: DEVELOPMENTAL DISABILITIES
MACT: DD FAMILY SUPPORT GRANT

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	1,478	1,599	1,599	1,599	1,599	1,599	1,599	1,074	1,074
TOTAL EXPENDITURES	1,478	1,599	1,599	1,599	1,599	1,599	1,599	1,074	1,074
AGENCY PLAN ITEMS:									
CONSUMER SUPPORT GRANTS								<525>	
TOTAL AGENCY PLAN ITEMS								<525>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,478	1,599	1,599	1,599	1,599	1,599	1,599	1,074	1,074
TOTAL FINANCING	1,478	1,599	1,599	1,599	1,599	1,599	1,599	1,074	1,074
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

BUDGET ACTIVITY: Aging and Adult Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Aging and Adult Services activity provides staff assistance to the Minnesota Board on Aging in its administration of programs for the State's 60+ population as required by the federal Older Americans Act and state legislation, and administers programs intended to 1) protect the state's vulnerable adult population and 2) provide adult foster care living arrangements.

Services administered by the Minnesota Board on Aging are intended to assist older persons 60+ lead independent lives, reduce isolation and prevent premature or unnecessary institutionalization. Primary funding for these services is the federal Older Americans Act, although state funds are used for services which supplement federal funds in congregate and home delivered meals as well as in the Corporation for National and Community Service (formerly ACTION)-funded volunteer programs.

Customers of this activity include area agencies on aging and other state and local agencies as well as the general public, families and service providers.

BUDGET ISSUES:

See the following management activities for details.

GRANTS:

See the following management activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: AGING & ADULT SERVICES

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
AGING ADMINISTRATION	1,643	1,678	1,878	1,878	1,878	1,878	1,878	1,878	1,878
ADULT ADMINISTRATION	275	221	245	245	245	245	245	245	245
AGING OMBUDSMAN	606	634	678	678	678	678	678	678	678
AGING GRANTS	18,563	20,048	20,654	20,654	20,929	20,929	20,654	20,929	20,929
TOTAL EXPENDITURES	21,087	22,581	23,455	23,455	23,730	23,730	23,455	23,730	23,730
AGENCY PLAN ITEMS:			FUND						
HOMESHARING PROGRAM TRANSFER			GEN	275			275		
TOTAL AGENCY PLAN ITEMS				275			275		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,881	4,991	5,080	5,080	5,355	5,355	5,080	5,355	5,355
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	135	141	141	141	141	141	141	141	141
FEDERAL	16,060	17,442	18,228	18,228	18,228	18,228	18,228	18,228	18,228
GIFTS AND DEPOSITS	11	7	6	6	6	6	6	6	6
TOTAL FINANCING	21,087	22,581	23,455	23,455	23,730	23,730	23,455	23,730	23,730
FTE BY EMPLOYMENT TYPE:									
REGULAR	21.0	19.4	19.4	19.4			19.4		
TEMP/SEAS/PART_TIME	10.0	12.5	12.5	12.5			12.5		
TOTAL FTE	31.0	31.9	31.9	31.9			31.9		

GRANTS:

MANAGEMENT ACTIVITY: Aging Administration
BUDGET ACTIVITY: Aging and Adult Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

The grant programs administered by this section are detailed in the Aging Grants management activity.

ACTIVITY DESCRIPTION:

This activity provides staff assistance to the Minnesota Board on Aging (MBA) in its administration of programs for the state's 60+ population as required by the federal Older Americans Act and state legislation and serves as the department's focal point for the provision of program and policy development as it affects the state's older population.

Minnesota Board on Aging

As established by M.S. 256.975, the MBA has 25 members appointed by the Governor. It is responsible for the administration and implementation of federal Older Americans Act. State statutes require the Department of Human Services (DHS) to provide staff support through the Aging Division Director, who is also the Executive Secretary to the board; staff of the division serve as MBA staff. Federal Older Americans Act funds are secured through the development and administration of a state plan which meets federal requirements. State appropriations in this activity meet match requirements of the Older Americans Act.

As the State Unit on Aging, the MBA awards grants of federal and state funds to Area Agencies on Aging (AAAs) to help meet the cost of administering the state-approved area plans on aging. The area plans provide for the development or expansion of community-based services and resources such as congregate and home delivered meals, transportation, legal services, senior centers, in-home services, information and referral and others. Division staff also assist the Board in administration of state funds which supplement federal funds in the congregate and home delivered meals programs and in each of the Corporation for National and Community Service (formerly ACTION)-funded volunteer programs of Foster Grandparents, Senior Companions, and Retired Senior Volunteers (RSVP).

The objective of Older Americans Act funding from its initial passage in 1965 has been to assist State Units on Aging in developing plans and administering funds that promote services to help all older persons 60+ live independent, meaningful and dignified lives, with emphasis on reducing isolation and preventing premature or unnecessary institutionalization. In this regard, staff also assists the board in its administration of the Congregate Housing Services component of the department's Seniors Agenda for Independent Living initiative; additional information on this strategy is in the Long Term Care HCBS Division discussion.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: AGING & ADULT SERVICES
 MACT: AGING ADMINISTRATION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	732	815	1,016	1,016	1,016	1,016	1,016	1,016	1,016
EXPENSES/CONTRACTUAL SRVCS	56	101	82	82	82	82	82	82	82
MISC OPERATING EXPENSES	78	78	86	86	86	86	86	86	86
SUPPLIES/MATERIALS/PARTS	16	21	15	15	15	15	15	15	15
CAPITAL EQUIPMENT	4	8	9	9	9	9	9	9	9
OTHER			51	51	51	51	51	51	51
SUBTOTAL STATE OPERATIONS	886	1,023	1,259	1,259	1,259	1,259	1,259	1,259	1,259
LOCAL ASSISTANCE	757	655	619	619	619	619	619	619	619
TOTAL EXPENDITURES	1,643	1,678	1,878	1,878	1,878	1,878	1,878	1,878	1,878
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	859	766	816	816	816	816	816	816	816
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	135	141	141	141	141	141	141	141	141
FEDERAL	638	764	915	915	915	915	915	915	915
GIFTS AND DEPOSITS	11	7	6	6	6	6	6	6	6
TOTAL FINANCING	1,643	1,678	1,878	1,878	1,878	1,878	1,878	1,878	1,878
FTE BY EMPLOYMENT TYPE:									
REGULAR	12.5	13.2	13.2		13.2			13.2	
TEMP/SEAS/PART_TIME	3.6	3.5	3.5		3.5			3.5	
TOTAL FTE	16.1	16.7	16.7		16.7	16.7		16.7	16.7

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Adult Administration
BUDGET ACTIVITY: Aging and Adult Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity designs and implements programs intended to protect the state's vulnerable adult population and develops alternative housing arrangements with minimal service and 24 hour oversight for functionally impaired persons.

Adult Protection

The adult protection staff implements programs created by the Adult Protection and Vulnerable Adult Statute. These programs are delivered to federal and state agencies, 87 counties, social and health services providers, the public, volunteers, service groups and the general population.

Adult Foster Care

The adult foster care consultant provides direction and technical assistance to public and private agencies, licensed and potential providers, current and potential consumers and the general public on adult foster home development (and adult day care as time permits). This involves: supervision of county development and administration in compliance with statute; research and evaluation of service status; coordination of foster care development with special initiatives such as SAIL; technical assistance on unique circumstances toward resolutions or enhancements; design and delivery of training on policies, procedures or programming; and leadership in state foster care policy, standards and procedures to support state goals. Currently these goals are established to meet the demands of the functionally impaired, in the most cost effective and least restrictive settings.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 21% of its expenditures for DHS operation.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: AGING & ADULT SERVICES
 MACT: ADULT ADMINISTRATION

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	206	159	165	165	165	165	165	165	165
EXPENSES/CONTRACTUAL SRVCS	47	41	65	65	65	65	65	65	65
MISC OPERATING EXPENSES	21	17	13	13	13	13	13	13	13
SUPPLIES/MATERIALS/PARTS	1		1	1	1	1	1	1	1
CAPITAL EQUIPMENT		4	1	1	1	1	1	1	1
SUBTOTAL STATE OPERATIONS	275	221	245	245	245	245	245	245	245
TOTAL EXPENDITURES	275	221	245	245	245	245	245	245	245
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	275	221	245	245	245	245	245	245	245
TOTAL FINANCING	275	221	245	245	245	245	245	245	245
FTE BY EMPLOYMENT TYPE:									
REGULAR	4.0	3.3	3.3		3.3			3.3	
TOTAL FTE	4.0	3.3	3.3		3.3	3.3		3.3	3.3

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Aging Ombudsman
BUDGET ACTIVITY: Aging and Adult Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The purpose of the Office of Ombudsman for Older Minnesotans is to promote the highest quality of life, standards of care, and respect for the rights of health care consumers. These consumers include nursing home residents, acute care Medicare patients and persons receiving in-home services. The ombudsman office advocates for individuals by helping these consumers to resolve grievances and disputes about their rights, quality of care, access to care, and access to government benefits. Consumers are encouraged and assisted in resolving complaints on their own through education and informational materials about health care services, rights and benefits.

The ombudsman provides a non-regulatory approach toward improving quality of care and quality of life for older persons in need of long-term care (nursing homes and home-care services) and other forms of health care. Complaints are handled by negotiating outcomes acceptable to the older person or through mediation or education. Complaints involving potential violations of rules or regulations which cannot be resolved are referred to the appropriate enforcement agency. As a result, all types of complaints or disputes can be addressed. The ombudsman office is not limited to handling areas covered by statute or regulation.

Informal complaint resolution and prevention approaches are also encouraged by direct assistance to nursing home residents and their family members through the development and education of resident and family councils to work directly with providers in complaint resolution and quality of life improvements.

Incorporated into the office is the federally mandated Office of the State Long-Term Care Ombudsman which the Minnesota Board on Aging has administered since 1982. Services to nursing home residents are federally funded while services to clients receiving in-home services and Medicare beneficiaries are state funded.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: AGING & ADULT SERVICES
MACT: AGING OMBUDSMAN

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	442	525	543	543	543	543	543	543	543
EXPENSES/CONTRACTUAL SRVCS	21	21	19	19	19	19	19	19	19
MISC OPERATING EXPENSES	91	82	76	76	76	76	76	76	76
SUPPLIES/MATERIALS/PARTS	5	6	4	4	4	4	4	4	4
CAPITAL EQUIPMENT			10	10	10	10	10	10	10
OTHER			26	26	26	26	26	26	26
SUBTOTAL STATE OPERATIONS	559	634	678	678	678	678	678	678	678
LOCAL ASSISTANCE	47								
TOTAL EXPENDITURES	606	634	678	678	678	678	678	678	678
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	153	151	166	166	166	166	166	166	166
STATUTORY APPROPRIATIONS:									
FEDERAL	453	483	512	512	512	512	512	512	512
TOTAL FINANCING	606	634	678	678	678	678	678	678	678
FTE BY EMPLOYMENT TYPE:									
REGULAR	4.5	2.9	2.9		2.9			2.9	
TEMP/SEAS/PART_TIME	6.4	9.0	9.0		9.0			9.0	
TOTAL FTE	10.9	11.9	11.9		11.9	11.9		11.9	11.9

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Aging Grants
BUDGET ACTIVITY: Aging and Adult Services
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION: Services administered by the Minnesota Board on Aging (MBA) are intended to assist older persons (age 60+) lead independent, meaningful lives, and reduce isolation and prevent premature or unnecessary institutionalization. Primary funding for these services is the federal Older Americans Act, although state funds are utilized for services which supplement federal funds FOR congregate and home delivered meals as well as in the Corporation for National and Community Service (CNCS) (formerly ACTION)-funded volunteer programs.

Area Agencies on Aging As designated by the MBA, an area agency on aging (AAA) is the local administering agency for Older Americans Act and certain state funds. Area agencies are eligible to apply for annual grants to help meet administration, program development, supportive services and nutrition services program costs.

AAA planning and service grants are based on submission of multi-year area plans on aging and annual updates which meet federal and MBA criteria and guidelines and are approved by the MBA. State appropriations for congregate and home delivered meals are administered in accordance with federal regulations but are accounted for separately from federal funds. Statistics show that home delivered meals is the fastest growing part of the program and that many more meals could be served with additional funds. A federally-approved intrastate funding formula is used to determine the amount of federal and state funds available to implement each area plan.

Volunteer Service Programs State funds are used to supplement the CNCS-funded activities in the following programs:

Foster Grandparents Program Through this program, low income elderly persons receive a stipend to serve as foster grandparents for children with exceptional or special needs. In accordance with M.S. 256.976, grants are awarded to community agencies which establish volunteer stations; recruit, train, supervise and pay stipends; and provide other benefits to low-income older persons. The stipend income received by the low-income seniors assists them to remain independent and in their homes. Foster grandparents may put in a maximum of 20 hours per week.

The state funds supplement federal funds awarded to the same grantees by the federal CNCS agency. Recipient agencies must meet federal program and budget standards. Grants are currently awarded to 3 agencies responsible for the statewide program.

Senior Companion Program Through this program, low-income elderly persons receive a stipend to serve as senior companions to adults in their own homes or in residential settings. In accordance with M.S. 256.977, grants are awarded to community agencies which establish volunteer stations; recruit, train, supervise and pay stipends; and provide other benefits to low-income older persons. The stipend income received by the low-income seniors assists them to remain independent and in their homes.

The state funds supplement federal funds awarded to the local agencies selected by the federal CNCS agency. Recipient agencies must meet federal program and budget standards. Grants are currently awarded to 2 agencies responsible for the statewide program.

Retired and Senior Volunteer Program In accordance with M.S. 256.9753, grants are awarded to those community agencies whose Retired and Senior Volunteer Program (RSVP) projects meet federal RSVP standards. Local RSVP projects promote the use of senior volunteers to augment or complement local agencies' programs and services. Volunteers are recruited, selected, and assigned to work in agencies that have appropriate uses for volunteers. Specialized training of the volunteers is provided or arranged by the local project and the agency in which the volunteer works. The volunteers receive travel and meal expenses and insurance coverage, but no compensation for their time. RSVP volunteer services are available to all age groups and agencies. Services include transportation, congregate nutrition, peer counseling, home delivered meals and a variety of services, such as senior centers, family and children's agencies, child care centers, hospitals, libraries, public schools, and community centers.

State funds are allocated to projects on a formula basis and are issued to supplement federal grants made to the same local agencies. Funds are used to increase the number of senior volunteers, participants, and hours of volunteer services provided. The age limit for participation in the RSVP has recently been lowered to 55.

A "typical" medium-size program, sponsored county-wide, has over 600 volunteers placed in 60 stations. Over 1/2 of the agencies (33) were serving people other than the elderly. In the non-aging parts of this program, volunteers: 1) served persons with developmental disabilities and other impairments; 2) served in schools, day care and other child/youth agencies; 3) served in hospitals and other health services; and 4) served in community services such as libraries, government agencies and other public services.

BUDGET ISSUES: The agency budget plan calls for increases to fund the Homesharing Program.

GRANTS: This activity has the following grant expenditures:

1. Federal Older Americans Act (P.L. 89-73, as amended), finances services for all individuals age 60+, regardless of income. Funds are distributed to AAAs through an intrastate funding formula. Individual service provider grants are awarded by AAAs.
 - Title III-B - supportive services
 - Title III-C1 - congregate meals
 - Title III-C2 - home delivered meals
 - Title III-D - services for frail elderly
 - Title III-F - health promotion and disease prevention
2. State Appropriations
 - Congregate Meals - to supplement federal III-C1 programs
 - Home Delivered Meals - to supplement federal III-C2 programs
 - County Maintenance Meals - to replace county funds in those counties where meals programs were funded prior to participation in Older Americans Act. Only 5 counties are eligible.
 - Foster Grandparent - to supplement federal CNCS programs
 - Senior Companion - to supplement federal CNCS programs
 - RSVP - to supplement federal CNCS programs
 - Congregate Housing Services Coordinator - to fund service coordinators in congregate housing projects

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: AGING & ADULT SERVICES
MACT: AGING GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS			5						
SUBTOTAL STATE OPERATIONS			5						
LOCAL ASSISTANCE	18,563	20,043	20,654	20,654	20,929	20,929	20,654	20,929	20,929
TOTAL EXPENDITURES	18,563	20,048	20,654	20,654	20,929	20,929	20,654	20,929	20,929
AGENCY PLAN ITEMS:									
FUND									
HOMESHARING PROGRAM TRANSFER			GEN		275			275	
TOTAL AGENCY PLAN ITEMS					275			275	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,594	3,853	3,853	3,853	4,128	4,128	3,853	4,128	4,128
STATUTORY APPROPRIATIONS:									
FEDERAL	14,969	16,195	16,801	16,801	16,801	16,801	16,801	16,801	16,801
TOTAL FINANCING	18,563	20,048	20,654	20,654	20,929	20,929	20,654	20,929	20,929
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

LONG-TERM IMPACT:

The program will continue to provide a means for elderly and disabled homeowners and single parents to trade some of their housing for service assistance that helps them remain at home.

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Life Skills Self-Sufficiency
 BUDGET ACTIVITY: Aging and Adult Services
 MANAGEMENT ACTIVITY: Aging Grants
 ITEM TITLE: Homesharing Program

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Aging Grants	\$275	\$275	\$275	\$275
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: MS Chapter 256

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$275,000 in F.Y. 1996 and \$275,000 in F.Y. 1997. The Homesharing program presently administered by the Minnesota Housing Finance Agency (MHFA) at this funding level provides grants to nonprofit organizations for the purpose of matching homeseekers with homeowners. This initiative constitutes only a transfer of funds from MHFA to the Department of Human Services (DHS) for ease of administration. MHFA has a corresponding decrease in its budget.

RATIONALE:

Homesharing programs match low and moderate income elderly, disabled, or single-parent homeowners with homeseekers who contribute rent or services in exchange for sharing a home. The income and services provided help these homeowners to stay in their homes longer than possible without this assistance. The program's objective of assisting homeowners, particularly elderly and disabled persons, with staying in their homes closely matches DHS program objectives regarding the development of residential care alternatives to institutional living.

PROGRAM OUTCOMES:

The program will match at least 163 participants each fiscal year.

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GRANTS:

BUDGET ACTIVITY: Chemical Dependency
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

See following management activity pages.

ACTIVITY DESCRIPTION:

As the state alcohol and drug authority (M.S. 254A), the Chemical Dependency (CD) Division has as its mission to promote the chemical health of all Minnesotans and to reduce alcohol and other drug problems and their effects on individuals, families, and society. The goals of the division are to increase the availability, quality, and cost-effectiveness of chemical dependency prevention, assessment, intervention, and treatment services.

Administrative activities include developing policies and priorities; coordinating activities with the division's 2 statutory advisory councils; budgeting; allocation of available resources toward prevention, treatment, research, evaluation and other activities; grants administration; management of the Consolidated Chemical Dependency Treatment Fund (CCDTF); compliance with state and federal mandates and reporting requirements; coordination of activities with state and local agencies; development of legislation and rules; training and technical assistance; and data collection and dissemination.

Through the Drug and Alcohol Abuse Normative Evaluation System (DAANES) the division collects data on clients served by more than 360 treatment programs and 35 detoxification centers throughout the state. The Treatment Accountability Plan includes comprehensive client problem severity profiles and weekly service delivery records along with post-treatment outcome information on a sample of clients from licensed treatment programs to be used to improve client/treatment matching and client outcomes. The division also monitors alcohol and other drug abuse trends throughout the state. To improve targeting of prevention and treatment funding to areas of greatest need the division is amalgamating a variety of existing data sources (U.S. Census, Departments of Health, Public Safety, Education, Minnesota Planning) to produce county profiles of alcohol/drug abuse risk indicators and is setting up a community-based network to improve local prevention efforts.

This budget activity consists of the management activities of CD Administration, American Indian CD Grants, CD Special Grants, and the CD Federal Block Grant. The following pages contain descriptions of each of these 4 management activities.

The CD budget activity includes 2 administration accounts: 1 for general CD Division administration and 1 for administration of data collection activities required for DAANES/CCDTF.

Most of the personnel and other administration costs for the division (about 80%) are funded through the federal Alcohol and Drug Abuse Block Grant. A federal grant also funds the Supplementary Security Income Insurance case management services staffed through the division.

BUDGET ISSUES:

See individual management activities for detail.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CHEMICAL DEPENDENCY

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CHEMICAL DEPENDENCY ADMIN.	626	427	459	459	459	459	459	459	459
AMERICAN INDIAN CD GRANTS	1,056	1,052	1,055	1,055	1,055	1,055	1,055	1,055	1,055
CD SPECIAL GRANTS	2,537	2,941	3,351	2,893	2,893	2,893	2,445	2,445	2,445
CD FEDERAL BLOCK GRANT	5,744	5,751	17,673	17,673	17,673	17,673	17,673	17,673	17,673
TOTAL EXPENDITURES	9,963	10,171	22,538	22,080	22,080	22,080	21,632	21,632	21,632
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,574	2,645	2,698	2,698	2,698	2,698	2,698	2,698	2,698
HEALTH CARE ACCESS		13	26	26	26	26	26	26	26
STATUTORY APPROPRIATIONS:									
GENERAL	662	612	612	612	612	612	612	612	612
SPECIAL REVENUE	245	2							
FEDERAL	6,482	6,890	19,191	18,733	18,733	18,733	18,285	18,285	18,285
GIFTS AND DEPOSITS		9	11	11	11	11	11	11	11
TOTAL FINANCING	9,963	10,171	22,538	22,080	22,080	22,080	21,632	21,632	21,632
FTE BY EMPLOYMENT TYPE:									
REGULAR	23.2	23.2	26.2		27.2			27.2	
TEMP/SEAS/PART_TIME	12.4	11.6	11.6		11.6			11.6	
TOTAL FTE	35.6	34.8	37.8		38.8	38.8		38.8	38.8

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Chemical Dependency Administration
BUDGET ACTIVITY: Chemical Dependency
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Chemical Dependency (CD) Administration includes all the policy making, planning, activity coordination, budgeting and resource allocation activities of the division along with its mandated responsibilities for data collection and dissemination. Two administrative accounts are included as part of this management activity. One is the CD Administration account which includes a portion of the division's general personnel costs and office expenses; the second is allocated to data collection activities associated with the Drug and Alcohol Abuse Normative Evaluation System (DAANES) and the Consolidated Chemical Dependency Treatment Fund (CCDTF).

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 51% of its expenditures for Department of Human Services operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CHEMICAL DEPENDENCY
MACT: CHEMICAL DEPENDENCY ADMIN.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	433	361	388	388	388	388	388	388	388
EXPENSES/CONTRACTUAL SRVCS	48	40	26	26	26	26	26	26	26
MISC OPERATING EXPENSES	32	9	11	11	11	11	11	11	11
SUPPLIES/MATERIALS/PARTS	45	12	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	68	5	32	32	32	32	32	32	32
SUBTOTAL STATE OPERATIONS	626	427	459	459	459	459	459	459	459
TOTAL EXPENDITURES	626	427	459	459	459	459	459	459	459
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	381	412	433	433	433	433	433	433	433
HEALTH CARE ACCESS		13	26	26	26	26	26	26	26
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	245	2							
TOTAL FINANCING	626	427	459	459	459	459	459	459	459
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.1	7.8	7.8		7.8			7.8	
TEMP/SEAS/PART_TIME	.8	1.2	1.2		1.2			1.2	
TOTAL FTE	8.9	9.0	9.0		9.0	9.0		9.0	9.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: American Indian Chemical Dependency Grants
BUDGET ACTIVITY: Chemical Dependency
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The purpose of this activity is to reduce the harmful effects of alcohol and other drug abuse and dependency on Minnesota's American Indian residents and to assist in community awareness and education efforts aimed at improved chemical health in American Indian communities in Minnesota. This activity provides funds to federally recognized American Indian Tribes and other organizations and local units of government for the following types of services for American Indians: prevention, education and training, intervention, assessment, and referrals.

Alcohol and other drug abuse is considered to be the single most serious health problem among American Indians; it contributes to 3 of the 10 leading causes of death in this population: cirrhosis of the liver, suicide, and homicide. American Indians, including women and adolescents, represent a disproportionate number of clients in chemical dependency treatment. Culturally specific services are believed to improve access to treatment, treatment program retention, and post-treatment outcomes.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

GRANT:

The appropriation for American Indian Chemical Dependency grants is made available to prospective grantees every 2 years through an open competitive request-for-proposals process. State funds are combined with federal block grant funds allocated for American Indian drug abuse prevention and treatment activities. Eligible vendors include not-for-profit organizations, units of government and tribal organizations knowledgeable in chemical dependency issues and American Indian culture. Applications are accepted for services addressing prevention, education, information and referral, short-term counseling, and training needs of American Indian populations. All applications are reviewed by the grants committee of the American Indian Advisory Council; those recommended for funding are presented to the council as a whole for final decisions on grant awards.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: CHEMICAL DEPENDENCY
 MACT: AMERICAN INDIAN CD GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	1,056	1,052	1,055	1,055	1,055	1,055	1,055	1,055	1,055
TOTAL EXPENDITURES	1,056	1,052	1,055	1,055	1,055	1,055	1,055	1,055	1,055
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,056	1,052	1,055	1,055	1,055	1,055	1,055	1,055	1,055
TOTAL FINANCING	1,056	1,052	1,055	1,055	1,055	1,055	1,055	1,055	1,055
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Chemical Dependency Special Grants
BUDGET ACTIVITY: Chemical Dependency
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The purpose of this management activity is to reduce the harmful effects of alcohol and other drug abuse and dependency on Minnesotans by providing grants to local agencies, counties, and reservations in order to improve community-based prevention efforts and treatment services for the general population as well as specific high-risk populations including communities of color, pregnant women and women with children, children and adolescents, and individuals with chronic alcoholism or addiction in accordance with M.S. 254A.03.

These various grants support: 1) a statewide prevention resource center that assists Minnesota counties, local communities and organizations by providing alcohol and other drug abuse education, information, and training; 2) counties or domiciliary care providers in meeting health codes, improving case management services, and exploring alternatives to better meet the needs of chronic alcoholics; 3) research and evaluation projects identified by the division's statutory advisory councils, policymakers and chemical dependency professionals; 4) detox transportation, intervention, and case management for drug abusing pregnant women and mothers; and 5) education, intervention, and treatment services for inhalant-abusing children under the age of 14.

Some of the specific activities provided include the dissemination of more than 357,000 pieces of prevention material and 655 video rentals annually, 16,000 messages through a drug talk line, and 228 community prevention consultations. Detox transportation funds assisted with 10,000 detox admissions; 4,000 youth and adults were presented with information on inhalant abuse; 400 pregnant women and women with children received intervention and case management services; and 673 professionals attended conferences supported by these grant funds.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

GRANT:

Treatment	\$ 54,000
Prevention	150,000
Detox transportation	225,000
Inhalant abuse	75,000
Research and evaluation	63,000
Intervention/case management for pregnant women with children (Hennepin and Ramsey Counties)	600,000

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CHEMICAL DEPENDENCY
MACT: CD SPECIAL GRANTS

MACT SUMMARY	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	111	122	196	304	304	304	326	326	326	326	326	326	326	326	326
EXPENSES/CONTRACTUAL SRVCS	71	139	272	593	593	593	125	125	125	125	125	125	125	125	125
MISC OPERATING EXPENSES	2	4	9	14	14	14	12	12	12	12	12	12	12	12	12
SUPPLIES/MATERIALS/PARTS	7	10	3	6	6	6	4	4	4	4	4	4	4	4	4
CAPITAL EQUIPMENT	20	33													
OTHER			38	61	61	61	63	63	63	63	63	63	63	63	63
SUBTOTAL STATE OPERATIONS	211	308	518	978	978	978	530	530	530	530	530	530	530	530	530
AIDS TO INDIVIDUALS			100												
LOCAL ASSISTANCE	2,326	2,633	2,733	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915	1,915
TOTAL EXPENDITURES	2,537	2,941	3,351	2,893	2,893	2,893	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	1,137	1,181	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210	1,210
STATUTORY APPROPRIATIONS:															
GENERAL	662	612	612	612	612	612	612	612	612	612	612	612	612	612	612
FEDERAL	738	1,139	1,518	1,060	1,060	1,060	612	612	612	612	612	612	612	612	612
GIFTS AND DEPOSITS		9	11	11	11	11	11	11	11	11	11	11	11	11	11
TOTAL FINANCING	2,537	2,941	3,351	2,893	2,893	2,893	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
FTE BY EMPLOYMENT TYPE:															
REGULAR	.5	.5	3.5		4.5			4.5			4.5			4.5	
TEMP/SEAS/PART_TIME	2.1	1.8	1.8		1.8			1.8			1.8			1.8	
TOTAL FTE	2.6	2.3	5.3		6.3			6.3			6.3			6.3	

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Federal Alcohol and Drug Abuse Block Grant
BUDGET ACTIVITY: Chemical Dependency
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

grant funds are used to supplement (not replace) state and local funds for prevention and treatment services.

ACTIVITY DESCRIPTION:

The Federal Alcohol and Drug Abuse Block Grant is awarded annually by the Substance Abuse and Mental Health Services Administration (SAMHSA) to enhance the delivery of services regarding alcohol and other drug abuse. Mandated use of the block grant includes 35% for alcohol-related services, 35% for drug-related services, 20% for prevention activities, and a specific set-aside for treatment services for chemically dependent women and their children. For F.F.Y. 1993, states were required to spend 5% more for women's treatment services than in the previous year, and an additional 5% in F.F.Y. 1994. The women's set aside now remains at this level. The Federal Block Grant also includes mandates for early intervention services for clients with HIV or tuberculosis, peer review for treatment services, a wait-list management system for injection drug users, and needs assessment to identify high priority target populations and services. Administrative expenses may not exceed 5% of block grant spending.

The major use of Federal Block Grant Funds in Minnesota is for the payment of chemical dependency treatment under the State Consolidated Chemical Dependency Treatment Fund (CCDTF). More than half the award in recent years has been allocated for this purpose. These funds are also used to increase the state treatment capacity for women and their children and to enhance services for women in treatment through subsidized housing, transportation, child care, and health and parenting education. Block grant funds are also used to support the state's data collection efforts (DAANES and the Treatment Accountability Plan), and statewide and community-based prevention efforts, especially for American Indian, African American, Asian American, and Hispanic populations.

Block grant awards are set annually by congress; the future of the block grant is uncertain in light of national health care reform efforts. There is a maintenance of effort requirement for state spending for alcohol and other drug abuse treatment and prevention. Block grant funds cannot be used to supplant state spending.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

GRANTS:

A spending plan is created each year in accordance with federal block grant mandated expenditures for different activities. The draft spending plan is reviewed by the division's two statutory advisory councils. Additional comment is solicited through publication in the State Register, and circulation among professionals, grantees, and other stakeholders. Once the major activities have been designated and spending plan approved, proposals are sought through an open competitive process. Grants and contracts for the provision of ongoing activities are re-bid every 3 to 5 years. Eligible grantees for these funds are public and private non-profit agencies and organizations. Federal block

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CHEMICAL DEPENDENCY
MACT: CD FEDERAL BLOCK GRANT

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,043	1,128	1,588	1,588	1,588	1,588	1,588	1,588	1,588
EXPENSES/CONTRACTUAL SRVCS	103	108	165	165	165	165	165	165	165
MISC OPERATING EXPENSES	61	62	105	105	105	105	105	105	105
SUPPLIES/MATERIALS/PARTS	40	20	58	58	58	58	58	58	58
CAPITAL EQUIPMENT	38	29	94	94	94	94	94	94	94
OTHER			231	231	231	231	231	231	231
SUBTOTAL STATE OPERATIONS	1,285	1,347	2,241	2,241	2,241	2,241	2,241	2,241	2,241
LOCAL ASSISTANCE	4,459	4,404	15,432	15,432	15,432	15,432	15,432	15,432	15,432
TOTAL EXPENDITURES	5,744	5,751	17,673	17,673	17,673	17,673	17,673	17,673	17,673
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
FEDERAL	5,744	5,751	17,673	17,673	17,673	17,673	17,673	17,673	17,673
TOTAL FINANCING	5,744	5,751	17,673	17,673	17,673	17,673	17,673	17,673	17,673
FTE BY EMPLOYMENT TYPE:									
REGULAR	14.6	14.9	14.9		14.9			14.9	
TEMP/SEAS/PART_TIME	9.5	8.6	8.6		8.6			8.6	
TOTAL FTE	24.1	23.5	23.5		23.5	23.5		23.5	23.5

1996-97 Biennial Budget

BUDGET ACTIVITY: Consolidated Chemical Dependency Treatment Fund
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Consolidated Chemical Dependency Treatment Fund was created in 1988 to fund cost-effective chemical dependency treatment services for low-income, chemically dependent Minnesota residents. The Consolidated Fund combined previously separate funding sources (Medicaid/Medical Assistance, General Assistance Medical Care, General Assistance, state appropriation, and Federal Block Grant funds) into a single fund with a single set of eligibility criteria. Counties pay 15% of treatment costs. Virtually all of the state's 360 treatment providers compete on an equal basis to serve publicly funded clients; all Consolidated Fund vendors must meet licensing and reporting requirements.

Approximately 70% of state treatment admissions for Minnesota residents are paid for through the Consolidated Fund. The Consolidated Fund has served more than 18,000 clients annually since its inception in 1988, including an increasing number of people of color. Clients are assessed by county social service agencies and Indian reservations. Treatment placement authorizations are based on statewide uniform assessment and placement criteria articulated in DHS Rule 25.

The Consolidated Fund is divided into three tiers of eligibility. Tier I is the entitlement portion: those individuals who are enrolled in Medical Assistance or who meet the MA income limits. Tier II includes those individuals not eligible for MA whose income does not exceed 60% of the state median income. Tier III includes individuals with incomes between 60% and 115% of the state median.

Because of recent state budget deficits, the current state appropriations now cover only entitled clients (Tier I) and that portion of Tier II who are pregnant, adolescents, or parents with minor children in the household.

This budget activity consists of the management activities of the CCDTF Entitlement and the CCDTF Nonentitlement and the following pages contain descriptions of each of these 2 management activities.

BUDGET ISSUES:

Consolidated Chemical Dependency Treatment Fund budget issues are addressed on the following 2 management activity pages.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CD CONSOLIDATED TREATMENT

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CD CONSOL. TREATMENT ENTITLEMENT	51,139	56,000	59,466	59,466	66,798	66,798	59,466	74,339	74,339
CD CONSOL. TREATMENT NON-ENTITLED	1,930	1,746	2,545	2,545	2,100	2,100	2,545	2,100	2,100
TOTAL EXPENDITURES	53,069	57,746	62,011	62,011	68,898	68,898	62,011	76,439	76,439
AGENCY PLAN ITEMS:				FUND					
INCOME MAINTENANCE ADJUSTMENTS				GEN			12,899		
INCOME MAINTENANCE ADJUSTMENTS				SR			1,974		
CCDTF TIER II REDUCTION				GEN			<445>		
TOTAL AGENCY PLAN ITEMS				6,887			14,428		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				38,415			50,869		
STATUTORY APPROPRIATIONS:				44,526			50,869		
SPECIAL REVENUE				24,372			25,570		
TOTAL FINANCING				62,011			76,439		
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Consolidated Chemical Dependency Treatment Fund Entitlement
BUDGET ACTIVITY: Consolidated Chemical Dependency Treatment Fund
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This management activity covers the entitlement portion of the Consolidated Chemical Dependency Treatment Fund (CCDTF). Tier I (entitled) clients are those that are enrolled in Medical Assistance (MA) or who meet the MA income limits.

The state is currently in a transition to managed care (prepaid plans) for public-pay clients. Current proposals call for all counties to be on prepaid plans by the end of the 1996-1997 biennium. MinnesotaCare clients will also be enrolled in prepaid plans. Chemical dependency (CD) treatment is currently a covered service under prepaid plan contracts. As prepaid plan enrollment increases, fee-for-service payments through the Consolidated Fund will decline proportionately. Two main issues remain unresolved with respect to the future of the Consolidated Fund past the end of the 1996-1997 biennium: (1) Some treatment services now covered by the fund, such as halfway house placements and extended care treatment, may not be included in the basic benefits package proposed under state health care reform. If these services are to remain available, a mechanism other than prepaid plans will have to exist to reimburse providers; (2) Clients enrolling in MA will receive services initially on a fee-for-service basis; this means some primary CD treatment may need to be reimbursed through a mechanism such as the Consolidated Fund. Currently, fully 2/3 of MA recipients in counties 100% on prepaid plans receive primary CD treatment on a fee-for-service basis through the Consolidated Fund.

BUDGET ISSUES:

The expansion of prepaid plans has had only a modest effect on CCDTF expenditures because even in those counties where the transition to managed care is complete, the majority of Medicaid clients still receive CD treatment on a fee-for-service basis. This occurs because the initial 1 to 3 months of MA eligibility is paid for as fee-for-service; furthermore, any disruption of eligibility results in disenrollment from a prepaid plan. Any anticipated offset associated with prepaid plan enrollment would also apply only to the 61% of CCDTF expenditures spent on covered services (primary treatment). The caseload has also increased over recent years, with no signs yet of leveling off; this increase is associated almost exclusively with cocaine abuse/dependence.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
 ACTIVITY: CD CONSOLIDATED TREATMENT
 MACT: CD CONSOL. TREATMENT ENTITLEMENT

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	50,272	55,012	58,254	58,254	65,586	65,586	58,254	73,127	73,127
LOCAL ASSISTANCE	867	988	1,212	1,212	1,212	1,212	1,212	1,212	1,212
TOTAL EXPENDITURES	51,139	56,000	59,466	59,466	66,798	66,798	59,466	74,339	74,339
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		6,556			12,899	
INCOME MAINTENANCE ADJUSTMENTS			SR		776			1,974	
TOTAL AGENCY PLAN ITEMS					7,332			14,873	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				35,870	42,426	42,426	35,870	48,769	48,769
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	51,139	56,000	59,466	23,596	24,372	24,372	23,596	25,570	25,570
TOTAL FINANCING	51,139	56,000	59,466	59,466	66,798	66,798	59,466	74,339	74,339
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Life Skills Self-Sufficiency
BUDGET ACTIVITY: Consolidated Chemical Dependency Treatment Fund
MANAGEMENT ACTIVITY: Consolidated Chemical Dependency Treatment Fund Entitlement
ITEM TITLE: Consolidated Chemical Dependency Treatment Fund Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund

Consolidated Chemical Dependency Treatment Fund - Entitlement	\$6,556	\$12,899	\$19,944	\$27,776
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Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$6,556,000 in F.Y. 1996 and \$12,899,000 in F.Y. 1997 to fully fund the forecasted cost of the Consolidated Chemical Dependency (CD) Treatment Fund entitlement under current law.

RATIONALE:

The forecasted increases in costs of the CD Treatment Fund entitlement are produced by projected increases in the number of placements and projected increases in the cost per placement.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Consolidated Chemical Dependency Treatment Fund
Nonentitlement
BUDGET ACTIVITY: Consolidated Chemical Dependency Treatment Fund
PROGRAM: Life Skills Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This management activity covers the nonentitlement portion (Tier II) of the Consolidated Fund. Tier II clients are those not eligible for Medical Assistance whose incomes do not exceed 60% of the State median income. Those targeted for services under the current Tier II appropriation include those who are adolescents, pregnant, or parents with children in the household.

MinnesotaCare eligibility and enrollment patterns may affect the number of clients served through this targeted appropriation.

BUDGET ISSUES:

\$445,000 is proposed to be reallocated from the nonentitlement (targeted tier II) portion of the Consolidated Fund annually. Experience has shown that these funds do not become available in time for redistribution for the intended purpose and historically have gone unspent.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LIFE SKILLS SELF SUFFICIENCY PROG
ACTIVITY: CD CONSOLIDATED TREATMENT
MACT: CD CONSOL. TREATMENT NON-ENTITLED

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	1,930	1,746	2,545	2,545	2,100	2,100	2,545	2,100	2,100
TOTAL EXPENDITURES	1,930	1,746	2,545	2,545	2,100	2,100	2,545	2,100	2,100
AGENCY PLAN ITEMS:									
			FUND						
			CCDTF TIER II REDUCTION			<445>		<445>	
TOTAL AGENCY PLAN ITEMS						<445>		<445>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL				2,545	2,100	2,100	2,545	2,100	2,100
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,930	1,746	2,545						
TOTAL FINANCING	1,930	1,746	2,545	2,545	2,100	2,100	2,545	2,100	2,100
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM(S): Life Skills Self-Sufficiency
BUDGET ACTIVITY: Consolidated Chemical Dependency Treatment Fund
MANAGEMENT ACTIVITY: Consolidated Chemical Dependency Treatment Fund Non-Entitlement
ITEM TITLE: Tier II of Consolidated Chemical Dependency Treatment Fund

treat additional Tier II clients would require that each case be pre-certified. Pre-certification would require additional staff and administrative costs which exceed an amount that would be reasonable to accomplish the reallocation of unused funds.

PROGRAM OUTCOMES:

This proposal will not affect the number of clients now served under Tier II of the Consolidated CD Treatment Fund.

LONG-TERM IMPACT:

Since these are unexpended funds, this reduction will not affect the state's maintenance of effort requirement for the federal Alcohol and Drug Abuse Block Grant which is based on state expenditures.

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
CCDTF Nonentitlement	(\$445)	(\$445)	(\$445)	(\$445)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$445,000 in F.Y. 1996 and \$445,000 in F.Y. 1997. This reduction is the result of eliminating unused funds from the nonentitlement portion of the Consolidated Chemical Dependency Treatment Fund (CCDTF). While these funds had been slated for reallocation, experience has shown that those monies do not become available soon enough for redistribution for this to be feasible.

RATIONALE:

Tier II of the Consolidated Fund provides CD treatment to those clients who exceed Medical Assistance income limits but whose income is less than 60% of the state median income. The current state appropriation is targeted at those clients who are pregnant, adolescents, or parents with minor children in their household.

In F.Y. 1993 and F.Y. 1994, only \$2 million of the \$2.5 million funds in the base appropriation were actually needed. (This provided treatment for between 700-800 clients.) While the legislation allows any monies not used for the targeted groups to be used for other Tier II clients, it is not feasible to reallocate these funds. Projections of unexpected funds cannot be accomplished in a timely enough manner to notify counties that non-targeted clients could be treated. Because of the lag time to process client placement authorizations and invoices, it is also difficult to determine how long a nontarget client can be treated prior to depletion of available funds. Using these funds to

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1996-97 Biennial Budget

PROGRAM: Children
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

The Children's program has direct responsibility for the Families with Children Services Division, the Children's Trust Fund, and the Social Services Information System.

The Families with Children Services Division exists to support and strengthen Minnesota's families so that they are better able to care for their children. It is responsible for a number of activities including Family Support and Preservation Services that reduce out-of-home placement of children, Assistance to Adoptive families, services to youth/foster care, child protection, and certain child care services that enhance quality and accessibility. It is also responsible for administering grants to support the Minority Heritage/Heritage Preservation Act, Family Safety Centers, and Foster Parent Assistance. This division is the liaison between the Department of Human Services (DHS) and other agencies involved with Family Services Collaboratives. These collaboratives are a new way of delivering family services that foster greater coordination and easier access at the local level.

The Children's Trust Fund provides funding to community-based programs preventing child abuse.

The Social Services Information System development activity is also housed in this administration. Pending legislative approval, this system will track information about the use of a variety of social services including timely and accurate reporting of out-of-home placement of children and child abuse and neglect data.

In addition to these 3 activities, this administration's new responsibility is to coordinate the department's Children's Initiative. The Children's Initiative was created in 5-94 to develop policy to guide all department programs affecting children.

PROGRAM STATUS ISSUES:

The Children's program takes significant agency responsibility for achieving the Minnesota Milestones' goal that families will provide a stable environment for their children. Because the Children's Initiative cuts across the agency, it also supports Milestones goals related to healthy citizens and reducing child poverty.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished or accelerated as follows:

1. Providing access to quality child care is one of the means the Children's Initiative has chosen to ensure the economic security of families. During the next biennium the agency budget plan proposes that 2 currently operating child care activities receive increased funding. They are:

- a) Child Care Resource and Referral (CCR&R): The 18 CCR&R sites would receive an additional \$700,000 in funding over the next biennium. This increase will enable the staff to provide quality child care choices for parents through recruitment and training of child care providers, parent education, and culturally competent CCR&R services. This increased funding should increase the number of parents receiving child care resource and referral services from 27,500 to 28,500 in F.Y. 1996 and from 28,500 to 30,000 in F.Y. 1997.

- b) Migrant Child Care: The 13 programs that care for children of migrant families while their parents are working in the fields would receive an increase of \$200,000 over the next biennium. This increased funding will allow these programs to keep pace with increased services costs and, therefore, allow them to maintain the number of children receiving comprehensive child care services.

2. Strengthening and supporting families is a Children's Initiative focus supported by the Adoption Assistance activity. Under the agency budget plan, this activity would receive a \$5,266,000 increase over the next biennium. The increased funding should be reflected in an increase in the number of special needs children adopted in F.Y. 1996 from 260 to 305 and from 305 to 365 in F.Y. 1997.

3. Protecting vulnerable children is a third focus area for the Children's Initiative. Independent Living Skills for Adolescents, and the Safe House Program for Homeless Adolescents are 2 activities in this area that would receive funding increases.

Independent Living Skills for Adolescents and the Safe House Program for Homeless Adolescents are 2 activities within a comprehensive new proposal for at risk adolescents that would account for a significant increase in funding. The new proposal, called Continuum of Care for Adolescents, would receive a total of \$2,550,000 over the next biennium. This increase would provide comprehensive transitional services to 350 youth and, therefore, increase the number of homeless youth served by this program. It will also increase the number of homeless youth served in safe house type programs from 119 to 158 in the metro area, as well as establishing continuum of care projects in the metro, suburban and rural areas.

BUDGET AND REVENUE SUMMARY:

The Children's Initiative has 6 objectives to guide all department programs affecting children. Those 6 objectives include: ensuring family economic stability, improving health services, strengthening and supporting families, protecting vulnerable children and their families, mobilizing and assisting communities to support children, and making programs and policies work by improving data gathering, program coordination, and delivery.

In each of these areas, the Children's Initiative is influencing department-wide discussion and action. Therefore, in its broadest sense, the Children's Initiative includes proposals found structurally within the children's program budget area and proposals that benefit children and their families that are found in other initiatives in other program and budget activities.

1996-97 Biennial Budget

PROGRAM: Children
AGENCY: Human Services, Department of (DHS)
(Continuation)

PRIMARY COMPONENTS OF THE CHILDREN'S INITIATIVE AS REFLECTED IN THE BUDGET

For the best picture of the commitment to children, the list below includes both Children's Initiative proposals found within the children's program area and proposals conceptually part of the Children's Initiative but found in other program areas. A reference is given for which program area houses each part of the Children's Initiative.

ENSURE ECONOMIC SECURITY

- Anti-child poverty welfare reforms will be proposed that make work pay, reinforce responsibility, and help families maximize support from extended family and community. Included is the expansion of the Minnesota Family Investment Program to Ramsey County. (Found in the Economic Self-Sufficiency Program area.)
- Related to economic self-sufficiency/welfare reform, proposals will be made to enhance child support enforcement. (Found in the Economic Self-Sufficiency Program area.)
- There will be a \$18.8 million proposal for the Basic Sliding Fee Child Care Fund to help low-income working families. (Found in the Economic Self-Sufficiency Program area.)
- The ACCESS program will receive an additional \$650,000 over the next biennium. ACCESS is a child care program designed to provide child care assistance for the children of AFDC caretakers who are participating in job search or education and training and are not eligible to participate in the STRIDE program. Current legislation allocates child care ACCESS slots to counties based on the 1991 AFDC caseload. Some counties are not using all available slots, while other counties have waiting lists. This proposal gives the department authority to temporarily reallocate the unused child care slots to counties who have waiting lists. (Found in the Economic Self-Sufficiency Program area.)
- The 13 child care programs for children of migrant families would receive a proposed increase of \$200,000 in funding over the biennium. This increased funding will allow these programs to keep pace with increased service costs. (Found in the Economic Self-Sufficiency Program area.)
- Since health care benefits are also an important part of economic security, the department's health care initiative supports families and children with a proposed increase in access to quality care. (Found in the Health Care Program area.)

IMPROVED HEALTH

- Health care access would increase for low-income families as the result of the proposed agency health care initiative. (Found in the Health Care Program area.)
- A proposal will be made to enhance a childhood disease immunization program for children. (Found in the Health Care Program area.)
- Children's Mental Health would see increases of \$3.8 million over the biennium under this proposal. (Children's Mental Health Act Funding - Children's Program)

STRENGTHEN AND SUPPORT FAMILIES

- Adoption Assistance would receive a proposed increase of \$1,899,000 in F.Y. 1996 and \$3,367,000 in F.Y. 1997. (Found in the Children's Program area.)
- Parents would be supported in their desire for quality child care through a proposed strengthening of Child Care Resource and Referral (CCR&R) services. The 18 CCR&R sites would get an additional \$700,000 over the biennium. This increase will enable staff to provide training to child care providers and serve more parents seeking referral and information services. (Found in the Economic Self-Sufficiency Program area.)
- Respect for the diversity of Minnesota's families would be affirmed through proposed cultural dynamics training for child care providers. This proposal would establish a base for this as an on-going function at \$50,000 for F.Y. 1996 and \$325,000 for F.Y. 1997. (Found in the Economic Self-Sufficiency Program area.)

PROTECT VULNERABLE CHILDREN AND THEIR FAMILIES

- An increase is proposed in the Crisis Nurseries budget base of \$300,000 in F.Y. 1996 and in F.Y. 1997 to maintain these services as federal funding expires. A crisis nursery is an emergency resource which offers immediate care for children whose families are in crisis or under extreme stress. (Children's Program area.)
- A Continuum of Care for Homeless Children is proposed at an increase to the budget base by \$1,075,000 in F.Y. 1996 and \$1,475,000 in F.Y. 1997. This funding will be used to expand programs serving youth ages 16 to 21 who are homeless or at high risk of becoming homeless. Minor parents will be a specially targeted group receiving assistance. A portion of this money will also be used for mental health screening and referral for children and adolescents who are homeless or living in shelters. (Children's Program area.)
- A community mental health adolescent services proposal will increase the budget base by \$600,000 in F.Y. 1996 and \$6,500,000 in F.Y. 1997. This funding will be used to develop community-based service in the metropolitan area tailored to adolescents who have a serious emotional disturbance and exhibit violent behavior. The proposed services will reduce out-of-state placements by providing more local, community-based options that meet the needs of this difficult to serve population. (Children's Program area.)

PROGRAM: Children
AGENCY: Human Services, Department of (DHS)
(Continuation)

MOBILIZE AND ASSIST COMMUNITIES TO SUPPORT CHILDREN

- To mobilize and assist communities to support children, family services collaboratives and children's mental health collaboratives would receive proposed funding and assistance of \$3,500,000 in F.Y. 1996 and \$4,000,000 in F.Y. 1997. This would be established as a budget base. (Children's Program area.)

MAKE POLICIES AND PROGRAMS WORK

- The design and development of a Social Services Information System is proposed. The system will provide timely and reliable client-specific social services related data which will assist in guiding policy, evaluating service outcomes, streamlining state and local operations, and meeting federal reporting requirements. To achieve this, this proposal increases budget base by \$1,452,000 in F.Y. 1996 and by \$1,955,000 in F.Y. 1997. (Children's Program area.)

To achieve the dual purpose of financing the Children's Program portions of the Children's Initiative and reducing the number of small grants administered by the Families with Children Division budget activity, a reduction in that activity of \$358,000 in F.Y. 1996 and in F.Y. 1997 is requested.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan. In addition the Governor has identified the following as Governor's initiatives: development of improved resources for homeless adolescents; continuing support for family services collaboratives; child care system enhancements; and support for welfare reform. These items are detailed in the following pages.

The Governor further recommends that several child care system support services and grants, migrant child care grants, and family collaborative grants be transferred to the Department of Children and Education Services in F.Y. 1997. A detailed description of the new agency can be found in the Children and Families budget document.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CHILDREN'S TRUST FUND	1,084	1,064	605	855	855	855	855	855	
FAMILIES WITH CHILDREN SERVICES	61,819	75,953	78,904	78,448	81,816	86,491	78,613	83,952	80,137
TOTAL EXPENDITURES BY ACTIVITY	62,903	77,017	79,509	79,303	82,671	87,346	79,468	84,807	80,137
AGENCY PLAN ITEMS:				FUND					
ADOPTION ASSIST & NONRECURRING ADOPTION					1,899			3,367	
CRISIS NURSERIES FUNDING					300			300	
METRO AREA PARTNERSHIP IN MOP					75			75	
STREAMLINING CHILDREN'S GRANTS					<358>			<358>	
SSIS IMPLEMENTATION					1,452			1,955	
TOTAL AGENCY PLAN ITEMS					3,368			5,339	
GOV'S INITIATIVES:				FUND					
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									<7,309>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									<3,554>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									<120>
(B) CARE FOR HOMELESS ADOLESCENTS						500			500
(B) CARE FOR HOMELESS ADOLESCENTS						150			150
(B) DHS COLLABORATIVES & SUPPORTS						3,500			4,000
(B) CHILD CARE SYSTEM BASIC SLIDING FEE						525			900
(B) WELFARE REFORM									763
TOTAL GOV'S INITIATIVES						4,675			<4,670>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	12,680	16,454	16,348	15,311	18,679	23,354	15,311	20,650	19,654
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,475	4,194	1,584	1,234	1,234	1,234	1,234	1,234	1,114
FEDERAL	47,705	56,357	61,483	62,664	62,664	62,664	62,829	62,829	59,275
GIFTS AND DEPOSITS	43	12	94	94	94	94	94	94	94
TOTAL FINANCING	62,903	77,017	79,509	79,303	82,671	87,346	79,468	84,807	80,137

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
FTE BY EMPLOYMENT TYPE:									
REGULAR	42.9	39.5	39.5		55.5		55.5		
TEMP/SEAS/PART_TIME	10.7	10.0	10.0		10.0		10.0		
OVERTIME	.1								
=====									
TOTAL FTE	53.7	49.5	49.5		65.5	65.5	65.5		59.3

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM(S): Children
 ITEM TITLE: Transfer to the Department of Children and Education Services

The transfer of policy direction and administrative control for a number of critical programs providing services to families and children, along with the development of new funding strategies will:

- reduce existing fragmentation;
- enhance the ability of state government to help local governments and communities to flexibly design services that will work best for their communities; and
- improve the capabilities of both state and local government to focus resources on measurable outcomes to improve the well-being of children and families.

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s)				
General Fund				
State Operations	\$-0-	\$(84)	\$(84)	\$(84)
Grants	-0-	(7,225)	(7,225)	(7,225)
Federal Fund				
State Operations	\$-0-	\$(841)	\$(841)	\$(841)
Grants	-0-	(2,713)	(2,713)	(2,713)
Special Revenue				
State Operations	\$-0-	\$(120)	\$(120)	\$(120)
Grants	\$-0-	\$(-0-)	\$(-0-)	\$(-0-)
Revenues: (\$000s)				
General Fund	\$-0-	\$(31)	\$(31)	\$(31)
Federal Fund	-0-	(3,554)	(3,554)	(3,554)
Special Revenue	-0-	(120)	(120)	(120)

Statutory Change? Yes X No _____
 If yes, statute affected: M.S. (Various)

GOVERNOR'S RECOMMENDATION:

To improve coordination and integration of services and to achieve improved outcomes for children and their families, the Governor is recommending the establishment of a Department of Children and Education Services. The Governor recommends transfer of child care system support activities, formerly services collaborative grants, and migrant child care grants to the new department in F.Y. 1997. A detailed description of the structure and services of the Department of Children and Education Services can be found in the Children and Families budget document.

1996-97 Biennial Budget

BUDGET ACTIVITY: Children's Trust Fund
PROGRAM: Children
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Children's Trust Fund (CTF) was created to provide funding to community-based programs that are designed to help prevent child abuse, and to provide education, leadership and resources to local prevention organizations. All of Minnesota's 1.2 million children and their families are the potential recipients of CTF programs and services. Currently, priority consideration is given to applicants serving the most vulnerable population of children, those up to the age of 5, and families experiencing poverty. The CTF operates through the following activities:

1. **Competitive Grant Process:** The program priorities established by the CTF Advisory Council for competitive grants application strives to address the needs of the most vulnerable children. The grant application process strives to educate and facilitate the service provider in providing client-sensitive and state-of-the-art services that are proactive, positive, and measurable.
2. **Leadership and Resources:**
 - The CTF provides basic information, consultation, technical assistance, and small grants to local child abuse prevention councils, to enable them to provide local leadership, maintain themselves and operate at maximum capacity.
 - Child Maltreatment prevention education, is another main thrust of the CTF. An example of this activity is the "Keeping Youth Sports Safe and Fun" initiative. The CTF, in collaboration with the Minnesota Amateur Sports Commission, launched this three year initiative in 1994. Similar to other CTF undertakings, the youth sports project is generic to all communities and lends itself to local "customizing."
 - The CTF also educates through its quarterly publication, *The Children's Fire*. This publication provides education about child development, behavior management skills, family-enhancement techniques, and features grantee programs and the activities of local child abuse prevention councils.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

The CTF realizes special state revenues from a \$3 surcharge on birth certificates and the interest earned on a trust account. It generates federal revenue based on state dollars appropriated to the CTF and according to a child population formula.

GRANTS:

The CTF awards competitive grants biennially to qualifying private non-profit and public agencies providing primary and/or secondary child maltreatment prevention services. To assure community input, grant applications are reviewed and ranked initially by local child abuse prevention councils before being forwarded to the CTF Advisory Council for their review and final recommendations to the Commissioner. Small grant awards are also made to local child abuse prevention councils. Minnesota Statutes Sections 257.80 to 257.806 provide the legislative authority for local child abuse councils, the advisory council and the disbursement of money from the CTF.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that this activity be transferred to the Department of Children and Education Services in F.Y. 1997. A detailed description of the new agency can be found in the Children and Families budget document.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: CHILDREN'S TRUST FUND
MACT: CHILDREN'S TRUST FUND

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	116	120	141	141	141	141	141	141	141
EXPENSES/CONTRACTUAL SRVCS	195	94	50	200	200	200	200	200	200
MISC OPERATING EXPENSES	16	19	25	25	25	25	25	25	25
SUPPLIES/MATERIALS/PARTS	2	3	9	9	9	9	9	9	9
CAPITAL EQUIPMENT		6							
OTHER	23	20	30	30	30	30	30	30	30
SUBTOTAL STATE OPERATIONS	352	262	255	405	405	405	405	405	405
LOCAL ASSISTANCE	732	802	350	450	450	450	450	450	450
TOTAL EXPENDITURES	1,084	1,064	605	855	855	855	855	855	855
GOV'S INITIATIVES:									
									FUND
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									GEN
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									FED
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									SR
TOTAL GOV'S INITIATIVES									
									<372>
									<363>
									<120>
									<855>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	295	20	22	372	372	372	372	372	372
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	742	972	470	120	120	120	120	120	120
FEDERAL	47	72	113	363	363	363	363	363	363
TOTAL FINANCING	1,084	1,064	605	855	855	855	855	855	855

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: CHILDREN'S PROGRAM
 ACTIVITY: CHILDREN'S TRUST FUND
 MACT: CHILDREN'S TRUST FUND

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	2.0	1.9	1.9		1.9			1.9	
TEMP/SEAS/PART_TIME	.8	.8	.8		.8			.8	
TOTAL FTE	2.8	2.7	2.7		2.7	2.7		2.7	

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1996-97 Biennial Budget

BUDGET ACTIVITY: Families with Children Services
PROGRAM: Children
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the management activities of Families with Children Services Division and Families with Children Services Grants. The following pages contain descriptions of each management activity.

Through this activity, the Family & Children's Services Division provides leadership to local public and private agencies in shaping policy, building capacity for service delivery, assuring compliance, and improving local agency performance in the provision of services for children and families. These functions are performed through the activities of technical assistance, training, consultation, monitoring, policy development, and collaboration with advocacy and provider groups.

BUDGET ISSUES:

The agency budget plan includes the following:

- Access to quality child care will assist families to become economically secure. To accomplish this objective, Child Care Resource & Referrals, Migrant Child Care, and Cultural Dynamic Training for child care workers need additional state funding.
- Families will be strengthened through increases in state funding for the Adoption Assistance activity which assists adoptive families to meet the special needs of the child.
- Underserved vulnerable children will receive increased attention through the Continuum of Care for Homeless Children proposal. Crisis Nurseries will also continue to function as a vital resource for families in crisis.
- Communities will receive assistance in supporting their children through a proposal which expands the capacity of Family Services. This proposal also begins to move the department away from discrete categorical programs which serve specialized populations and toward a flexible array of services based on the family's need.

See the management activities on the following pages for details.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: FAMILIES WITH CHILDREN SERVICES

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997			
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	
FAMILIES WITH CHILDREN SVC. ADMIN.	4,910	6,310	7,873	7,873	9,325	9,550	7,873	9,828	9,991	
FAMILIES WITH CHILDREN SVC. GRANTS	56,909	69,643	71,031	70,575	72,491	76,941	70,740	74,124	70,146	
TOTAL EXPENDITURES	61,819	75,953	78,904	78,448	81,816	86,491	78,613	83,952	80,137	
AGENCY PLAN ITEMS:				FUND						
ADOPTION ASSIST & NONRECURRING ADOPTION				GEN			1,899			3,367
CRISIS NURSERIES FUNDING				GEN			300			300
METRO AREA PARTNERSHIP IN MOP				GEN			75			75
STREAMLINING CHILDREN'S GRANTS				GEN			<358>			<358>
SSIS IMPLEMENTATION				GEN			1,452			1,955
TOTAL AGENCY PLAN ITEMS							3,368			5,339
GOV'S INITIATIVES:				FUND						
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				GEN						<6,937>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				FED						<3,191>
(B) CARE FOR HOMELESS ADOLESCENTS				GEN			500			500
(B) CARE FOR HOMELESS ADOLESCENTS				GEN			150			150
(B) DHS COLLABORATIVES & SUPPORTS				GEN			3,500			4,000
(B) CHILD CARE SYSTEM BASIC SLIDING FEE				GEN			525			900
(B) WELFARE REFORM				GEN						763
TOTAL GOV'S INITIATIVES							4,675			<3,815>
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	12,385	16,434	16,326	14,939	18,307	22,982	14,939	20,278	19,654	
STATUTORY APPROPRIATIONS:										
SPECIAL REVENUE	1,733	3,222	1,114	1,114	1,114	1,114	1,114	1,114	1,114	
FEDERAL	47,658	56,285	61,370	62,301	62,301	62,301	62,466	62,466	59,275	
GIFTS AND DEPOSITS	43	12	94	94	94	94	94	94	94	
TOTAL FINANCING	61,819	75,953	78,904	78,448	81,816	86,491	78,613	83,952	80,137	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: FAMILIES WITH CHILDREN SERVICES

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	40.9	37.6	37.6		53.6		53.6		
TEMP/SEAS/PART_TIME	9.9	9.2	9.2		9.2		9.2		
OVERTIME	.1								
TOTAL FTE	50.9	46.8	46.8		62.8	62.8	62.8		59.3

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Families with Children Services Administration
BUDGET ACTIVITY: Families with Children Services
PROGRAM: Children
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This management activity consists of the Families with Children Services administrative activity.

This management activity is also responsible for administering the following grants: Minority Heritage/Heritage Preservation, Family Safety Centers, and Foster Parents Assistance. The activity also provides administrative services to the early childhood care and education council.

BUDGET ISSUES:

The current level of funding is requested for this activity, except for the increases needed to fund the social services information system proposal which follows and a portion of continuum of care for homeless children proposal found later in the document.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 32% of its expenditures for the Department of Human Services operations.

GRANTS:

1. Minority Heritage/Heritage Preservation

The purpose of the grants is to support and strengthen the development of culturally competent child placement services for families and children of color. Grants are given to entities within the Asian-Pacific, Spanish Speaking, American Indian and African American communities to recruit foster and adoptive families. M.S. 257.071-072

2. Family Safety Centers

The purpose of the grants is to create drop-in centers where children from separated, divorced or foster families with a history of domestic violence or abuse can safely visit their non-custodial parents. Grants are given to 6 public and private agencies.

3. Foster Parent Assistance

The purpose of the Foster Parent Liability Insurance program is to protect foster parents from personal liability while caring for the state's children. This is done by contracting for liability insurance coverage through the Minnesota Joint Underwriting Association. M.S. 245.814.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: FAMILIES WITH CHILDREN SERVICES
MACT: FAMILIES WITH CHILDREN SVC. ADMIN.

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,761	1,715	2,255	2,255	2,564	2,714	2,255	2,723	2,829
EXPENSES/CONTRACTUAL SRVCS	650	917	902	902	1,829	1,871	902	2,345	2,380
MISC OPERATING EXPENSES	94	101	204	204	268	285	204	228	239
SUPPLIES/MATERIALS/PARTS	46	72	59	59	111	125	59	79	88
CAPITAL EQUIPMENT	61	34	22	22	122	124	22	22	24
OTHER	1,560	2,768	1,347	1,347	1,347	1,347	1,347	1,347	1,347
SUBTOTAL STATE OPERATIONS	4,172	5,607	4,789	4,789	6,241	6,466	4,789	6,744	6,907
LOCAL ASSISTANCE	738	703	3,084	3,084	3,084	3,084	3,084	3,084	3,084
TOTAL EXPENDITURES	4,910	6,310	7,873	7,873	9,325	9,550	7,873	9,828	9,991
AGENCY PLAN ITEMS:									
FUND									
SSIS IMPLEMENTATION					1,452			1,955	
TOTAL AGENCY PLAN ITEMS					1,452			1,955	
GOV'S INITIATIVES:									
FUND									
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									<62>
(B) CARE FOR HOMELESS ADOLESCENTS						150			150
(B) CHILD CARE SYSTEM BASIC SLIDING FEE						75			75
TOTAL GOV'S INITIATIVES						225			163
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	722	687	910	910	2,362	2,587	910	2,865	3,028
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,733	3,222	1,114	1,114	1,114	1,114	1,114	1,114	1,114
FEDERAL	2,455	2,401	5,849	5,849	5,849	5,849	5,849	5,849	5,849

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: CHILDREN'S PROGRAM
 ACTIVITY: FAMILIES WITH CHILDREN SERVICES
 MACT: FAMILIES WITH CHILDREN SVC. ADMIN.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	4,910	6,310	7,873	7,873	9,325	9,550	7,873	9,828	9,991
FTE BY EMPLOYMENT TYPE:									
REGULAR	32.2	30.7	30.7		46.7			46.7	
TEMP/SEAS/PART_TIME	7.6	7.0	7.0		7.0			7.0	
OVERTIME	.1								
TOTAL FTE	39.9	37.7	37.7		53.7	53.7		53.7	52.7

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F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Children
 BUDGET ACTIVITY: Families with Children Services
 MANAGEMENT ACTIVITY: Families with Children Services Administration
 ITEM TITLE: Social Service Information System

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Families with Children				
Services - Administration	\$1,452	\$1,955	\$1,955	\$1,955
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X
 If yes, statute affected: _____

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,452,000 in F.Y. 1996 and of \$1,955,000 in F.Y. 1997. These funds will be used for the design and development of the Social Services Information System (SSIS). The SSIS will provide timely and reliable client-specific data which will assist in guiding policy, evaluation service outcomes, streamlining state and local operations, and meeting federal reporting requirements. This proposal is part of the department's children's initiative. This proposal includes funding for 13 FTEs. The Information Policy office has reviewed and supports this project if funding is available consistent with any requirement identified in its analysis. The Governor further recommends the establishment of an interagency systems coordinating team (involving Department of Human Services, Department of Children and Education Services, Department of Health, and Department of Economic Security) for the development of systems related to children's services including SSIS. Because of the implications of such systems for the entire spectrum of children and family services by local government, a strong collaborative effort is required.

RATIONALE:

Existing county and state systems cannot meet the increasingly complex requirements for accurate and timely information. This proposal will: 1) establish a client-specific, worker based case management information system at the county level that identifies clients and tracks them across social services, enabling timely and accurate reporting and integration of information; 2) link out-of-

home placement information with data on child abuse and neglect and other systems; 3) meet the federal requirements for child welfare information and reporting systems; 4) provide reliable service outcome data to enable comparative analysis of costs, benefits, and methods of service delivery in order to improve the quality of client services; 5) streamline the collection, management, and processing of data at the county level, and simplify reporting to the Department of Human Services (DHS); and 6) implement statewide data standards for social services reporting.

The Community Social Services Act (CSSA) requires that DHS supervise and monitor the delivery of social services statewide. DHS and the counties have formed a partnership to ensure that the new system meets the needs of the counties, the state, and the federal government, while providing cost-effective tools for social workers that reduce their paperwork burden and increase the time they have to spend with clients. A new information system is required to achieve evaluation of service and client outcomes, standardized client-specific information on children, their families, and vulnerable adults, and facilitate performance-based, budgeting.

New federal reporting requirements for children in foster and adoptive care were implemented in 1994. Minnesota cannot comply with new requirements with existing systems. The penalties for noncompliance, beginning in 1997, are 10% to 20% of a state's 427 Incentive Fund allotment. In 1993, Minnesota's Incentive Fund allotment was \$2,650,000. The federal sanctions would be approximately \$265,000 to \$530,000 per year, assessed against Title IV-E administrative reimbursement in the absence of developing this information system.

In addition, the current system (CSIS) is 17 years old and has reached a level of complexity and size that already exceeds its limits. Each year, increasingly more time and money are spent trying to comply with state and federal mandated data collections.

There is 75% federal reimbursement available for the design, development, and implementation of data collection and information retrieval systems for children and their families. This enhanced level of reimbursement is available through 9-30-96, when it is reduced to 50%.

PROGRAM OUTCOMES:

This proposal will standardize data on children and families statewide and provide the ability to meet new federal reporting requirements for children in out-of-home placement. It will provide county staff with a comprehensive system for the administration and management of child welfare and family social services, streamlining both local operations and state reporting.

LONG-TERM IMPACT:

This proposal will: 1) develop the foundation for interagency data sharing and collaborative-activity; 2) provide for a system that will eliminate or simplify county reporting to the state and state reporting to federal agencies; 3) meet federal child welfare reporting and system requirements; 4) increase county and state staff productivity; ensure accountability; 5) facilitate performance-based budgeting; and, 6) enable program and client outcome evaluation for children and their families.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Families with Children Services Grants
BUDGET ACTIVITY: Families with Children Services
PROGRAM: Children
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Family and Children's Services Division exists to support and strengthen Minnesota's families so that they are better able to care for their children. To achieve its purpose, the Division administers, through grants, contracts and allocations to local public and private service agencies, a variety of services and programs for families and children.

The Family and Children's Services Grants are categorized into four major areas: 1) Family Support and Family Preservation Services; 2) Assistance to Adoptive Families; 3) Services to Youth; and 4) Child Care Services.

BUDGET ISSUES:

The agency budget plan is intended to accomplish the following:

- Reduce unnecessary out-of-home placement.
- Provide heritage protection for American Indian children at risk of maltreatment or placement outside the family home and/or children in placement and involved in the court system.
- Improve family functioning for families experiencing chronic neglect or substance abuse.
- Maintain crisis nursery services (safe, temporary child care, crisis counseling, and support services) for families receiving child protective services.
- Find and maintain suitable housing for poor families.
- Reduce the number of homeless children.
- Expand programs serving homeless children.

GRANTS:

1. FAMILY SUPPORT, FAMILY PRESERVATION, AND CHILD PROTECTION SERVICES.

The purpose of these services is to strengthen families so that unnecessary out-of-home placement of children is prevented or the length of time children spend in temporary placement is reduced. Public and private agencies receive grants to develop and implement a variety of family support and preservation services.

Programs include: 1) family-based crisis counseling, parent education, conflict resolution management, advocacy and household management to families experiencing crisis; 2) Indian Child Welfare grants to protect the heritage of American Indian children at risk of maltreatment or placement outside the family home and/or children in placement and involved in the court system; 3) the development of a comprehensive, performance-based, training system for child welfare supervisors and social workers; 4) comprehensive services designed to improve the health and

development of children, birth through preschool years, who have been prenatally exposed to drugs and/or alcohol; 5) intervention, in-home supervision and case management services for families on probation for drug-related offenses; 6) parent education to families on child protective caseloads experiencing chronic neglect so that they may become their own case managers and end their dependence on the social services system; 7) assistance to organizations to provide crisis nurseries which offer temporary child care and family support; and 8) child protection services.

In addition, the department administers two programs funded through the current biennium, but not part of its budget base: 1) interview skills training for county professionals who handle child maltreatment cases; and 2) local collaboratives. Better interviewers reduce the likelihood of secondary trauma to child victims and their families and improve the credibility and reliability of child maltreatment assessments and investigations. Local collaboratives were created, to provide a more comprehensive, inclusive, and pro-family approach to service design and delivery, and to reduce service duplication, bureaucratic barriers, and cost shifting. Grants to local collaboratives offer communities opportunities to redesign major services resulting in more efficient ways of doing business. (M.S. 256F.05; M.S. 256F.06; M.S. 256F.08; M.S. 257.3571-3579; M.S. 626.5591; M.S. 254A.17; Laws of Minnesota 1993 1st SS Chapter 1, Article 3, pertain.)

The department expects to receive \$1,650,000 in additional funding over the next biennium from the federal government to improve family support and family preservation delivery systems. Interagency planning for utilization of these resources is currently underway.

Grants By Fund:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
General	\$8,931	\$8,931	\$8,931	\$8,931	\$8,931
Federal	2,276	2,146	1,870	1,870	1,870

2. ASSISTANCE TO ADOPTIVE FAMILIES

The purpose of these services is to encourage the adoption of children with special needs currently committed to the guardianship of the Commissioner or a licensed child-placing agency.

Adoptive families receive monthly financial assistance for basic maintenance expenses of food, clothing and shelter; ongoing supplemental maintenance expenses related to the child's special needs; non-medical expenses periodically necessary for the purpose of services, items or equipment related to the special needs; and medical expenses. Adoptive parents may also be reimbursed for initial costs of adoption of a special needs child up to a maximum of \$2,000 per adoption. (M.S. 259.40; M.S. 259.44.)

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Families with Children Services Grants
 BUDGET ACTIVITY: Families with Children Services
 PROGRAM: Children
 AGENCY: Human Services, Department of (DHS)
 (Continuation)

Grants By Fund:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
General	\$1,373	\$1,373	\$1,373	\$1,373	\$1,373
Federal	4,000	4,000	4,000	4,000	4,000

Grants By Fund:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
General	\$1,825	\$3,688	\$3,688	\$3,688	\$3,688
Federal	1,315	2,764	2,764	2,764	2,764

3. SERVICES TO YOUTH

The purpose of these services is to prepare adolescents for adulthood.

Public and private agencies receive grants to develop independent living skills programs to prepare adolescents who have been in foster care for independent living. Private agencies receive grants to provide short-term shelter, food and support services including crisis counseling and referrals to youth ages 16-21 years for whom it is not possible to live safely with a relative and who have no other safe alternative living arrangement; and to assist youth in locating safe, stable, affordable permanent housing. (M.S. 256A.115.)

Grants By Fund:

	<u>Dollars in Thousands</u>				
	<u>F.Y.1993</u>	<u>F.Y.1994</u>	<u>F.Y.1995</u>	<u>F.Y.1996</u>	<u>F.Y.1997</u>
General	\$176	\$176	\$176	\$176	\$176
Federal	1,142	1,142	1,142	1,142	1,142

4. CHILD CARE SERVICES

The purpose of these services is to improve and expand Minnesota's child care system.

Public and private agencies receive grants to: 1) help families access appropriate child care arrangements; 2) improve the quality of early childhood care and education services; 3) improve child care facilities and provide interim financing; 4) train child care staff and family child care providers; 5) develop special child care services such as care for infants, school-age children, sick children and children with special needs; and 6) provide comprehensive, culturally relevant early childhood care and education services for children of Hispanic migrant families while their parents are working in the fields. (M.S. 256H.196; M.S. 256H.22; Laws of Minnesota 1989, Chapter 282.)

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: FAMILIES WITH CHILDREN SERVICES
MACT: FAMILIES WITH CHILDREN SVC. GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	467	355	322	322	322	322	322	322	239
EXPENSES/CONTRACTUAL SRVCS	385	759	891	1,086	1,086	1,130	1,101	1,101	590
MISC OPERATING EXPENSES	36	28	61	61	61	61	61	61	55
SUPPLIES/MATERIALS/PARTS	28	8	17	22	22	22	22	22	22
CAPITAL EQUIPMENT	11	4	5	5	5	5	5	5	5
OTHER	1,500		2,680	2,680	2,680	2,680	2,680	2,680	2,660
SUBTOTAL STATE OPERATIONS	2,427	1,154	3,976	4,176	4,176	4,220	4,191	4,191	3,571
AIDS TO INDIVIDUALS	5,018	5,937	6,880	6,880	8,779	8,785	6,880	10,247	11,010
LOCAL ASSISTANCE	49,464	62,552	60,175	59,519	59,536	63,936	59,669	59,686	55,565
TOTAL EXPENDITURES	56,909	69,643	71,031	70,575	72,491	76,941	70,740	74,124	70,146
AGENCY PLAN ITEMS:									
FUND									
ADOPTION ASSIST & NONRECURRING ADOPTION			GEN		1,899			3,367	
CRISIS NURSERIES FUNDING			GEN		300			300	
METRO AREA PARTNERSHIP IN MOP			GEN		75			75	
STREAMLINING CHILDREN'S GRANTS			GEN		<358>			<358>	
TOTAL AGENCY PLAN ITEMS					1,916			3,384	
GOV'S INITIATIVES:									
FUND									
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			GEN						<6,875>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			FED						<3,191>
(B) CARE FOR HOMELESS ADOLESCENTS			GEN			500			500
(B) DHS COLLABORATIVES & SUPPORTS			GEN			3,500			4,000
(B) CHILD CARE SYSTEM BASIC SLIDING FEE			GEN			450			825
(B) WELFARE REFORM			GEN						763
TOTAL GOV'S INITIATIVES						4,450			<3,978>

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: CHILDREN'S PROGRAM
ACTIVITY: FAMILIES WITH CHILDREN SERVICES
MACT: FAMILIES WITH CHILDREN SVC. GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	11,663	15,747	15,416	14,029	15,945	20,395	14,029	17,413	16,626
STATUTORY APPROPRIATIONS:									
FEDERAL	45,203	53,884	55,521	56,452	56,452	56,452	56,617	56,617	53,426
GIFTS AND DEPOSITS	43	12	94	94	94	94	94	94	94
TOTAL FINANCING	56,909	69,643	71,031	70,575	72,491	76,941	70,740	74,124	70,146
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.7	6.9	6.9		6.9			6.9	
TEMP/SEAS/PART_TIME	2.3	2.2	2.2		2.2			2.2	
TOTAL FTE	11.0	9.1	9.1		9.1	9.1		9.1	6.6

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children
BUDGET ACTIVITY: Families with Children Services
MANAGEMENT ACTIVITY: Families with Children Services Grants
ITEM TITLE: Adoption Assistance and Nonrecurring Adoption Expenses Reimbursement Program

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Families with Children				
Services Grants	\$1,899	\$3,367	\$3,367	\$3,367

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an increase in the budget base of \$1,899,000 in F.Y. 1996 and \$3,367,000 in F.Y. 1997. These funds will be used to expand the adoption assistance program to meet projected increases in the number of eligible recipients. This program is designed to support the adoption of children with special needs when it is determined that such assistance is necessary to secure an adoptive home. These children manifest multiple disabilities and challenges. This proposal is part of the department's children's initiative.

RATIONALE:

The number of children with special needs for whom an adoptive home is sought has exceeded projections. Net annual increases of children with special needs eligible for adoption assistance are anticipated to be 302 children for F.Y. 1996 and 350 children for F.Y. 1997. Children eligible for the adoption assistance program have needs which prospective adoptive parents cannot meet without additional financial support. The adoption assistance program provides financial assistance to help meet the child's special needs and reimburses for purchase of necessary services and items. The child is also eligible for Medical Assistance as a backup to the adoptive families health insurance program.

The Nonrecurring Adoption Expense Reimbursement program is federally mandated if a state is receiving Title IV-E foster care funding. Adoptive parents of eligible children meeting the state's definition of a child with special needs are entitled to reimbursement for certain adoption related

expenses. Federal financial participation matches state expenditures at the 50% level up to a maximum of \$2,000 for each adoptive placement.

PROGRAM OUTCOMES:

Funding the adoption assistance program at the necessary level to meet the projected demand will help ensure that all children with special needs have the opportunity to be adopted. Not increasing state allocations will mean that the amount of assistance available to children who are adopted and receiving adoption assistance will be reduced and that children for whom adoption is the primary plan may not have the opportunity to be adopted.

A small portion of this request is for funding the Nonrecurring Adoption Expense Reimbursement program at the level sufficient to meet federal mandates.

LONG-TERM IMPACT:

Recent studies of the effectiveness of the adoption assistance program demonstrated that adoption was more cost effective than long-term foster care, that a greater percentage of the children graduated from high school, obtained post secondary education and demonstrated greater economic and social stability.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Children
 BUDGET ACTIVITY: Families with Children Services
 MANAGEMENT ACTIVITY: Families with Children Services Grants
 ITEM TITLE: Crisis Nurseries Funding

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Families with Children Services Grants	\$300	\$300	\$300	\$300
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$300,000 in F.Y. 1996 and \$300,000 in F.Y. 1997. These funds will be used for the maintenance and continuation of crisis nurseries as federal funding expires. A crisis nursery is an emergency resource which offers immediate care for children when their family is in crisis or under extreme stress. This proposal is part of the department's Children's Initiative.

RATIONALE:

A crisis nursery is a service which assists in the prevention of abuse and neglect. Care is provided for a brief period of time, usually from several hours to three days. A voluntary placement agreement is signed by the parent, who retains custody of the child. Use of this service is always the result of self referral. Children between the ages of birth and 12 years are provided with safe, nurturing care and age-appropriate programming, and in some situations, medical and developmental assessments. A family assessment is done to evaluate their needs, problems, and current resources. Parents are supported, counseled, and given information about community resources. Referral assistance may be provided to help connect the family with community services. The goals are to help reduce the family's stress and to assist the family in developing their own resources and strengths. There is no cost to the family for the service.

Currently, Minnesota has crisis nursery programs serving 15 counties. It is projected that in 1994, 3,800 children and 2,100 families will be served. Current federal funding is limited to starting programs and expires after 3 years. State funding is needed to maintain current service levels.

PROGRAM OUTCOMES:

The legislative intent in funding crisis nurseries was to maintain crisis nursery programs in Minnesota as federal funding expired. Currently, 8 projects serving 10 counties receive some state funding for F.Y. 1995. Four additional projects are supported by federal funds with funding expiring in 9-96. With the increased funding requested, services will continue to be provided in all 12 projects.

LONG-TERM IMPACT:

The funding requested will result in the continuation of current crisis nursery programs. Crisis nurseries will provide safe, temporary child care for children at risk of abuse or neglect. They will keep families together, protect vulnerable children, and prevent some families from entering the child welfare system.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children
BUDGET ACTIVITY: Families with Children
MANAGEMENT ACTIVITY: Families with Children Services Grants
ITEM TITLE: Streamlining Children's Grants

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Families with Children Services Grants	(\$358)	(\$358)	(\$358)	(\$358)

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$358,000 in F.Y. 1996 and \$358,000 in F.Y. 1997. This decrease supports the department's efforts to streamline administration of grants funds. Under this proposal a small grant provided to 2 counties and a small grant no longer requested by the recipient (private agency) would be eliminated.

RATIONALE:

This proposal serves the dual purpose of providing additional funds to invest in children's priorities and streamlining grants management activities by reducing the number of discrete, specialized grants.

PROGRAM OUTCOMES:

This proposal will: 1) eliminate specialized family preservation integrated services grants that serve only 2 counties, saving \$108,000 per fiscal year; and, 2) reduce from 4 to 3 the number of private agencies receiving maternal child health program services, saving \$250,000 per fiscal year. By reducing the number of small, discrete grants which serve populations already covered by other funding sources, the process of grants management is more streamlined and efficient.

LONG-TERM IMPACT:

This proposal is part of long-term efforts to: 1) reduce the costs associated with administering small, specialized grants; and 2) provide funding which addresses the problems faced by families in a more comprehensive way.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children
BUDGET ACTIVITY: Families with Children Services
MANAGEMENT ACTIVITY: Families with Children Services Grants
ITEM TITLE: Family Services Collaboratives Funding

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Families with Children Services Grants	3,500	4,000	4,000	3,000
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No

If yes, statute affected: Laws of Minnesota 1993 Chapters 224, Art. 4, Sec. 10

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$3,500,000 in F.Y. 1996 and \$4,000,000 in F.Y. 1997. These increases will fund and support the continued development of family services and will: 1) move funding from categorical programs to collaboratives providing a flexible array of services; and 2) fund services which strengthen or support families within the communities in which they reside. This proposal is part of the governor's Children's Initiative and the department's Children's Initiative, and will be transferred to the Department of Children and Education Services in F.Y. 1997. A detailed description of the new agency can be found in the Children and Families budget document.

RATIONALE:

In 1990, a series of statewide Minnesota Milestones meetings were conducted in order to allow the citizens of Minnesota an opportunity to talk about what they wanted for the state's children. Their vision was one where children are physically and mentally healthy, nurtured in stable families and safe communities, and did not live in poverty. Family services collaboratives are one means to fulfill this vision.

Families Services Collaboratives were created and provided with their initial funding in 1993. The primary goal of Family Service Collaboratives is to create a more effective way of delivering services to families with children. This continuum of services is designed to provide support which strengthen families and prevent problems which may hinder them from providing a healthy, safe, nurturing environment within which their children can thrive.

Because the needs and problems of families do not neatly divide themselves into individual program categories, families frequently find themselves involved with multiple services systems simultaneously. Social services providers, acting alone, are unable to address multiple needs or provide comprehensive services to children and their families.

By bringing together the local entities charged with providing services to families (education, social services, public health, juvenile justice) collaborative models allow communities to deliver comprehensive services which address multiple family needs. Through collaboratives, local services providers work together to ensure coordination across multiple service systems, and reduce duplication. These efforts also make it easier for families to access the services they need.

PROGRAM OUTCOMES:

This proposal for Family Services Collaboratives continues funding for the joint collaborative efforts begun in 1993.

It will provide early intervention services to families and develop community-based alternatives which are based on the needs of the child.

LONG-TERM IMPACT:

Communities will have the local, state, and federal resources necessary to develop an integrated network of education, health, juvenile justice, and social services which support and strengthen families in their efforts to raise healthy children.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children
BUDGET ACTIVITY: Families with Children Services
MANAGEMENT ACTIVITY: Families with Children's Services Grants
ITEM TITLE: Continuum of Care for Homeless Children

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Families with Children Services Admin.	\$150	\$150	\$150	\$150
Families with Children Services Grants	500	500	500	500
State Mental Health Grants-Children	<u>425</u>	<u>825</u>	<u>825</u>	<u>825</u>
Net Totals:	\$1,075	\$1,475	\$1,475	\$1,475
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Requires Statutory Change? Yes ___ No <u>X</u>				
If yes, statute affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,075,000 for F.Y. 1996 and \$1,475,000 for F.Y. 1997. This funding will be used to expand programs serving youth ages 16-21 who are homeless or at a high risk of becoming homeless. Minor parents will be a specially targeted group receiving assistance. A portion of this money will also be used for mental health screening and referral for children and adolescents who are homeless or living in shelters. This proposal is part of the governor's Children's Initiative and the department's Children's Initiative. This proposal includes funding for 2 FTEs.

RATIONALE:

The 1994 Minnesota Department of Education report on the McKinney Homeless Assistance Act estimates the number of homeless youth (ages 13-18) at 1,800. This number has increased nearly 100% since 1990. Approximately, 25% of these homeless youth are parents. Currently, there are only 17 emergency shelter beds available to homeless youth. At least half of these beds are located in large metro shelters where services may not be suitable for the specific needs and vulnerability of youth.

Social workers from private and public agencies report lack of housing as the biggest barrier to youth and minor parents in making a successful transition to economic self-sufficiency. Sixty percent of the homeless youth surveyed by Wilder Research in 1991 had been in substitute care programs. This percentage is consistent with national statistics on homeless youth. Although federal Title IV-E funds provide independent living skills training and assistance to 2,000 youth exiting substitute care each year through the Support for Emancipated Living Functionally (SELF) program, the funds cannot be used to provide shelter or housing. Youth and single adults are not eligible for federally subsidized public housing programs. Minor parents face year-long waiting lists throughout the state for federal low-income housing programs such as Section 8.

PROGRAM OUTCOMES:

This proposal will increase funding for the existing safe house and will establish a duplicate safe house in Minneapolis. These emergency shelters will have programs specifically designed for adolescents' needs. In addition, funds will be used to establish a statewide network of grant projects and will establish a seamless system of services designed to help adolescents and minor parents transition to economic self-sufficiency. This continuum of care will include case management, independent living skills, housing, rent/utility subsidies, health and social services. The target population includes: 1) youth who are unable to return to their home; 2) youth who are exiting substitute care programs and are not fully prepared to live independently; and, 3) youth who have been abandoned by their parents.

In addition, this proposal will give homeless children and youth access to mental health screening, referral and service coordination across agencies. The proposed service delivery model will identify the most seriously affected children and implement a service coordination model that is short-term, time and service intensive. Teaming across agencies will be emphasized to develop an integrated and comprehensive plan of care for the child or youth leaving the shelter.

LONG-TERM IMPACT:

Emergency shelter beds will increase 32% in the metro area with options to create more emergency shelter beds through grant projects. Of youth exiting safe house services, approximately 70% will secure stable housing and/or employment. The continuum of care throughout Minnesota will be improved and fragmentation of services greatly reduced. Comprehensive transitional services will be provided for approximately 350 youth/minor parents in urban, suburban and rural counties. An estimated 75% of the participants will secure stable permanent housing and 60% are expected to be economically self-sufficient in 2 years.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children
BUDGET ACTIVITY: Families with Children Services
MANAGEMENT ACTIVITY: Families with Children Services Grants
ITEM TITLE: Partnership in Moving to Opportunity Program

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Families with Children Services Grants	\$75	\$75	\$75	\$75

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$75,000 in F.Y. 1996 and \$75,000 in F.Y. 1997. These funds will be granted to the Metropolitan Housing Rehabilitation Authority to support the housing and related counseling component of the Moving to Opportunity Program (MOP). MOP helps low-income families move from public housing in high poverty areas to housing in areas with lower concentrations of poverty through provision of housing vouchers/certificates, housing, supportive counseling and job training. This proposal is part of the department's housing initiative.

RATIONALE:

Finding and maintaining suitable housing is one of many key factors in helping Aid to Families with Dependent Children (AFDC) families stabilize their lives and get off welfare. The Gautreaux demonstration in Chicago provided a comprehensive package of housing and services to families in public housing to help them find alternative housing, adjust to new schools and new communities. The success of this model indicates that offering a comprehensive package of assistance is more effective than continuing to make housing, services, training, and other services available separately.

PROGRAM OUTCOMES:

These funds will help MOP provide counseling services to approximately 150 families during each year of its operation. Counseling services will be provided in partnership with other agencies that offer housing and training services. Through this collaborative effort, AFDC clients will be able to obtain more comprehensive assistance to meet interrelated problems.

LONG-TERM IMPACT:

Involvement in this demonstration will allow the Department of Human Services to determine if such a model should be replicated and expanded to additional AFDC recipients. If successful, it could mean that additional clients will no longer need AFDC. This program will also increase DHS involvement in a partnership with other agencies providing housing and other assistance to our clients.

PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

The Family Self-Sufficiency Administration (FSSA) manages programs that promote progress toward economic self-sufficiency for Minnesota families and individuals while providing for their basic financial needs.

The activities of this administration include the following management areas: Assistance Payments, Quality Initiatives, Self-Sufficiency Programs, Child Support Enforcement, and MAXIS. This program supervises the county administered financial aid programs of Aid to Families with Dependent Children (AFDC), Refugee Cash Assistance (RCA), General Assistance (GA), Work Readiness (WR), Minnesota Supplemental Aid (MSA), Food Stamps, Emergency AFDC (EA), Emergency General Assistance (EGA), Minnesota Family Investment Program (MFIP), AFDC Child Care and Basic-Sliding Fee (BSF) Child Care. The program supervises and supports the child support enforcement activities of the counties. This program also operates several large computer systems: the statewide automated eligibility system (MAXIS), Electronic Benefit System (EBS), and the automated Child Support Enforcement System (CSES) and administers the Telephone Assistance Plan (TAP).

The FSSA, in cooperation with the Minnesota Department of Economic Security, manages employment and training services to help public assistance recipients become self-sufficient. These services include Success Through Reaching Individual Development and Employment (STRIDE), an employment and training program for AFDC recipients; the Work Readiness and Food Stamp Employment and Training (FSET) Programs; and Refugee and Immigrant Services.

Family Self-Sufficiency has primary responsibility for the department's Economic Self-Sufficiency (welfare reform) Initiative. The initiative supports the Minnesota Milestone goal that Minnesota's children will not live in poverty. It does so by helping children's families support themselves financially. The Economic Self-Sufficiency Initiative is designed:

- To assure that economic assistance programs reward work and responsibility.
- To orient programs to help people survive economic crises and to regain or achieve their highest level of self-sufficiency.
- To improve program policies to help people hold their families together and to maximize support from extended family and community.
- To create welfare reforms that are anti-poverty, are responsive to economic realities, and help families to help themselves.

The initiative also has connections to the department's Health Care, Housing, and Children's Initiatives recognizing that health care benefits, decent housing, and child care are essential factors in economic self-sufficiency and children's well-being.

ECONOMIC SELF-SUFFICIENCY INITIATIVE:

The Economic Self-Sufficiency Initiative supports the Minnesota Milestones goal that Minnesota's children will not live in poverty.

Initiative recommendations that will be made to the 1995 Legislature include:

1. Elimination of WR cash grants with those funds reinvested in reforms that better support work and enable families to become self sufficient.
2. A tax credit joint venture helping working families with cash flow by paying the earned income and other tax credits monthly, instead of annually.
3. Child care initiatives including additional funds for the BSF Child Care Program.
4. Child support initiatives to increase collections including improvements in guidelines used to determine the amount of a child support order, expansion of the statewide administrative process to include contested matters, improvements in employers' responsibilities for new employees, and establishment of a central child support payment center.
5. Expanding the MFIP, a program that makes work pay, to Ramsey County beginning 1-96.
6. Restructuring the STRIDE program to emphasize job placement.
7. Development and implementation of Work First to reconnect applicants for AFDC and Family General Assistance (FGA) to the workforce as soon as possible.
8. Expansion of Parents' Fair Share, providing more employment and training services, as well as parenting training, to noncustodial parents of children who are recipients of AFDC.
9. State funding for the Self-Employment Investment Demonstration (SEID).
10. A minor parents initiative, requiring minor parents to live at home, with appropriate exceptions, and support for lower income families.
11. AFDC waivers to eliminate AFDC requirements that do not support work and self-sufficiency.
12. Expansion of fraud prevention and integration of fraud control.
13. Injury protection for recipients working in county community work experience programs.

PROGRAM STATUS:

The FSSA is committed to the ongoing management and implementation of existing cash public assistance and food stamp programs. Consistent on-line availability of systems (Electric Benefit System, PRISM, and MAXIS) is needed to support county staff, process caseloads promptly, and deliver benefits to effectively meet recipients' needs. The following paragraphs highlight several current efforts.

PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)
(Continuation)

The MFIP was implemented in 7 Minnesota counties on 4-1-94. Although the first impact report will not be available until late 1997, initial impressions are consistent with the expectation that MFIP will foster employment and increased self support.

Current Child Support Enforcement efforts enhance the program's statewide computer system, implementing a statewide administrative process for establishing and modifying consent and default orders, and implement the Uniform Interstate Family Support Act. This division also provides leadership and assistance to county agencies to improve their results in the location of absent parents, the establishment of paternity, and in improving collections overall.

Child Care programs help AFDC and low income non-AFDC families in paying for child care costs when the parents are pursuing self-sufficiency through employment, job search, or education or training leading to employment.

The EBS, initially piloted by Ramsey County, has been expanded to Hennepin County. EBS replaces food stamp coupons and cash warrants with EBS cards. This card contains a magnetic strip which enables public assistance recipients to access their benefits at point of sale terminals installed at retailer checkout counters and at automated teller machines (ATMs). A request for proposals for future EBS services in Minnesota will be published in 1995. A federal initiative is underway to implement EBS nationwide for major federal and state benefit programs by 3-99.

The establishment and recovery of overpayment claims is critical in ensuring the integrity of the cash public assistance and food stamp programs. Efforts are underway to increase the use of direct recovery from former recipients who are more likely to have improved economic circumstances. A coordinated effort is planned to utilize system technologies and initiate debt collection through the Federal Tax Revenue Offset Program (FTROP) and the Minnesota Collection Enterprise.

The MSA program will be redesigned to align more closely with the Supplemental Security Income (SSI) program. This will eliminate the need to determine MSA eligibility for SSI recipients, reduce confusion and administrative burdens for people served by this program and county workers, and provide greater options for alternative housing in the community. Client dependency on Emergency Minnesota Supplemental Assistance (EMSA) will be reduced.

Minnesota has received federal approval from the Health Care Financing Administration for a project that will reinvent MA Quality Control (QC). Traditional QC efforts do not include developing and implementing program improvement activities. The reinvention project will explore alternative means of measuring program operations and assist management improvement efforts.

PLANNED RESULTS:

- Streamline existing programs and policies to more efficiently provide assistance to recipients who are unable to become self-supporting.
- Continue the implementation and expansion of the Minnesota Family Investment Program, encouraging more families to stay together and rewarding those families for work.
- Pursue additional innovative alternatives to traditional assistance programs; Working Family Credit, improved Child Support Enforcement, AFDC waivers, and Child Care.
- Increase the number of AFDC recipients who become self-sufficient due to job placement through Project STRIDE.
- Ensure the provision of Child Care assistance to all eligible AFDC families who are participating in employment, job search or education programs.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- The program plan calls for additional improvement to Child Support Enforcement Initiatives, increasing the budget base by \$540,000 in F.Y. 1996 and by \$2 million in F.Y. 1997.
- Redesigning STRIDE and expanding MFIP to support work will increase the budget base by \$4.0 million in F.Y. 1996 and by \$8.8 million in F.Y. 1997.
- Eliminating WR will result in \$8.8 million in F.Y. 1996 and \$10.5 million in F.Y. 1997 to develop and implement Welfare Reform Initiatives.
- Enhancing the Child Care Program will increase the budget base by \$7 million in F.Y. 1996 and \$13.7 million in F.Y. 1997.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan. In addition, the Governor has identified the following as Governor's initiatives: Welfare reform proposals that remove barriers for welfare recipients and create financial incentives so working families increase their income; a biennial increase of \$42.1 million for Children's Initiatives to strengthen and support families; and a biennial increase of \$1.0 million for Child Support Improvements which will simplify collections and get funds to families months earlier than under the current system.

The Governor further recommends that child care activities be transferred to the Department of Children and Education Services in F.Y. 1997. A detailed description of the new agency can be found in the Children and Families' budget document. These items are detailed on the following program fiscal pages.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ASSISTANCE PAYMENTS DIVISION	6,668	6,380	8,040	8,040	8,540	8,909	8,040	8,540	8,893
QUALITY INITIATIVES DIVISION	4,530	3,464	4,386	6,542	6,542	7,468	6,621	6,621	7,747
SELF SUFFICIENCY PROGRAMS	37,862	40,906	49,956	46,612	46,074	47,714	46,612	45,274	48,614
CHILD SUPPORT ENFORCEMENT DIVISION	16,953	24,990	31,561	30,109	31,359	31,407	30,109	32,909	33,979
MAXIS OPERATIONS DIVISION	29,142	29,047	39,815	39,200	40,373	40,455	39,200	40,310	40,310
AFDC GRANTS	429,910	422,420	381,507	381,507	388,807	387,431	381,507	405,954	401,819
GA GRANTS	73,096	70,236	60,570	60,570	62,549	66,205	60,570	66,025	69,873
WORK READINESS GRANTS	19,083	21,255	17,465	17,465	14,289	1,701	17,465	14,956	
MSA GRANTS	56,476	59,110	27,262	27,262	28,216	28,216	27,262	31,729	31,729
MFIP GRANTS		1,387	41,444	41,444	45,094	48,526	41,444	32,076	42,033
CHILD CARE FUND - GRANTS	42,478	52,702	56,824	56,824	62,633	69,220	56,824	69,038	19
TOTAL EXPENDITURES BY ACTIVITY	716,198	731,897	718,830	715,575	734,476	737,252	715,654	753,432	685,016

AGENCY PLAN ITEMS:

	FUND	FY 1996	FY 1997
INCOME MAINTENANCE ADJUSTMENTS	GEN	14,744	30,319
INCOME MAINTENANCE ADJUSTMENTS	FED	6,027	9,578
CHILD SUPPORT GUIDELINES REFORM	GEN	250	300
CSE CONTESTED HEARINGS	GEN		1,500
CSE PUBLISH OBLIGOR	GEN	1,000	1,000
CSE PUBLISH OBLIGOR	GEN	<758>	<861>
ACCELERATED STATE FINANCING - E & T	GEN	261	<239>
ACCELERATED STATE FINANCING - E & T	GEN	<799>	<1,099>
CLAIMS & RECOVERY INITIATIVES	GEN	115	112
AFDC - ESSENTIAL PERSONS	GEN	430	466
PROGRAM INSTRUCTION - PRINTING	GEN	500	500
MSA REDESIGN	GEN	71	148
MSA REDESIGN	GEN	60	
AFDC - ESSENTIAL PERSONS	GEN	<892>	<1,017>
ACCESS TO QUALITY HC INITIATIVE	HCA	998	998
WELFARE REFORM - COUNTY SHARE	GEN	<3,576>	<3,735>
MFIP NON-ENTITLED CM	GEN	470	<192>
TOTAL AGENCY PLAN ITEMS		18,901	37,778

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GOV'S INITIATIVES:				FUND					
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			GEN						<45,851>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			FED						<39,592>
(B) CSE PAYMENT & COLLECTIONS IMPROVEMENTS			GEN			48			1,070
(B) CSE PAYMENT & COLLECTIONS IMPROVEMENTS			GEN						<90>
(B) CHILD CARE SYSTEM BASIC SLIDING FEE			GEN			175			
(B) CHILD CARE SYSTEM BASIC SLIDING FEE			GEN			6,000			12,800
(B) WELFARE REFORM			GEN			369			353
(B) WELFARE REFORM			GEN			926			1,126
(B) WELFARE REFORM			GEN			262			3,130
(B) WELFARE REFORM			GEN			<12,588>			<14,956>
(B) WELFARE REFORM			GEN			<1,376>			<4,045>
(B) WELFARE REFORM			GEN			82			
(B) WELFARE REFORM			GEN			3,252			9,877
(B) WELFARE REFORM			GEN			3,656			3,848
(B) WELFARE REFORM			GEN			<126>			<205>
(B) WELFARE REFORM			GEN			1,267			3,390
(B) WELFARE REFORM			GEN			504			404
(B) CHILD CARE SYSTEM BASIC SLIDING			GEN			325			325
TOTAL GOV'S INITIATIVES						2,776			<68,416>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	268,140	325,656	306,760	322,708	333,912	336,688	322,708	344,419	315,595
HEALTH CARE ACCESS		142	258	258	1,256	1,256	258	1,256	1,256
STATUTORY APPROPRIATIONS:									
GENERAL	168,983	118,703	97,922	97,307	97,979	97,979	97,307	102,798	102,798
SPECIAL REVENUE	36,337	40,871	53,382	37,151	37,151	37,151	37,230	37,230	37,230
FEDERAL	242,509	246,423	260,389	258,032	264,059	264,059	258,032	267,610	228,018
AGENCY	222	6							
GIFTS AND DEPOSITS	7	96	119	119	119	119	119	119	119
TOTAL FINANCING	716,198	731,897	718,830	715,575	734,476	737,252	715,654	753,432	685,016

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
FTE BY EMPLOYMENT TYPE:									
REGULAR	202.8	214.8	214.8		229.6			231.6	
TEMP/SEAS/PART_TIME	48.0	61.4	61.4		61.4			61.4	
OVERTIME	.3	.5	.5		.5			.5	
=====									
TOTAL FTE	251.1	276.7	276.7		291.5	291.5		293.5	291.2

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM(S): Economic Self-Sufficiency
 ITEM TITLE: Transfer to the Department of Children and Education Services

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
State Operations	\$-0-	\$(119)	\$(119)	\$(119)
Grants	\$-0-	\$(45,732)	\$(48,806)	\$(52,374)
Federal Fund				
State Operations	\$-0-	\$(50)	\$(50)	\$(50)
Grants	\$-0-	\$(39,542)	\$(43,068)	\$47,245)
Revenues: (\$000s)				
General Fund	\$-0-	\$(59)	\$(59)	\$(59)
Federal Fund	\$-0-	\$(39,542)	\$(43,068)	\$(47,245)

Statutory Change? Yes X No _____
 If yes, statute affected: M.S. (Various)

GOVERNOR'S RECOMMENDATION:

To improve coordination and integration of services and to achieve improved outcomes for children and their families, the Governor is recommending the establishment of a Department of Children and education Services. The Governor recommends transfer of child care fund activity, including administrative support, to the new department in F.Y. 1997. A detailed description of the structure and services of the Department of Children and Education Services can be found in the Children and Families budget document.

The transfer of policy direction and administrative control for a number of critical programs providing services to families and children, along with the development of new funding strategies will:

- reduce existing fragmentation;
- enhance the ability of state government to help local governments and communities to flexibly design services that will work best for their communities; and
- improve the capabilities of both state and local government to focus resources on measurable outcomes to improve the well-being of children and families.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Assistance Payments Division
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

REVENUE:

The TAP administrative funds are drawn from the Public Utilities Commission from a surcharge on phone bills, not to exceed \$.10 per month per access line (M.S. 237.70, subd. 6). The remaining activities earn general federal administrative reimbursement at the rate of 40% of its expenditures for the Department of Human Services operations.

ACTIVITY DESCRIPTION:

The Assistance Payments Division provides a broad array of services to enable county human services agencies and the Legislature to operate public assistance and health care programs in Minnesota. It also directly administers the Telephone Assistance Plan (TAP), which provides telephone cost subsidies to low-income elderly and disabled Minnesotans. These programs provide basic economic support so that families and individuals are protected from falling into destitution.

The major, specific functions of the division include:

- Activities which support county agency delivery of services. These include training, providing training manuals, direct technical assistance, and case assistance through the help desk. These activities are closely integrated with MAXIS system operations.
- Direct services, including administration of:
 1. the TAP program;
 2. contracts with public and private agencies to help recipients of state-funded General Assistance receive benefits from the federally funded Supplemental Security Income program;
 3. contracts with local banks that enable recipients in every county to cash assistance checks without additional charges, and;
 4. the office of customer service which provides help and information to recipients and the public about public assistance programs.
- Work with the Legislature and federal agencies which develop program policy. The division drafts program budgets, analyzes legislation and regulatory changes, and develops agency responses to individual and class-action lawsuits.

Program administration has changed dramatically in the past several years with the implementation of the MAXIS system. The details of program operations are coded into the computer system, so the division works much more closely than before with county agencies to plan and implement administrative changes.

BUDGET ISSUES:

An extension of the current level of funding is requested except for increased administrative support for welfare reform and the printing proposal.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
 ACTIVITY: ASSISTANCE PAYMENTS DIVISION
 MACT: ASSISTANCE PAYMENTS DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	24.6	21.0	21.0		26.0		26.0		
TEMP/SEAS/PART_TIME	8.4	7.0	7.0		7.0		7.0		
TOTAL FTE	33.0	28.0	28.0		33.0	33.0	33.0		33.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Assistance Payments Division
ITEM TITLE: AFDC Eligibility for "Essential Persons"

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
AFDC Grants	\$430	\$466	\$466	\$466
GA Grants	(892)	(1,017)	(1,017)	(1,017)
GAMC Grants	(345)	(363)	(363)	(363)
MA Grants	159	168	168	168
Net Total	(\$648)	(\$746)	(\$746)	(\$746)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No
 If yes, statute affected: M.S. 256.73

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$648,000 in F.Y. 1996 and \$746,000 in F.Y. 1997. These funding decreases result from reducing General Assistance (GA) and General Assistance Medical Care (GAMC) payments by extending Aid to Families with Dependent Children (AFDC)/Medical Assistance (MA) eligibility to relatives who live with a dependent child and who are, or would be, eligible for GA/GAMC.

RATIONALE:

This proposal will grant AFDC/MA eligibility to persons who are considered essential persons and who live with an AFDC dependent child. AFDC/MA eligibility will be extended to relatives who live with the dependent child and who are, or would be, eligible for GA/GAMC. Relatives who will be affected are: 1) step-parents; 2) step-siblings; or 3) blood relatives who are less than 18 years of age or are 18 years of age and a full-time student in a secondary school or its equivalent level of vocational or technical training and are expected to complete course work for graduation by or during the month of their 19th birthday.

PROGRAM OUTCOMES:

This proposal will:

1. Save state dollars by moving persons who are or would be eligible for GA/GAMC to the AFDC/MA program. The GA/GAMC program receives no federal reimbursement for the grant portion of the program, whereas, the AFDC/MA programs each receive federal reimbursement of 54.27% for each dollar spent.
2. Allow essential persons access to enhanced employment and training services through the Project STRIDE program. The GA program operates an employment and training program that provides limited employment and training services with approximately 40% federal reimbursement. The AFDC program, however, operates the Project STRIDE program which offers enhanced employment and training services with approximately 67% federal reimbursement.
3. Provide for the well-being of dependent children receiving AFDC.
4. Ease administration for county agencies as family units who are currently receiving 2 cash programs (AFDC and GA) will now be combined into 1 AFDC unit.

LONG-TERM IMPACT:

This proposal will decrease state spending, ease administrative burden, and will provide more opportunities for families to achieve self-sufficiency through participation in the Project STRIDE program.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM(S): Economic Self-Sufficiency Program
BUDGET ACTIVITY: Assistance Payments
ITEM TITLE: Printing

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Expenditures: (\$000s)				
General Fund				
Assistance Payments Division	\$500	\$500	\$500	\$500
Revenues: (\$000s)				
General Fund	\$200	\$200	\$200	\$200

Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$500,000 in F.Y. 1996 and \$500,000 in F.Y. 1997. This funding is necessary to cover the increased printing costs of the Department of Human Services (DHS) Certification Manual and client forms and notices used in administration of public assistance programs in Minnesota.

RATIONALE:

As part of its responsibility under state statute for administration and supervision of all public assistance programs in Minnesota, DHS must assure "timely and accurate distribution of benefits, completeness of service, and quality program management". To ensure this directive is met, state statute requires DHS to inform counties of the policy necessary to administer the assistance programs along with any changes. In addition, the department is required to print and supply county agencies with applications, reports, affidavits, and other necessary forms.

Federal regulations for the Aid to Families with Dependent Children, Food Stamp, and Medical Assistance programs also require that policy information be disseminated to those actually determining program eligibility and that certain information be included on forms used in the administration of these programs. Failure by Minnesota to comply with federal regulations will result in the loss of federal dollars necessary to fund these programs.

To insure compliance with federal regulations and state statute, DHS has published the Certification Manual, which contains the policy necessary to administer all public assistance programs. Updates to the Certification Manual are issued as needed, usually on a monthly basis. DHS also designs,

prints and mandates the use of numerous client notices and forms to be used by county agencies in their administration of the various assistance programs.

Although the department continues to explore ways to consolidate and streamline both how policy is disseminated to counties and forms necessary to implement the programs, many factors such as caseload growth, changes in policy, county staff growth and actual printing and mailing costs continue to increase total printing costs. In the past few years available funds have been insufficient to cover printing costs of the Certification Manual, client notices and forms. The result has been to either not print or postpone printing manual letters and/or forms. This in turn affects counties' performance and budgets.

PROGRAM OUTCOMES:

This proposal will provide adequate funding to print and supply both the Certification Manual and mandated client forms and notices to county agencies for use in their administration of public assistance programs. This in turn will help insure Minnesota's compliance with federal regulations and the department's ability to meet its responsibility for administration and supervision of the public assistance programs. Failure to fund this proposal could result in inconsistent and inaccurate administration of assistance programs by Minnesota's 87 counties. This could result in increased program costs to the state both in the form of incorrect benefits issued to clients and possible loss of federal dollars due to noncompliance.

LONG-TERM IMPACT:

This proposal is required so that the department can meet its obligations regarding administration and supervision of the public assistance programs as outlined in state statute and comply with federal regulations.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Quality Initiatives Division
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Quality Initiatives Activity conducts federally mandated quality control reviews, payment accuracy assessment and administrative evaluation for Aid to Families with Dependent Children (AFDC), Food Stamps, Medical Assistance (MA), Child Support, and MinnesotaCare. This activity manages program integrity (fraud) prevention and control functions, claims and recovery efforts and numerous computer match arrangements that are used to detect unreported income and assets of recipients.

This activity is also responsible for the ongoing analysis, implementation, and communication of Continuous Quality Improvement efforts administration-wide.

Quality Initiative's activities encompass the responsibility for collection, analysis, planning and implementation of data-generated trends and activities that determine program effectiveness, establish program error levels, address recipient fraud, and support long-range planning.

BUDGET ISSUES:

- Claims and recovery initiatives will improve the overpayment rates and collections for the cash public assistance programs. A major feature is the implementation of the Federal Tax Revenue Offset Program.

The Welfare Reform Initiative also affects fraud control and prevention in the following ways:

- Fraud Control and Prevention proposals will restructure fraud control efforts. Standards will be established to ensure an equitable and cost-beneficial statewide program. State funding is proposed to replace federal funds. Wrongfully obtained assistance would extend to the Minnesota Family Investment Plan, and a statewide off-line data system will be established.
- Expansion of the Fraud Prevention Investigation (FPI) Program is proposed for the remainder of the AFDC caseload. Currently, 80% of the AFDC population is served by 20 counties.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 43% of its expenditures for DHS operations.

GRANTS:

The FPI project provides funding for twenty counties for the prevention and early detection of fraudulent AFDC and food stamp applications prior to the establishment of eligibility and issuance of benefits.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: QUALITY INITIATIVES DIVISION
MACT: QUALITY INITIATIVES DIVISION

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,556	2,642	2,759	3,059	3,059	3,097	3,059	3,059	3,097
EXPENSES/CONTRACTUAL SRVCS	87	90	223	2,079	2,079	2,287	2,158	2,158	2,211
MISC OPERATING EXPENSES	176	183	217	217	217	237	217	217	242
SUPPLIES/MATERIALS/PARTS	44	26	36	36	36	38	36	36	38
CAPITAL EQUIPMENT	29	24	67	67	67	75	67	67	75
SUBTOTAL STATE OPERATIONS	2,892	2,965	3,302	5,458	5,458	5,734	5,537	5,537	5,663
LOCAL ASSISTANCE	1,638	499	1,084	1,084	1,084	1,734	1,084	1,084	2,084
TOTAL EXPENDITURES	4,530	3,464	4,386	6,542	6,542	7,468	6,621	6,621	7,747
GOV'S INITIATIVES:									
FUND									
(B) WELFORM REFORM						926			1,126
TOTAL GOV'S INITIATIVES						926			1,126
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,504	3,362	4,102	4,102	4,102	5,028	4,102	4,102	5,228
HEALTH CARE ACCESS		101	214	214	214	214	214	214	214
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	26	1	70	2,226	2,226	2,226	2,305	2,305	2,305
TOTAL FINANCING	4,530	3,464	4,386	6,542	6,542	7,468	6,621	6,621	7,747
FTE BY EMPLOYMENT TYPE:									
REGULAR	58.3	57.6	57.6		58.6		58.6		
TEMP/SEAS/PART TIME	1.2	1.0	1.0		1.0		1.0		
TOTAL FTE	59.5	58.6	58.6		59.6	59.6		59.6	59.6

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Quality Initiatives Division
ITEM TITLE: Claims and Recovery Initiatives

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Quality Initiatives Division	\$115	\$112	\$112	\$112

Revenues: (\$000s):

General Fund	\$58	\$371	\$371	\$371
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Requires Statutory Change? Yes X No
If yes, statute affected: 256.73, 256D.09, 256D.01

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$115,000 in F.Y. 1996 and \$112,000 in F.Y. 1997. This funding will be used to implement new collection and recovery procedures for cash public assistance and food stamp programs. Counties and the state will have increased revenue from the Federal Tax Revenue Offset Program (FTROP) and from accounts receivable improvements. Automated debt certification and collection will be more available to county agencies that do not presently have a collection system in place. One additional FTE is requested to establish debt certification for FTROP and provide system support for collections.

RATIONALE:

Client overpayments in cash assistance and food stamp programs occur when a client or the county agency makes an error in eligibility determination or a client is overpaid due to a fraudulent act. In each circumstance, a claim is established as the means to collect the amount owed to the program. The department currently relies on the county agencies for collection activities. This process is partially supported by the state eligibility system.

This proposal provides system improvements to enhance accounts receivable and collection procedures including debt certification to the Minnesota Collection Enterprise and establishes a new recovery process, FTROP.

Cases will be targeted where claims are not established, there is no recovery effort, or that effort has proved inadequate. Established collection efforts concentrate on eligible cases where collection automatically occurs at a low rate of return over an extended period of time. Often clients go off

of assistance with outstanding overpayments. New efforts will concentrate on those most able to pay and focus on former recipients who have outstanding overpayments and are more likely to have improved economic circumstances.

PROGRAM OUTCOMES:

This proposal will result in increased revenue to the counties and the state. The revenue obtained from FTROP claim certification will be shared between the state and county agencies, reimbursing state costs and supporting county certification efforts. Practices involved in the collection of client overpayments will be more equitable and consistent.

LONG-TERM IMPACT:

Counties and the state will have increased revenues. The outstanding debt owed to the cash assistance and food stamp programs will be reduced.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Self-Sufficiency Programs
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity manages programs and services designed to provide basic economic support and to improve the economic self sufficiency of low-income individuals and families in Minnesota.

Included are child care funding and services for families in training and employment, the work programs of Work Readiness, STRIDE (Success Through Reaching Individual Development and Employment), and Food Stamp Employment and Training, Jobs Support Services, Refugee and Immigrant Services, and major initiatives in welfare reform, including the Minnesota Family Investment Program (MFIP).

BUDGET ISSUES:

Welfare reform initiatives detailed in the Management Activity pages that follow are being requested in this budget.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SELF SUFFICIENCY ADMINISTRATION	11,079	10,440	13,780	13,534	12,735	14,177	13,534	12,435	15,656
REFUGEE AND IMMIGRANT SERVICES	8,911	9,559	11,450	9,093	9,093	9,093	9,093	9,093	9,093
STRIDE	17,403	19,251	21,823	21,758	22,019	21,893	21,758	21,519	21,314
MFIP ADMINISTRATION	469	1,656	2,903	2,227	2,227	2,551	2,227	2,227	2,551
TOTAL EXPENDITURES	37,862	40,906	49,956	46,612	46,074	47,714	46,612	45,274	48,614
AGENCY PLAN ITEMS:				FUND					
ACCELERATED STATE FINANCING - E & T				261			<239>		
ACCELERATED STATE FINANCING - E & T				<799>			<1,099>		
TOTAL AGENCY PLAN ITEMS				<538>			<1,338>		
GOV'S INITIATIVES:				FUND					
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				GEN			<119>		
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				FED			<50>		
(B) CHILD CARE SYSTEM BASIC SLIDING FEE				GEN			175		
(B) WELFARE REFORM				GEN			<126>		
(B) WELFARE REFORM				GEN			1,267		
(B) WELFARE REFORM				GEN			324		
TOTAL GOV'S INITIATIVES				1,640			3,340		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	12,227	14,176	18,936	17,949	17,411	19,051	17,949	16,611	20,001
STATUTORY APPROPRIATIONS:									
GENERAL	5,353	3,838	5,099	5,099	5,099	5,099	5,099	5,099	5,099
SPECIAL REVENUE	56	432	400	400	400	400	400	400	400
FEDERAL	20,219	22,364	25,402	23,045	23,045	23,045	23,045	23,045	22,995
GIFTS AND DEPOSITS	7	96	119	119	119	119	119	119	119
TOTAL FINANCING	37,862	40,906	49,956	46,612	46,074	47,714	46,612	45,274	48,614

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	23.7	23.9	23.9		30.7		29.7		
TEMP/SEAS/PART_TIME	4.5	5.7	5.7		5.7		5.7		
TOTAL FTE	28.2	29.6	29.6		36.4	36.4	35.4		33.1

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Self-Sufficiency Programs
 ITEM TITLE: Welfare Reform

Minor Parents provisions; 9) AFDC Waivers; 10) Work Experience Injury Protection, and (11) expansion of fraud control and prevention efforts for Minnesota's cash and food stamp programs. This proposal is the Governor's and department's welfare reform initiative.

RATIONALE:

In Minnesota Milestones public hearings around the state, citizens said that they do not want Minnesota's children to live in poverty. This item implements an anti-poverty welfare reform effort by redirecting resources to make work pay, reinforcing responsibility, and strengthening families and children.

1. Eliminating the WR cash grant program redirects limited public assistance resources from single individuals to focus on improvements for children and their families. The savings generated will provide funding for the initiatives listed below.
2. Advance monthly payment of the Minnesota Working Family Credit and the Minnesota Child and Dependent Care Credit will enable low-income workers to increase their monthly take-home income, making low-wage jobs more attractive and a path to self-sufficiency more likely.
3. Expanding MFIP to Ramsey County will provide families a reward for work, supports for improving family functioning, a mutual obligation between client and agency, and a simplified welfare administration.
4. STRIDE Redesign changes the emphasis of the STRIDE program from education and training to job placement. STRIDE Redesign includes a focus on employment, performance based standards, and child care supports which will result in more recipients working.
5. Work First restructures the front-end of the welfare system for AFDC and Family General Assistance (FGA) applicants so that they enter the work force as soon as possible. Work First requirements include immediate job search, vendor payments for major needs, support services as needed, and mandatory work if employment is not achieved.
6. Expanding the Parents' Fair Share Project will enable expansion and enhancement of employment and training for child support obligers so child support is paid and non-custodial parents become more involved in their children's lives.
7. Expanding the SEID Program provides self-employment planning and training services to motivated AFDC recipients to start and operate small businesses.
8. The AFDC Minor Parents initiative proposes that minor parents will be required to live in the household of a parent, legal guardian, or other adult relative or in an adult-supervised living arrangement in order to receive AFDC, except under certain circumstances. The department will apply for federal waivers to allow a minor parent and her child to be a separate AFDC filing unit and to exclude a portion of the income of the minor parent's parents when the minor parent lives with her parents who have little income.
9. The AFDC Waivers initiative proposes that the department apply to the federal agency for waivers which would allow: 1) the elimination of the 100 hour rule, work history

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Work Readiness Grants	\$(12,588)	\$(14,956)	\$(15,586)	\$(16,273)
General Assistance Grants	3,656	3,848	4,010	4,379
AFDC Grants	(1,376)	(4,045)	(4,085)	(3,007)
MAXIS Operation	82	-0-	-0-	-0-
Assistance Payments Division	369	353	353	353
STRIDE	(126)	(205)	(205)	(205)
Self-Sufficiency Administration	1,267	3,390	3,390	3,390
MFIP Administration	504	404	404	404
MFIP Grants	3,252	9,877	9,915	7,891
Child Care Fund Entitlement	262	3,130	3,973	4,891
Children's Services Grants	-0-	763	763	763
Community Social Services Act	-0-	330	330	330
Quality Initiatives Division	926	1,126	1,126	1,126
Net Totals:	\$(3,772)	\$4,015	\$4,388	\$4,042
Revenues: (\$000s):				
General Fund	\$(4,815)	\$367	\$(8,333)	\$(333)

Requires Statutory Change? Yes X No _____
 If yes, statute affected: (Various)

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$3,772,000 in F.Y. 1996 and an increase in the budget base of \$4,015,000 in F.Y. 1997. This proposal implements 10 welfare reform proposals. These include: 1) elimination of the Work Readiness (WR) program; 2) advance monthly payment of the Minnesota Working Family Credit and the Minnesota Child and Dependent Care Credit; 3) expansion of Minnesota Family Investment Plan (MFIP) to Ramsey County; 4) Success Through Reaching Individual Development and Employment (STRIDE) Redesign; 5) Work First; 6) expansion of Parents' Fair Share Project; 7) expansion of the Self-Employment Investment Demonstration Program (SEID); 8) changes to Aid to Families with Dependant Children (AFDC)

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Self Sufficiency Programs
ITEM TITLE: Welfare Reform
(continuation)

requirement, and 30-day waiting period requirement for AFDC Unemployed Parent families; 2) an increase in the allowable equity value of a motor vehicle; and 3) the exclusion of earnings of dependent children and minor caretakers who are students at least half time; and the exclusion of savings from earnings if the savings are set aside in a separate account for future education or employment needs.

10. Work Experience Injury Protection funds the management and payment of claims under an injury protection plan for persons participating in county operated work experience programs.
11. The primary components of the Fraud Control and Prevention proposal are: 1) development of a statewide fraud data system; 2) statewide expansion of the Fraud Prevention Investigation program; and 3) replacement of federal funds for existing fraud control activities.

PROGRAM OUTCOMES:

Welfare Reform initiatives will remove barriers to employment for AFDC and FGA recipients and create financial incentives so working families increase their income. The goals of the initiatives are fewer families on public assistance, shorter duration on assistance and increased numbers of recipients employed. Employment of non-custodial parents should increase child support payments. Opportunity to establish a business will be a reality for some recipients. Funding of job support services such as transportation, child care, and injury protection will further encourage employment. Fraud control and prevention efforts for cash assistance programs will be expanded and consistently applied to all applicants and recipients. Families will be strengthened and more financially stable.

LONG-TERM IMPACT:

Fewer families will be dependent on public assistance for shorter periods of time. This proposal will enable a gradual move to self-sufficiency for thousands of Minnesotans.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Self-Sufficiency Administration
BUDGET ACTIVITY: Self-Sufficiency Programs
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 41% of its expenditures for DHS operations.

ACTIVITY DESCRIPTION:

This activity manages initiatives in welfare reform that provide direction and supporting services to individuals and families moving toward and maintaining self-sufficiency.

It includes administrative funding for child care programs, welfare reform initiatives, job support services, and the work programs of work readiness and food stamp employment and training.

BUDGET ISSUES:

Two initiatives (Welfare Reform and Work Readiness service and STRIDE state financing acceleration) have wide ramifications:

1. Elimination of the Work Readiness program, an entitlement program for able-bodied adults. Presently, this program provides grants for 6 months and corresponding work requirements.
2. A request for resources to plan a working family credits package so that working families can get state and federal tax credits back on a monthly basis.
3. Expansion of the MFIP program to Ramsey County.
4. Restructuring of the STRIDE program emphasizing job placement.
5. Creation of the Work First Program that diverts first time welfare applicants to work positions.
6. Expansion of the Parents' Fair Share Program, an employment assistance program for persons ordered to pay child support.
7. Expansion of the Self-Employment Investment Demonstration (SEID) program.
8. Implementation of a proposed requirement that Aid to Families with Dependent Children (AFDC) minor caretakers live with their parents.
9. A request for resources to pursue waiver of federal AFDC requirements that inhibit self-sufficiency.
10. Provision of injury protection for recipients working in county mandatory work programs.
11. Provision of child care funds for persons required to participate in the work components of welfare reform initiatives.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: SELF SUFFICIENCY ADMINISTRATION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	586	586	691	691	691	975	691	691	792
EXPENSES/CONTRACTUAL SRVCS	297	51	196	196	196	575	196	196	337
MISC OPERATING EXPENSES	20	20	30	30	30	53	30	30	45
SUPPLIES/MATERIALS/PARTS	15	4	7	7	7	13	7	7	13
CAPITAL EQUIPMENT	44	23	10	10	10	23	10	10	32
OTHER			130	130	130	130	130	130	120
SUBTOTAL STATE OPERATIONS	962	684	1,064	1,064	1,064	1,769	1,064	1,064	1,339
AIDS TO INDIVIDUALS						137			160
LOCAL ASSISTANCE	10,117	9,756	12,716	12,470	11,671	12,271	12,470	11,371	14,157
TOTAL EXPENDITURES	11,079	10,440	13,780	13,534	12,735	14,177	13,534	12,435	15,656
AGENCY PLAN ITEMS:									
ACCELERATED STATE FINANCING - E & T									
TOTAL AGENCY PLAN ITEMS						<799>		<1,099>	
GOV'S INITIATIVES:									
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									
(B) CHILD CARE SYSTEM BASIC SLIDING FEE									
(B) WELFARE REFORM									
TOTAL GOV'S INITIATIVES						175			<119>
						1,267			<50>
									3,390
						1,442			3,221
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,230	4,599	7,003	6,757	5,958	7,400	6,757	5,658	8,929
STATUTORY APPROPRIATIONS:									
GENERAL	4,399	3,838	5,099	5,099	5,099	5,099	5,099	5,099	5,099

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: SELF SUFFICIENCY ADMINISTRATION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	1,443	2,003	1,678	1,678	1,678	1,678	1,678	1,678	1,628
GIFTS AND DEPOSITS	7								
TOTAL FINANCING	11,079	10,440	13,780	13,534	12,735	14,177	13,534	12,435	15,656
FTE BY EMPLOYMENT TYPE:									
REGULAR	7.9	7.4	7.4		13.7			12.7	
TEMP/SEAS/PART_TIME	3.5	4.3	4.3		4.3			4.3	
TOTAL FTE	11.4	11.7	11.7		18.0	18.0		17.0	14.7

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM(S): Economic Self-Sufficiency
 BUDGET ACTIVITY: Self-Sufficiency Programs
 MANAGEMENT ACTIVITY: Self-Sufficiency Administration
 ITEM TITLE: Acceleration of State Financing Schedule for Employment and Training Programs

Dollars in Thousands
F.Y. 1994 F.Y. 1995 F.Y. 1996 F.Y. 1997

Expenditures: (\$000s)

General Fund				
Self-Sufficiency (WR Services-State)	\$ 600	\$ 600	\$ 600	\$ 600
Self-Sufficiency (WR Services-State Financing)	(1,399)	(1,699)	(1,699)	(1,699)
STRIDE (Case Management)	830	830	830	830
STRIDE (State Financing)	(569)	(1,069)	(1,069)	(1,069)
Net Total:	(538)	(1,338)	(1,338)	(1,338)

Statutory Change? Yes X No _____

If yes, statute affected: M.S. 256.025, M.S. 256.026, M.S. 256D.051, M.S. 256.736

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$538,000 in F.Y. 1996 and \$1,338,000 in F.Y. 1997. These funding decreases are a net result of the reduced caseloads in Work Readiness Services (WRS) and an early completion to the state "buy out" of the county share of the WRS and Success Through Reaching Individual Development and Employment (STRIDE) programs.

RATIONALE:

The State Financing of the Human Services Programs (SFHSP) requires significant additional programmatic and fiscal reporting for both county agencies and the state. The program also creates additional cash flow between the county and the state. This proposal for an early "buy-out" of the county share of WRS and STRIDE case management would simplify the two employment and training programs while maintaining consistency between them.

Beginning in F.Y. 1992, the state began to reimburse the county share of WRS, STRIDE case management, and 10 other human services programs including Aid to Families with Dependent Children (AFDC) and Medical Assistance (MA). These reimbursements are made to counties in July for the counties' January to June expenditures and monthly during July through December. A

schedule is in law which eliminates the delayed payments over a 6 year period ending in 2002. This proposal speeds up the schedule and completes it in F.Y. 1996 for these two programs.

The state financing repayment schedule is complex and adds to the complexity of these programs. The funding structure of the STRIDE program has 2 state appropriations, 2 federal funding sources, various rates of federal participation, and fiscal requirements for each of the two components, case management and employment and training, which are unique. The case management component of STRIDE has a county match and is therefore affected by the SFHSP. This increases the complexity and is an obstacle to funding simplification. Simplification of the program funding is long overdue and is made more urgent by the recent enacted and proposed changes to STRIDE (i.e., CWEP, mandatory job search). The early buy out of the county match of the STRIDE case management program is a necessary step toward simplification of the STRIDE program funding.

STRIDE funding simplification coupled with the significant caseload reduction in WRS and the need to maintain consistency between these two programs form the basis for this proposal. The annual appropriations are sufficient to pay back the first 6 months' county costs. The early buy out of the county share and the elimination of the state financing part of the appropriation would realize the projected program savings.

PROGRAM OUTCOMES:

The buy-out of the county share of the WRS and STRIDE case management would simplify the administration of the programs for both county human service agencies and the state. Bringing these programs onto a concurrent basis in 1 year, rather than the 6 years as is in current law, would reduce the additional cash flow and corresponding budgeting requirement of shifting these costs.

LONG-TERM IMPACT:

This accelerates the process of eliminating the county share which already exists in current law.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Refugee and Immigration Services
BUDGET ACTIVITY: Self-Sufficiency Programs
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This program provides cash and medical assistance (CMA); Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA) and specialized social services for refugees. The goal of the program is to promote effective resettlement and economic self-sufficiency of refugees. RCA and RMA are now limited to refugees within their first 8 months in this country who are not eligible for Aid to Families with Dependent Children (AFDC) or MA. Approximately 500 refugees receive RCA and RMA per month. Refugee social services are available to all refugees in the State and the majority are (AFDC) recipients. In a twelve-month contract period, the refugee self-sufficiency program assists 322 refugee families and 86 singles/childless couples to end their dependence on public cash assistance. The refugee social adjustment/mental health program provides services to 1000 refugees per year.

The Refugee and Immigrant Services Section (RISS) also administers programs providing services for Asian youth. These include the State funds for Asian and Amerasian Child Welfare services and the Asian American Crime Prevention and Intervention services and the federal funds for the Asian Youth Gang and Drug Prevention project.

Since 1990 the state no longer receives funding for the non-federal portion of the categorical programs (AFDC or MA) provided to eligible refugees. The refugee CMA grant only covers the costs of RCA and RMA for 8 months.

The state legislature appropriated \$116,000 per year for Asian and Child Welfare since SFY 88 and \$500,000 per year for S.F.Y. 1994 and S.F.Y. 1995 for Asian American Crime Prevention and Intervention services. The RISS worked with a Southeast Asian Coalition of 8 agencies in applying for funding from the U.S. Department of Health and Human Services, using part of the state funds for Asian American Youth Crime Prevention and Intervention for the required match. An extension of the current level of funding is requested for this activity.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

The refugee program is funded for 100% of program costs through grants allocated to the state by the federal Office of Refugee Resettlement.

GRANTS:

The CMA and Social Services grants are awarded to the state on a quarterly basis.

The state awards refugee social services funds to refugee service providers through a competitive procurement process where Requests for Proposals are announced in the State Register and funding recommendations are made to the department by independent review panels.

The same funding process is used for all state and federal funds for youth services.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: REFUGEE AND IMMIGRANT SERVICES

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	412	392	432	361	361	361	361	361	361
EXPENSES/CONTRACTUAL SRVCS	94	130	37	35	35	35	35	35	35
MISC OPERATING EXPENSES	20	11	11	6	6	6	6	6	6
SUPPLIES/MATERIALS/PARTS	9	15	6	3	3	3	3	3	3
CAPITAL EQUIPMENT	11	18							
OTHER			176	132	132	132	132	132	132
SUBTOTAL STATE OPERATIONS	546	566	662	537	537	537	537	537	537
AIDS TO INDIVIDUALS	2,301	2,574	2,903	2,198	2,198	2,198	2,198	2,198	2,198
LOCAL ASSISTANCE	6,064	6,419	7,885	6,358	6,358	6,358	6,358	6,358	6,358
TOTAL EXPENDITURES	8,911	9,559	11,450	9,093	9,093	9,093	9,093	9,093	9,093
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	686	711	806	806	806	806	806	806	806
STATUTORY APPROPRIATIONS:									
FEDERAL	8,225	8,848	10,644	8,287	8,287	8,287	8,287	8,287	8,287
TOTAL FINANCING	8,911	9,559	11,450	9,093	9,093	9,093	9,093	9,093	9,093
FTE BY EMPLOYMENT TYPE:									
REGULAR	10.7	9.2	9.2		9.2			9.2	
TOTAL FTE	10.7	9.2	9.2		9.2	9.2		9.2	9.2

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: STRIDE
BUDGET ACTIVITY: Self-Sufficiency Programs
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This program provides employment and training services to Aid to Families with Dependent Children (AFDC) recipients to help the recipients avoid or end long-term public assistance dependency and become self-sufficient. The program is county administered, although the county usually contracts with an independent contractor for direct services. Program services are provided in all 87 counties and at 6 Native American reservations. Since state and federal funding for Project Success Through Reaching Individual Development and Employment (STRIDE) is insufficient to serve all AFDC recipients, services are targeted to recipients who:

- Have received AFDC benefits for at least 36 months out of the past 60 months;
- Are under age 24, have not completed high school, and either had little or no work experience in the past year or are currently in high school or an equivalency program;
- Are within 2 years of losing AFDC eligibility because of the age of the youngest child; or
- Are required to participate in a mandatory Project STRIDE activity.

In state F.Y. 1993, 20,957 AFDC recipients participated in Project STRIDE.

BUDGET ISSUES:

Since its inception in 1988, Project STRIDE has targeted its services to persons who are or are likely to become long-term AFDC recipients. Although the program does have two mandatory participation components, Project STRIDE has been largely a volunteer program with a heavy emphasis on education. This budget request includes the resources necessary to accomplish the following in conjunction with the welfare reform portion of the Economic Self-Sufficiency initiative:

- Restructure Project STRIDE to emphasize work, establish performance-based outcomes, and assure the availability of employment-related services and supports needed to enable participants to move off of and remain off of public assistance.
- Establish and manage an injury protection program for AFDC, Work Readiness, and Parents' Fair Share program participants who are required to accept a work experience job placement.
- Expand the Self-Employment Investment Demonstration (SEID) program, a self-employment program for public assistance recipients.

REVENUE:

Project STRIDE earns federal reimbursement at the rates of 50, 60, and 90% for its expenditures, based on the type of expenditure. Federal earnings are dedicated funds and are returned to the Project STRIDE program.

GRANTS:

Project STRIDE funds are distributed as grant funds by the department as follows:

- Case Management block grant funds are allocated based on statutory criteria to county human service agencies for provision of case management services to eligible AFDC recipients.
- Employment and Training block grant funds are allocated based on statutory criteria to county human service agencies for provision of all other Project STRIDE employment and training services.
- The majority of program administrative funds are transferred under contract to the Department of Economic Security to cover their costs of co-managing the program, and to fund innovative self-sufficiency projects.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: STRIDE

MACT SUMMARY	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	33	36	35	35	35	35	35	35	35	35	35	35	35	35	35
EXPENSES/CONTRACTUAL SRVCS	9		338	268	9	268	268	268	268	268	268	268	268	268	268
CAPITAL EQUIPMENT	6														
SUBTOTAL STATE OPERATIONS	48	36	373	303	303	303									
LOCAL ASSISTANCE	17,355	19,215	21,450	21,455	21,716	21,590	21,455	21,216	21,011	21,455	21,216	21,011	21,455	21,216	21,011
TOTAL EXPENDITURES	17,403	19,251	21,823	21,758	22,019	21,893	21,758	21,519	21,314	21,758	21,519	21,314	21,758	21,519	21,314
AGENCY PLAN ITEMS:															
FUND															
ACCELERATED STATE FINANCING - E & T															
GEN															
TOTAL AGENCY PLAN ITEMS															
GOV'S INITIATIVES:															
FUND															
(B) WELFARE REFORM															
GEN															
TOTAL GOV'S INITIATIVES															
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	5,898	7,738	8,743	8,678	8,939	8,813	8,678	8,439	8,234	8,678	8,439	8,234	8,678	8,439	8,234
STATUTORY APPROPRIATIONS:															
GENERAL															
FEDERAL															
GENERAL	954														
FEDERAL	10,551	11,513	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080	13,080
TOTAL FINANCING	17,403	19,251	21,823	21,758	22,019	21,893	21,758	21,519	21,314	21,758	21,519	21,314	21,758	21,519	21,314

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: STRIDE

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	1.0	1.0	1.0		1.0			1.0	
TOTAL FTE	1.0	1.0	1.0		1.0	1.0		1.0	1.0

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Minnesota Family Investment Program Administration
BUDGET ACTIVITY: Self-Sufficiency Programs
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Minnesota Family Investment Program (MFIP) is a comprehensive reform of welfare for families that replaces Aid to Families with Dependent Children, Food Stamps, Family General Assistance, and Project STRIDE. MFIP restructures the welfare system around three key values: working should be more profitable than welfare; welfare should support the family unit; the relationship of welfare to families served should be based on a social contract in which both the system and its clientele carry responsibilities.

Field trials began in 4-94 in 7 counties (3 metro and 4 rural). MFIP will be evaluated by comparing a group of families eligible for MFIP with a group of families eligible for the programs MFIP replaces.

MFIP field trials will have been in operation a little over 1 year at the beginning of SFY 1996. Administrative activity in the first year of operations has focused on getting cases enrolled, clarifying and further defining policy, and fully implementing automated supports. As operations mature, administrative attention is shifting to a focus on the goals of MFIP and to ensuring that operations support achievement of these goals. Recent research on welfare to work initiatives has highlighted the importance of administrative practices in producing positive program outcomes. Goal-oriented administration will be important to the success of MFIP.

BUDGET ISSUES:

Additional resources are requested to support the welfare reform portion of the Economic Self-Sufficiency initiative.

REVENUE:

Terms and conditions with the federal government preclude federal reimbursement for most MFIP administrative costs. However, federal reimbursement for evaluation is 50%. In addition, the state secured a \$500,000 grant from the Ford Foundation to help fund the evaluation over the 5-year field trial period.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: SELF SUFFICIENCY PROGRAMS
MACT: MFIP ADMINISTRATION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	287	362	443	443	443	465	443	443	465
EXPENSES/CONTRACTUAL SRVCS	128	502	1,244	781	781	1,033	781	781	1,033
MISC OPERATING EXPENSES	6	4	17	17	17	17	17	17	17
SUPPLIES/MATERIALS/PARTS	5	4	19	19	19	19	19	19	19
CAPITAL EQUIPMENT		2	10	10	10	10	10	10	10
OTHER		432	400	400	400	400	400	400	400
SUBTOTAL STATE OPERATIONS	426	1,306	2,133	1,670	1,670	1,944	1,670	1,670	1,944
LOCAL ASSISTANCE	43	350	770	557	557	607	557	557	607
TOTAL EXPENDITURES	469	1,656	2,903	2,227	2,227	2,551	2,227	2,227	2,551
GOV'S INITIATIVES:									
FUND									
(B) WELFARE REFORM						324			324
TOTAL GOV'S INITIATIVES						324			324
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	413	1,128	2,384	1,708	1,708	2,032	1,708	1,708	2,032
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	56	432	400	400	400	400	400	400	400
GIFTS AND DEPOSITS		96	119	119	119	119	119	119	119
TOTAL FINANCING	469	1,656	2,903	2,227	2,227	2,551	2,227	2,227	2,551
FTE BY EMPLOYMENT TYPE:									
REGULAR	4.1	6.3	6.3		6.8		6.8		
TEMP/SEAS/PART_TIME	1.0	1.4	1.4		1.4		1.4		
TOTAL FTE	5.1	7.7	7.7		8.2	8.2	8.2		8.2

1996-97 Biennial Budget

BUDGET ACTIVITY: Child Support Enforcement Division
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The State Office of Child Support Enforcement Division (CSED) supervises and supports the 87 counties that administer the child support program in Minnesota.

Child support enforcement services include locating absent parents, establishing paternity, obtaining court orders for child support, enforcing court orders for child support, and collecting and distributing child support. These services are provided to all families receiving Aid to Families with Dependent Children (AFDC), who must cooperate to continue receiving public assistance, and to all other families upon their request.

The division's current emphasis is on the enhancement of the statewide child support computer system, the state parent locator service, implementation of a statewide administrative process for establishing paternity and child support orders, and the implementation of the Uniform Interstate Family Support Act.

The expected outcome or goal of the child support enforcement program is to ensure that noncustodial parents support their children, reducing need for public assistance, and improving the lives of children.

BUDGET ISSUES:

To implement the child support portions of the Economic Self-Sufficiency Initiative and to improve and complete projects which began in the current biennium, increased resources are needed to accomplish the following:

- Ensure a transition to a statewide administrative process for both uncontested and contested child support and parentage matters. This will improve services provided families, increase collections, and lower overall administrative costs.
- Support the requirement passed by the 1994 Legislature to publish the names of obligers in arrears of child support, statewide, on a quarterly basis.
- Require employers to immediately report via W-4 forms all new hires to the Department of Human Services. This will shorten the time span of identification and implementation of income withholding by an average of 3 months and increase collections through improved location information.
- Child support guidelines reform. CSED will, as required by the 1994 Legislature, propose a guideline that is comprehensive and may increase the level of support orders.
- To establish a statewide child support payment center for child support payments. This will improve service delivery and reduce county administrative costs.

REVENUE:

Child Support Enforcement earns federal administrative reimbursement at the rates of 66% for general program activity and 90% for computer systems enhancements and genetic testing.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Total Costs (000's)	50,099	64,000	66,000	64,000	70,000
Total Collections (000's)	220,000	249,000	274,000	301,000	331,000
Total Cases	175,945	186,353	195,000	205,000	215,000

GRANTS:

Child Support Enforcement funds are distributed as grants as follows:

- Block grant funds are distributed to county agencies based upon their relative levels of AFDC reimbursement through child support collections.
- To county agencies based upon the number of children for whom paternity is established and the number of child support orders reviewed for modification or for adequate medical support.
- To county agencies for each child receiving medical assistance for whom private insurance coverage is obtained.
- To medical providers for each paternity acknowledgement submitted with a birth certificate to the Department of Vital Statistics for each child born outside of a marriage.
- To county agencies to cover the costs of the Administrative Hearing Process.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
 ACTIVITY: CHILD SUPPORT ENFORCEMENT DIVISION
 MACT: CHILD SUPPORT ENFORCEMENT DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,513	2,808	4,198	3,741	3,786	3,786	3,741	3,786	3,891
EXPENSES/CONTRACTUAL SRVCS	4,978	6,744	10,989	10,459	11,614	11,662	10,459	12,274	13,139
MISC OPERATING EXPENSES	659	1,058	1,303	1,293	1,333	1,333	1,293	1,383	1,483
SUPPLIES/MATERIALS/PARTS	190	914	174	169	179	179	169	419	419
CAPITAL EQUIPMENT	384	1,507	1,768	1,758	1,758	1,758	1,758	1,758	1,758
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SUBTOTAL STATE OPERATIONS	7,724	13,031	18,432	17,420	18,670	18,718	17,420	19,620	20,690
AIDS TO INDIVIDUALS			8,300	8,300	8,300	8,300	8,300	8,300	8,300
LOCAL ASSISTANCE	9,229	11,959	4,829	4,389	4,389	4,389	4,389	4,989	4,989
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TOTAL EXPENDITURES	16,953	24,990	31,561	30,109	31,359	31,407	30,109	32,909	33,979
AGENCY PLAN ITEMS:									
			FUND						
CHILD SUPPORT GUIDELINES REFORM			GEN		250			300	
CSE CONTESTED HEARINGS			GEN					1,500	
CSE PUBLISH OBLIGOR			GEN		1,000			1,000	
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL AGENCY PLAN ITEMS					1,250			2,800	
GOV'S INITIATIVES:									
			FUND						
(B) CSE PAYMENT & COLLECTIONS IMPROVEMENTS			GEN			48			1,070
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TOTAL GOV'S INITIATIVES						48			1,070
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,264	4,643	7,499	9,785	11,035	11,083	9,785	12,585	13,655
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,002	11,723	15,962	12,224	12,224	12,224	12,224	12,224	12,224
FEDERAL	7,687	8,624	8,100	8,100	8,100	8,100	8,100	8,100	8,100

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: CHILD SUPPORT ENFORCEMENT DIVISION
MACT: CHILD SUPPORT ENFORCEMENT DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	16,953	24,990	31,561	30,109	31,359	31,407	30,109	32,909	33,979
FTE BY EMPLOYMENT TYPE:									
REGULAR	27.5	34.3	34.3		35.3			38.3	
TEMP/SEAS/PART_TIME	8.6	32.7	32.7		32.7			32.7	
OVERTIME		.2	.2		.2			.2	
TOTAL FTE	36.1	67.2	67.2		68.2	68.2		71.2	71.2

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Child Support Enforcement
 ITEM TITLE: Child Support Guidelines Reform

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Child Support Enforcement	\$250	\$300	\$300	\$300
Revenues: (\$000s):				
General Fund	\$165	\$198	\$198	\$198

Requires Statutory Change? Yes No
 If yes, statute affected: 518.551

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$250,000 in F.Y. 1996 and \$300,000 in F.Y. 1997. These funds will be used for the development of an Income Shares model child support guideline. This proposal is a part of the department's Economic Self-Sufficiency Initiative.

RATIONALE:

In Minnesota Milestones meetings across the state, citizens said that they do not want Minnesota's children to live in poverty. An important ingredient in avoiding childhood poverty is the payment of adequate child support.

The 1994 Legislature directed the Department of Human Services, in consultation with the Commissioner's Advisory Committee for Child Support Enforcement, to develop an Income Shares model guideline and present it to the legislature no later than 2-1-95.

The federal government requires that all states have a guideline for determining the amount of a child support order that is uniform and applicable to all child support orders established in that state. States are also required to review their guidelines every 4 years to be assured that they are appropriate and reflect the cost of raising children balanced with a parent's ability to pay. Minnesota's review, by state law, is also due this year.

The proposal includes funding for systems development, training, education, and 1 FTE.

PROGRAM OUTCOMES:

The department's proposal will revise Minnesota's guideline, which has been in statute since 1983. The new guideline will, like those used in the majority of states, directly consider both parents' incomes, provide a method of considering second families and multiple obligations, clearly and simply define parents' incomes, and address a number of issues not currently reflected in statute. By removing some of the current discretion in the guidelines, the new model will also be more amenable to automation and appear to be more fair to both parties.

If a new guideline is passed by the legislature, the department will have the responsibility of training county staff, county attorneys, parents, members of the private bar and the judiciary to ensure its proper application. Programming changes to the statewide computer system in the 6 months prior to implementation will be needed. Training of county personnel and attorneys will be conducted during the 3 months prior to implementation.

LONG-TERM IMPACT:

Changes in the guideline will benefit children who depend on adequate child support and will satisfy the state and federal requirement for review of the guidelines this year. Implementation of a guideline used by 36 other states may also make future guideline reviews, required every 4 years, less complex and costly to the state.

The long-term effects of a more simplified, less discretionary child support guideline include more uniformity among orders, anticipated increased compliance with orders, fewer appeals, and reduced court and attorney costs.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Child Support Enforcement
 ITEM TITLE: Child Support Contested Hearings

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Child Support Enforcement	\$-0-	\$1,500	\$1,500	\$1,500
Revenues: (\$000s):				
General Fund	\$-0-	\$900	\$900	\$900

Requires Statutory Change? Yes X No
 If yes, statute affected: M.S. 518.551, 256, & 256

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,500,000 in F.Y. 1997. As a result of this funding, contested child support matters will be included in the statewide administrative process. Parents with child support issues will be able to reach resolution through a simple, uniform, statewide procedure that is accessible without the need of legal counsel. This proposal is a part of the department's Economic Self-Sufficiency Initiative.

RATIONALE:

In Minnesota Milestones meetings across the state, citizens said that they do not want Minnesota's children to live in poverty. An important ingredient in avoiding child poverty is the payment of adequate child support. The 1993 Legislature mandated that the Department of Human Services, in consultation with the Commissioner's Advisory Committee for Child Support Enforcement, develop a plan to restructure the administrative process for setting, modifying and enforcing child support.

Work began on the plan in 1993 and the plan covering orders settled between parties and defaults was presented and accepted by the 1994 Legislature. The 1994 Legislature also mandated that the department return in 1995 with the plan to include contested matters in this process.

This proposal seeks to improve the child support system by including contested child support matters in a statewide administrative process. The desired outcome is that the parents involved can resolve their child support issues through a simple, uniform, and statewide process accessible without the

need of legal counsel. This process will be less adversarial and is expected to reduce the antagonism in child support issues that can harm children.

The proposal provides funding for the costs associated with contested matters, including systems development, training, forms printing, and the salaries of administrative law judges, hearing officers, and other related staff and operations.

PROGRAM OUTCOMES:

This proposal will change the child support matters process in Minnesota. All matters will be resolved in a forum that will likely not include district court judges and referees. Currently 39 counties conduct child support hearings in an administrative setting. This proposal will require the participation of all counties. The process will be considerably more efficient in bringing parents before a decision maker sooner to establish and modify orders. Sixty-six percent of the costs of the administrative process will be paid for by the federal government in contrast to the current court system which is fully financed by the state. The state will have the ability to control the costs of the process and save state dollars.

LONG-TERM IMPACT:

Resolving child support matters in an administrative setting will reduce court and county attorney costs and minimize the adversarial nature of these proceedings. A statewide process will also increase uniformity of orders, thus securing more equitable support for Minnesota's children.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Child Support Enforcement
 ITEM TITLE: Child Support Payment and Collections Improvements

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Child Support Enforcement	\$48	\$1,070	\$1,070	\$1,070
AFDC Grants	-0-	(90)	(286)	(595)
Net Total	\$48	\$980	\$784	\$475
Revenues: (\$000s):				
General Fund	\$-0-	\$264	\$412	\$412

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256 & M.S. 518

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$48,000 in F.Y. 1996 and \$980,000 in F.Y. 1997. This proposal will improve the child support system by centralizing payments, reducing county administrative burdens, and simplifying child support withholding and reporting requirements of employers. This proposal is part of the Governor's Child Support Enforcement Initiative and the department's Economic Self-Sufficiency Initiative.

RATIONALE:

In Minnesota Milestones meetings across the state, citizens said that they do not want Minnesota's children to live in poverty. An important ingredient in avoiding child poverty is the payment of adequate child support.

Legislation passed in 1993 required the Department of Human Services (DHS) to study the feasibility of centralizing child support payment receipting and to report back no later than 1-15-95. The results of the study support the development of a payment center that would receive and disburse child support payments from a central site.

Benefits for such a centralized process would include relieving counties of the expense and administrative burden of handling support payments, the ability to easily set uniform processing standards, and the chance to readily improve the payment process.

Employers would find benefits as well. They would be able to send all withholding payments to one place instead of payments to multiple counties as under the current system. This proposal would repeal the current law requiring employers to ask all new hires if they have a court ordered child support or medical support obligation and replace the law with a requirement to submit copies of W-4 forms (already completed for federal and state tax purposes) within 14 days of a new employee hire. DHS would then match the employment data against child support obligations and take appropriate action (usually implementing income withholding) to collect support.

The expected result is that children will get support months earlier than under the current system.

The proposal funds 3 FTEs in F.Y. 1997.

PROGRAM OUTCOMES:

This proposal will have enormous impact on the child support program in policy development, systems development and implementation, operations and equipment maintenance, staffing, and training of county staff, the judiciary, employers, and the public. Each component of the proposal will improve service to children by helping state and county staff, employers, and parents do their work more efficiently. Centralizing payments will remove duplication in the system by centralizing functions and funding them at the state level. Employer reporting improves the program's ability to enforce the payment of support to children while simplifying the way in which employers help in the enforcement of child support.

LONG-TERM IMPACT:

The federal government has proposed the establishment of a national directory of new hires using data received from each state and a central payment facility for each state. All children deserve the financial support of both parents. In order to secure this right for children whose parents are divorced or never married, the state must operate a system that will get support payments to children on time every month. This vision for the child support program, which is held by the state legislature and Congress, is carried forward in this proposal.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Child Support Enforcement
 ITEM TITLE: Publishing of Delinquent Child Support Obligers

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Child Support Enforcement	\$1,000	\$1,000	\$1,000	\$1,000
AFDC Grants	(758)	(861)	(886)	(910)
Net Total	\$242	\$139	\$114	\$90
Revenues: (\$000s):				
General Fund	\$660	\$660	\$660	\$660

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$242,000 in F.Y. 1996 and \$139,000 in F.Y. 1997. This funding is required to cover the cost of publishing the names of delinquent child support obligers who refuse to make payment and are over \$3,000 in arrears.

RATIONALE:

In Minnesota Milestones meetings across the state, citizens said that they do not want Minnesota's children to live in poverty. An important ingredient in avoiding child poverty is the payment of adequate child support.

This proposal seeks adequate funding for an innovation in child support collection.

The 1994 state law requires the department to publish the names of individuals who refuse to pay child support and are more than \$3,000 in arrears. Estimates are that there are 30,000 people who meet this criteria. Final laws of the 1994 legislature did not include an appropriation to implement in F.Y. 1995. This item provides that appropriation and has the support of many advocates for children, custodial parents, and legislators who see this approach as useful in focusing attention on non-payment of support.

The cost of implementing this provision is primarily the cost of publishing the names in the

newspapers. The legislation calls for publishing the names of obligers who meet specific delinquency criteria in the newspapers with the widest circulation in each of the counties in which they reside. There are considerable additional costs in staff time to design and implement the automated program that will select the appropriate names from the computer system. Additional effort is also required for the development of policy and the training of county workers to assist in the proper application of the criteria for avoiding publication.

PROGRAM OUTCOMES:

Other states have implemented similar laws with success. This proposal projects a 3% increase in collections with a corresponding savings to the state of \$758,000 in F.Y. 1996 and \$861,000 in F.Y. 1997. This savings is the result of reducing costs of the state and federally funded Aid to Families with Dependent Children (AFDC) program. Many families require AFDC when payment is not made for child support. This estimate is based on the track record of other states that have seen individuals pay child support rather than have public attention drawn to their unpaid obligations.

LONG-TERM IMPACT:

The long term effect will be increased public awareness of the importance of child support and the consequences of not paying. This will mean improved percentages of support collected for families. The Minnesota child support program has placed many sanctions on individuals who do not provide support; this initiative will further improve the program's ability to enforce the payment of support to children.

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BUDGET ACTIVITY: MAXIS Operations
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity exists to operate, maintain, and enhance the MAXIS statewide automated eligibility system, which supports Minnesota's major public assistance and medical programs. These programs include Aid to Families with Dependent Children (AFDC), Food Stamps, General Assistance, Work Readiness, Minnesota Supplemental Aid, Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance Medical Care (GAMC), and Emergency Assistance (EA).

The MAXIS system is the cornerstone of county and state functions related to client eligibility determination and benefit issuance. Over 500,000 people rely on the operation of this system for their monthly subsistence and medical needs. In addition, MAXIS provides recipient eligibility information to the Medicaid Management Information System (MMIS), forming the basis for approving medical claims from providers for services provided to MA, GAMC, and MinnesotaCare clients throughout Minnesota. This activity is also responsible for developing and implementing an electronic benefit issuance system.

Highlights of the system include statewide equity in eligibility determination, an automated mailing facility for client benefits and notices, and a single statewide database reflecting the client population. This database allows county workers to detect and prevent duplicate applications for assistance and provides information for program/fiscal planning and management. MAXIS also maintains automated data interfaces with several other systems, including the Child Support Enforcement System, the Medicaid Management Information System, and federal Social Security Administration and Internal Revenue Service systems.

The MAXIS system undergoes constant change and upgrading to reflect changes in policy and to support other priority initiatives. For example, MAXIS was recently enhanced to serve as the point of entry for MinnesotaCare, the MFIP, and the new MMIS system. The Intensive Family Preservation Services was incorporated into the AFDC-EA program. The level of change in the program/policy environment MAXIS serves continues to be a serious concern due to its impact on the overall stability of MAXIS, and therefore affects MAXIS' ability to reliably perform its core business functions of client eligibility determination and payment.

BUDGET ISSUES:

An increase to the base level funding is requested to support the welfare reform portion of the Governor's Welfare Reform Initiative and Minnesota Supplemental Aid redesign.

Legislation will be proposed to establish the stagger of benefits for electronic issuance of public assistance benefits and a timetable proposed for the RFP for expansion of Electronic Benefit System (EBS) services beyond the current system in Hennepin and Ramsey counties.

REVENUE:

This activity earns general federal administrative reimbursement at 40% of its expenditures. The activity is operated from the Department of Human Services Systems Account (Fund 20) which receives federal matching funds based on the state funds appropriated to, and expended from, the account.

In addition, the activity receives reimbursement for costs incurred by the Issuance Operations Center and by the MAXIS operational system as it responds to special requests for services from other department activities, from other state agencies, from counties, and from other entities outside government. This reimbursement is also deposited in the major Systems Account to allow the offset of the expenses to this activity.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: MAXIS OPERATIONS DIVISION
MACT: MAXIS OPERATIONS DIVISION

MACT SUMMARY	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	4,133	4,394	5,637	5,637	5,695	5,695	5,637	5,675	5,675	5,637	5,675	5,675	5,637	5,675	5,675
EXPENSES/CONTRACTUAL SRVCS	17,244	16,512	21,407	21,007	22,117	22,199	21,007	22,062	22,062	21,007	22,062	22,062	21,007	22,062	22,062
MISC OPERATING EXPENSES	3,532	3,551	5,001	5,001	5,002	5,002	5,001	5,014	5,014	5,001	5,014	5,014	5,001	5,014	5,014
SUPPLIES/MATERIALS/PARTS	336	694	619	404	405	405	404	405	405	404	405	405	404	405	405
CAPITAL EQUIPMENT	2,295	2,306	4,278	4,278	4,281	4,281	4,278	4,281	4,281	4,278	4,281	4,281	4,278	4,281	4,281
OTHER		51	500	500	500	500	500	500	500	500	500	500	500	500	500
SUBTOTAL STATE OPERATIONS	27,540	27,508	37,442	36,827	38,000	38,082	36,827	37,937	37,937	36,827	37,937	37,937	36,827	37,937	37,937
LOCAL ASSISTANCE	1,602	1,539	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373	2,373
TOTAL EXPENDITURES	29,142	29,047	39,815	39,200	40,373	40,455	39,200	40,310	40,310	39,200	40,310	40,310	39,200	40,310	40,310
AGENCY PLAN ITEMS:															
	FUND														
CLAIMS & RECOVERY INITIATIVES	GEN 115 112														
MSA REDESIGN	GEN 60														
ACCESS TO QUALITY HC INITIATIVE	HCA 998 998														
TOTAL AGENCY PLAN ITEMS	1,173 1,110														
GOV'S INITIATIVES:															
	FUND														
(B) WELFARE REFORM	GEN 82 82														
TOTAL GOV'S INITIATIVES	82														
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	334	2,550	17,199	17,374	17,456	17,199	17,311	17,311	17,311	17,199	17,311	17,311	17,199	17,311	17,311
HEALTH CARE ACCESS	41	44	44	44	1,042	1,042	44	1,042	1,042	44	1,042	1,042	44	1,042	1,042
STATUTORY APPROPRIATIONS:															
GENERAL	185	615	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957
SPECIAL REVENUE	28,920	28,481	36,606	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957	21,957

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: MAXIS OPERATIONS DIVISION
MACT: MAXIS OPERATIONS DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
AGENCY	222	6							
TOTAL FINANCING	29,142	29,047	39,815	39,200	40,373	40,455	39,200	40,310	40,310
FTE BY EMPLOYMENT TYPE:									
REGULAR	68.7	78.0	78.0		79.0			79.0	
TEMP/SEAS/PART_TIME	25.3	15.0	15.0		15.0			15.0	
OVERTIME	.3	.3	.3		.3			.3	
TOTAL FTE	94.3	93.3	93.3		94.3	94.3		94.3	94.3

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1996-97 Biennial Budget

BUDGET ACTIVITY: Aid to Families with Dependent Children Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Aid to Families with Dependent children (AFDC) program provides support to children and their caretaker adults living with them who, without financial assistance, could not obtain the basic necessities of life: food, shelter, clothing, etc. Assistance is in the form of continuing monthly grants.

Opportunities for AFDC recipients to become self-supporting are provided through Child Care Fund subsidies and through voluntary or mandatory participation in STRIDE employment and training services.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity except for the following changes contained in the welfare reform proposal and increased resources needed as a result of the forecast.

- Elimination of the 100 hour rule, work history requirement and 30-day unemployment requirement - similar to some federal proposals.
- Requiring minor caretakers to live at home, and treating them as a separate assistance unit should be cost neutral for AFDC. However, the proposal contains increased social service costs.
- The essential persons proposal will shift recipients from the GA Program to AFDC.
- Excluding student income and raising the vehicle equity limit could have very small program costs.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: AFDC GRANTS
MACT: AFDC GRANTS

MACT SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
OTHER	325	489							
SUBTOTAL STATE OPERATIONS	325	489							
AIDS TO INDIVIDUALS	399,382	394,340	355,359	355,359	362,138	360,762	355,359	378,361	374,226
LOCAL ASSISTANCE	30,203	27,591	26,148	26,148	26,669	26,669	26,148	27,593	27,593
TOTAL EXPENDITURES	429,910	422,420	381,507	381,507	388,807	387,431	381,507	405,954	401,819
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		6,444			16,654	
INCOME MAINTENANCE ADJUSTMENTS			FED		1,184			8,188	
CSE PUBLISH OBLIGOR			GEN		<758>			<861>	
AFDC - ESSENTIAL PERSONS			GEN		430			466	
TOTAL AGENCY PLAN ITEMS					7,300			24,447	
GOV'S INITIATIVES:									
			FUND						
(B) CSE PAYMENT & COLLECTIONS IMPROVEMENTS			GEN						<90>
(B) WELFARE REFORM			GEN			<1,376>			<4,045>
TOTAL GOV'S INITIATIVES						<1,376>			<4,135>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	131,584	153,156	141,029	141,029	144,064	142,688	141,029	150,478	146,343
STATUTORY APPROPRIATIONS:									
GENERAL	111,733	89,028	74,469	74,469	77,550	77,550	74,469	81,279	81,279
FEDERAL	186,593	180,236	166,009	166,009	167,193	167,193	166,009	174,197	174,197
TOTAL FINANCING	429,910	422,420	381,507	381,507	388,807	387,431	381,507	405,954	401,819

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Aid to Families with Dependent Children Grants
ITEM TITLE: Aid to Families with Dependent Children Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
AFDC Grants	\$3,363	\$ 9,844	\$15,098	\$20,342

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$3,363,000 in F.Y. 1996 and of \$9,844,000 in F.Y. 1997 to fund the forecasted costs of Aid to Families with Dependent Children grants under current law.

RATIONALE:

The changes are due to forecasted differences in caseload.

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1996-97 Biennial Budget

BUDGET ACTIVITY: General Assistance Grants
PROGRAM: Family Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity provides General Assistance (GA) grants to meet the monthly maintenance and emergency needs of Minnesota residents who are not eligible for other monthly income maintenance programs, have net income and resources below state limits, and who meet one of the categories of GA eligibility. For some recipients, assistance is temporary while the person overcomes an emergency situation or temporary problem such as awaiting approval for other forms of assistance. For others with more intractable barriers to self-support, assistance is needed for a longer term. This activity includes Family GA, which provides assistance to families who are ineligible for AFDC, at the same benefit level as AFDC.

BUDGET ISSUES:

The GA forecast requires additional resources for the following purposes:

- To accommodate an increase in the number of people who may subsequently meet a basis of eligibility under GA, due to proposed elimination of the Work Readiness program.
- To respond to changes in per diem payments and expansion of battered women's shelters.
- To respond to an increase in the number of people (non-citizens) who lose eligibility for federal programs as a result of national welfare reform proposals.

The Proposed AFDC initiative to include "essential persons" in the AFDC assistance unit will decrease the GA budget.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: GA GRANTS
MACT: GA GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	68	189							
SUBTOTAL STATE OPERATIONS	68	189							
AIDS TO INDIVIDUALS	56,387	55,704	48,928	48,928	50,711	54,367	48,928	53,453	57,301
LOCAL ASSISTANCE	16,641	14,343	11,642	11,642	11,838	11,838	11,642	12,572	12,572
TOTAL EXPENDITURES	73,096	70,236	60,570	60,570	62,549	66,205	60,570	66,025	69,873
AGENCY PLAN ITEMS:									
FUND									
INCOME MAINTENANCE ADJUSTMENTS									
AFDC - ESSENTIAL PERSONS					2,871			6,472	
					<892>			<1,017>	
TOTAL AGENCY PLAN ITEMS					1,979			5,455	
GOV'S INITIATIVES:									
FUND									
(B) WELFARE REFORM									
						3,656			3,848
TOTAL GOV'S INITIATIVES						3,656			3,848
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	42,136	56,347	49,512	49,512	50,887	54,543	49,512	53,715	57,563
STATUTORY APPROPRIATIONS:									
GENERAL	30,960	13,889	11,058	11,058	11,662	11,662	11,058	12,310	12,310
TOTAL FINANCING	73,096	70,236	60,570	60,570	62,549	66,205	60,570	66,025	69,873
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: General Assistance Grants
ITEM TITLE: General Assistance Forecast

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
GA Grants	\$2,267	\$5,220	\$8,106	\$11,004
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$2,267,000 in F.Y. 1996 and \$5,220,000 in F.Y. 1997 to fully fund the forecasted costs of the General Assistance grant program under current law.

RATIONALE:

Increases are due to forecasted changes.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Work Readiness Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity provides Work Readiness (WR) grants to meet the monthly maintenance needs of Minnesota residents who are not eligible for other monthly income maintenance programs, have net income and resources below state limits, and who do not qualify for General Assistance (GA).

BUDGET ISSUES:

As part of its welfare reform initiative, the department proposes to eliminate WR. This strategy is based on a unified antipoverty philosophy which includes the following principles: individual responsibility is expected; work (employment) pays; community and family supports are fostered; a common understanding that some children live in families where parents are unable to work; and a clear statement of the state's obligations to its citizens. General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Food Stamps, and other programs remain in place. A proportion of WR recipients are expected to qualify as eligible for GA.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: WORK READINESS GRANTS
MACT: WORK READINESS GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	17,684	16,436	13,640	13,640	10,747	<3>	13,640	11,222	
LOCAL ASSISTANCE	1,399	4,819	3,825	3,825	3,542	1,704	3,825	3,734	
TOTAL EXPENDITURES	19,083	21,255	17,465	17,465	14,289	1,701	17,465	14,956	
AGENCY PLAN ITEMS:									
FUND									
INCOME MAINTENANCE ADJUSTMENTS									
WELFARE REFORM - COUNTY SHARE									
TOTAL AGENCY PLAN ITEMS									
GOV'S INITIATIVES:									
FUND									
(B) WELFARE REFORM									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	13,784	17,562	14,059	14,059	14,289	1,701	14,059	14,956	
STATUTORY APPROPRIATIONS:									
GENERAL	5,299	3,693	3,406	3,406			3,406		
TOTAL FINANCING	19,083	21,255	17,465	17,465	14,289	1,701	17,465	14,956	
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Work Readiness Grants
ITEM TITLE: Work Readiness Forecast

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Work Readiness Grants	\$230	\$897	\$1,527	\$2,213
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$230,000 in F.Y. 1996 and \$897,000 in F.Y. 1997 to fund the forecasted costs of the Work Readiness grant program under the current law.

RATIONALE:

The changes are due to forecasted differences in caseload.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Minnesota Supplemental Aid Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Minnesota Supplemental Aid (MSA) provides cash assistance to aged, blind, and disabled persons who are in financial need. Federal law requires states to supplement payments made by the Supplemental Security Income (SSI) program to aged, blind and disabled persons. Eligibility for MSA follows many of the federal SSI program policies and procedures.

The MSA grant is composed of three factors: the basic need standard, the shelter standard, and the standard for special needs. The combined monthly standard for a single individual living alone in his/her own home with shelter costs in excess of the shelter maximum and with no special needs is \$519. The amount of the monthly MSA grant is the difference between the amount of the recipient's countable income, including \$458 in SSI benefits, and the combined total of the standard.

Eligible recipients living in a medical facility where Medical Assistance pays for the cost of care are limited to a clothing and personal needs allowance of \$59 per month. MSA also provides cash assistance to recipients who face emergency situations.

BUDGET ISSUES:

Simplification of county and state administration of the MSA program and possible subsequent savings related to restructuring and more closely aligning MSA policy with the federal Supplemental Security Income (SSI) program are the projected outcomes of the following changes:

- Adopting SSI shared household policy for certain MSA recipients
- Applying SSI income and asset exclusions
- Adopting SSI budgeting method
- Allowing fees for representative payees
- Counting sponsors' income for five years
- Creating flat standards
- Reducing the use of Emergency MSA
- Prohibiting MSA payments to persons ineligible for SSI due to exhausting time limited benefits or a suspension for non-compliance with treatment.

Increased resources are also needed to finance the forecasted MSA caseload increase.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: MSA GRANTS
MACT: MSA GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	2	1							
SUBTOTAL STATE OPERATIONS	2	1							
AIDS TO INDIVIDUALS	48,657	51,647	21,831	21,831	24,526	24,526	21,831	27,548	27,548
LOCAL ASSISTANCE	7,817	7,462	5,431	5,431	3,690	3,690	5,431	4,181	4,181
TOTAL EXPENDITURES	56,476	59,110	27,262	27,262	28,216	28,216	27,262	31,729	31,729
AGENCY PLAN ITEMS:									
INCOME MAINTENANCE ADJUSTMENTS					883			4,319	
MSA REDESIGN					71			148	
TOTAL AGENCY PLAN ITEMS					954			4,467	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	40,838	51,040	23,987	23,987	24,548	24,548	23,987	27,619	27,619
STATUTORY APPROPRIATIONS:									
GENERAL	15,638	8,070	3,275	3,275	3,668	3,668	3,275	4,110	4,110
TOTAL FINANCING	56,476	59,110	27,262	27,262	28,216	28,216	27,262	31,729	31,729
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM(S): Economic Self-Sufficiency
 BUDGET ACTIVITY: Minnesota Supplemental Aid
 ITEM TITLE: Minnesota Supplemental Aid Redesign

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
MSA Grants	\$71	\$148	\$220	\$290
MAXIS Operations	60	-0-	-0-	-0-
Net Total	\$131	\$148	\$220	\$290
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256D.33 to 256D.54

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$131,000 in F.Y. 1996 and \$148,000 in F.Y. 1997. These cost increases will result from aligning the Minnesota Supplemental Aid (MSA) program more closely with the federal Supplemental Security Income (SSI) program. Reducing MSA and SSI policy conflicts will reduce confusion for persons receiving these benefits and will simplify county and state administration.

RATIONALE:

The MSA program is a state administered supplemental payment for individuals who receive SSI or would receive SSI except for excess income. Because of policy differences between MSA and SSI, there is confusion for persons receiving these benefits and barriers to living independently in the community. In order to correct these differences this proposal: 1) adopts SSI shared household policy for a select population of MSA recipients; 2) adopts SSI income and asset exclusions; 3) creates flat standards for individuals and couples; 4) budgets income retrospectively instead of prospectively; 5) counts sponsor's income for non-citizens; 6) allows representative payee fees as a special need; 7) defines money mismanagement as use of Emergency MSA more than twice a year, and 8) prohibits MSA payments to persons ineligible for SSI due to exhausting time-limited benefits or a suspension for non-compliance with treatment.

PROGRAM OUTCOMES:

- Efforts to create alternative housing for individuals in Group Residential Housing (GRH) facilities are undermined due to the differences in MSA and SSI shared housing policy. By adopting SSI shared household policy, financial barriers will be removed for individuals who

could live independently in the community instead of living or being placed in more costly GRH facilities. The shared household policy will only be applied in situations that are cost-effective and facilitate deinstitutionalization.

- Because of differences in asset and income exclusions, county staff are required to duplicate eligibility determinations for SSI clients who apply for MSA. Adopting SSI income and asset exclusions eliminates the need to determine MSA eligibility for SSI recipients and avoids increasing MSA when SSI benefits are reduced for SSI recoupment.
- MSA has a 2-tier need standard which combines a shelter standard and a basic need standard. Clients are required to report changes in shelter costs which can result in a change in benefits. Documenting fluctuating shelter costs and reconciling benefits creates a burden on clients and adds unnecessary administrative time for workers. Creating flat standards for individuals and couples will enable all clients to receive a full standard, reduce the administrative burden on clients and agencies, create uniformity across cash assistance programs, and provide equity.
- The SSI program budgets income retrospectively and MSA budgets income prospectively. The process adds administrative complexity for workers and confusion for clients. Adopting the SSI retrospective budgeting cycle eliminates client overpayments and the need for monthly budget reconciliation.
- MSA does not consider a sponsor's income in determining eligibility for non-citizens. The SSI program deems sponsor's income for non-citizens. This means individuals who are ineligible for SSI due to the deeming of sponsor's income receive up to \$519 in MSA benefits. By adopting SSI policy in this area, a non-citizen can receive no more than \$81 in MSA benefits.
- Vulnerable clients prone to money mismanagement are at risk because there are not enough interested and/or appropriate representative payees. Allowing representative payee fees as a special need will serve as an incentive for agencies to become representative payees for SSI.
- A number of vulnerable clients repeatedly use Emergency MSA to cover ongoing basic needs. Defining money mismanagement as use of Emergency MSA more than twice a year will provide a basis for establishing and issuing protective payments for vulnerable clients.
- Effective 3/1/95 the Social Security Administration (SSA) will limit benefits to 36 months for persons whose substance abuse is material to their disability and suspend benefits for non-compliance with treatment. Current MSA language does not prohibit state supplements to these individuals. This proposal will create ineligibility for MSA for individuals who do not receive SSI benefits under this provision of the new SSA regulations.

LONG-TERM IMPACT:

This proposal will reduce the conflicts in MSA and SSI policy, simplify program administration, and establish benefit standards that are more understandable to persons receiving these benefits. In addition, this proposal improves housing access in community settings by allowing persons now in, or at risk of, institutional placement to share housing in the community without reduction in benefits.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Minnesota Supplemental Aid - Grants
ITEM TITLE: Minnesota Supplemental Aid Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Minnesota Supplemental Aids Grants	\$490	\$3,484	\$10,776	\$22,930

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$490,000 in F.Y. 1996 and of \$3,484,000 in F.Y. 1997 to fully fund the forecasted cost of Minnesota Supplemental Aid (MSA) grant payments under the current law.

RATIONALE:

Increases are due to forecasted changes.

1996-97 Biennial Budget

BUDGET ACTIVITY: Minnesota Family Investment Program Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Minnesota Family Investment Program (MFIP) is a comprehensive reform of welfare for families that replaces Aid to Families with Dependent Children, Food Stamps, Family General Assistance, and Project STRIDE. MFIP restructures the welfare system around three key values: working should be more profitable than welfare; welfare should support the family unit; the relationship of welfare to families served should be based on a social contract in which both the system and its clientele carry responsibilities.

Field trials began in 4-94 in 7 counties (3 metro and 4 rural). MFIP will be evaluated by comparing a group of families eligible for MFIP with a group of families eligible for the programs MFIP replaces.

BUDGET ISSUES:

An important component of the department's welfare reform initiative, MFIP is a relatively new program that represents a significant departure from current welfare programs. Field trials have only just begun. Grant forecasts are based on enrollment projections and experience from other programs. Over the next 6 to 12 months, actual experience with the MFIP program will provide an improved base for future cost projections. However, under current law, forecast projections indicate a decrease in resources needed to finance this program in the out years.

GRANT:

MFIP grants represent the benefits issued to families eligible for MFIP financial assistance, child care assistance for MFIP families, and case management/employment and training services provided to MFIP families. Families applying for or receiving public assistance in the field trial counties are randomly assigned to receive MFIP benefits. The number of families enrolled in the MFIP group is largely controlled by the sample sizes needed for the evaluation. The number of families receiving MFIP grants is expected to peak at 5,200 in 10-95 and decline to less than 2,000 by the end of the field trials (3-99).

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: MFIP GRANTS
MACT: MFIP GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS						180			80
SUBTOTAL STATE OPERATIONS						180			80
AIDS TO INDIVIDUALS		1,145	35,396	35,396	37,901	40,368	35,396	26,314	34,559
LOCAL ASSISTANCE		242	6,048	6,048	7,193	7,978	6,048	5,762	7,394
TOTAL EXPENDITURES		1,387	41,444	41,444	45,094	48,526	41,444	32,076	42,033
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		1,341			<4,154>	
INCOME MAINTENANCE ADJUSTMENTS			FED		1,839			<5,022>	
MFIP NON-ENTITLED CM			GEN		470			<192>	
TOTAL AGENCY PLAN ITEMS					3,650			<9,368>	
GOV'S INITIATIVES:									
			FUND						
(B) WELFARE REFORM			GEN			3,252			9,877
(B) WELFARE REFORM			GEN			180			80
TOTAL GOV'S INITIATIVES						3,432			9,957
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL		652	19,496	19,496	21,307	24,739	19,496	15,150	25,107
STATUTORY APPROPRIATIONS:									
FEDERAL		735	21,948	21,948	23,787	23,787	21,948	16,926	16,926
TOTAL FINANCING		1,387	41,444	41,444	45,094	48,526	41,444	32,076	42,033

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Minnesota Family Investment Program - Grants
 ITEM TITLE: Minnesota Family Investment Program Case Management Services

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MFIP Grants	\$470	(\$192)	(\$192)	(\$192)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$470,000 in F.Y. 1996 and a decrease in the budget base of \$192,000 in F.Y. 1997. This item is necessary to address the forecasted costs of case management services in the Minnesota Family Investment Program (MFIP) under current law.

RATIONALE:

Case management costs increase as the MFIP caseload peaks in F.Y. 1996. Thereafter, in F.Y. 1997 and following years, costs decline as the active MFIP caseload declines.

PROGRAM OUTCOMES:

Case management is mandatory for many MFIP cases. With its services and sanctions for non-cooperation it is a key component of this reform program.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Minnesota Family Investment Program - Grants
ITEM TITLE: Minnesota Family Investment Program Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund

Minnesota Family Investment
 Program Grants

\$1,341 (\$4,154) (\$7,357) (\$10,732)

Revenues: (\$000s):

General Fund

\$-0- \$-0- \$-0- \$-0-

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,341,000 in F.Y. 1996 and a decrease in the budget base of \$4,154,000 in F.Y. 1997 to fund the forecasted costs of the Minnesota Family Investment Program (MFIP) under current law.

RATIONALE:

The forecasted increase in F.Y. 1996 is produced by MFIP reaching full enrollment in that year. The decreases in subsequent years result from attrition of the enrolled cases, followed by termination of the program in F.Y. 1999, under current law.

1996-97 Biennial Budget

BUDGET ACTIVITY: Child Care Fund Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Aid to Families with Dependent Children (AFDC) Child Care Assistance Program provides financial assistance to defray the child care costs of AFDC recipients who: are working and have costs above the dependent care deduction; looking for work, and/or participating in education or training programs designed to lead to employment; and Non-AFDC families who are participating in the Transition Year Child Care Assistance Program. The program is designed to maximize federal financial participation through the JOBS and Non-JOBS child care assistance funding sources (STRIDE and ACCESS programs in Minnesota) and the Transition Year Child Care program. (ACCESS pays for child care for AFDC recipients who are looking for work and/or participating in education or training programs and are not eligible to participate in STRIDE.) The program and administrative requirements for each of the subprograms have been integrated to facilitate the movement of families to self-sufficiency. Families who are participating in the Transition Year Child Care Program have moved off of AFDC due to an increase in earned income, loss of disregards, or excess hours. These families are required to make a copayment for child care services. The amount of the copayment is based on income and family size and is compatible with other non-AFDC child care funding sources.

BUDGET ISSUES:

The department's welfare reform initiative and similar proposed federal changes that increase the number of working clients or the number of clients in training or education activities, will increase the need for child care assistance.

REVENUE:

See individual management activities for detail.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: CHILD CARE FUND - GRANTS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
CHILD CARE FUND ENTITLEMENT	21,948	28,935	31,049	31,049	36,858	37,445	31,049	43,263	19
CHILD CARE FUND NON-ENTITLED	20,530	23,767	25,775	25,775	25,775	31,775	25,775	25,775	
TOTAL EXPENDITURES	42,478	52,702	56,824	56,824	62,633	69,220	56,824	69,038	19
AGENCY PLAN ITEMS:				FUND					
INCOME MAINTENANCE ADJUSTMENTS				GEN			5,802		
INCOME MAINTENANCE ADJUSTMENTS				FED			6,412		
TOTAL AGENCY PLAN ITEMS				5,809			12,214		
GOV'S INITIATIVES:				FUND					
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				GEN			<45,732>		
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES				FED			<39,542>		
(B) CHILD CARE SYSTEM BASIC SLIDING FEE				GEN			6,000		
(B) WELFARE REFORM				GEN			262		
(B) CHILD CARE SYSTEM BASIC SLIDING				GEN			325		
TOTAL GOV'S INITIATIVES				6,587			<69,019>		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	18,671	22,634	23,694	23,694	26,499	33,086	23,694	29,496	19
STATUTORY APPROPRIATIONS:									
FEDERAL	23,807	30,068	33,130	33,130	36,134	36,134	33,130	39,542	
TOTAL FINANCING	42,478	52,702	56,824	56,824	62,633	69,220	56,824	69,038	19
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Child Care Fund - Entitlement Program
BUDGET ACTIVITY: Child Care Fund Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Aid to Families with Dependent Children (AFDC) Child Care Assistance program provides financial assistance to defray the child care costs of AFDC recipients who: are working and have costs above the dependent care deduction; are looking for work, and/or participating in education or training programs which are designed to lead to employment; and Non-AFDC families who are participating in the Transition Year Child Care Assistance program. The program is designed to maximize federal financial participation through the JOBS and Non-JOBS child care assistance funding sources (STRIDE and ACCESS programs in Minnesota) and the Transition Year Child Care program. The program and administrative requirements for each of the subprograms have been integrated to facilitate the movement of families to self-sufficiency. Families who are participating in the Transition Year Child Care program have moved off of AFDC due to an increase in earned income, loss of disregards, or excess hours. These families are required to make a copayment for child care services. The amount of the copayment is based on income and family size and is compatible with other non-AFDC child care funding sources.

BUDGET ISSUES:

The agency budget plan requires additional resources for entitlement child care grants as a result of forecasted changes in rates and caseload.

REVENUE:

All state funds expended for the AFDC Child Care Assistance Program including the employment, the STRIDE, the ACCESS, and the Transition Year subprograms earn FFP at a rate of 55%.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
ACTIVITY: CHILD CARE FUND - GRANTS
MACT: CHILD CARE FUND ENTITLEMENT

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	21,948	28,935	31,049	31,049	36,858	37,445	31,049	43,263	19
TOTAL EXPENDITURES	21,948	28,935	31,049	31,049	36,858	37,445	31,049	43,263	19
AGENCY PLAN ITEMS: FUND									
INCOME MAINTENANCE ADJUSTMENTS			GEN		2,805			5,802	
INCOME MAINTENANCE ADJUSTMENTS			FED		3,004			6,412	
TOTAL AGENCY PLAN ITEMS					5,809			12,214	
GOV'S INITIATIVES: FUND									
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			GEN						<23,406>
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES			FED						<23,293>
(B) WELFARE REFORM			GEN			262			3,130
(B) CHILD CARE SYSTEM BASIC SLIDING			GEN			325			325
TOTAL GOV'S INITIATIVES						587			<43,244>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	10,895	13,108	14,168	14,168	16,973	17,560	14,168	19,970	19
STATUTORY APPROPRIATIONS:									
FEDERAL	11,053	15,827	16,881	16,881	19,885	19,885	16,881	23,293	
TOTAL FINANCING	21,948	28,935	31,049	31,049	36,858	37,445	31,049	43,263	19
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Child Care Fund Grants
MANAGEMENT ACTIVITY: Child Care Fund Entitlement
ITEM TITLE: Child Care Fund Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Child Care Fund Grants	\$2,805	\$5,802	\$8,826	\$12,394

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$2,805,000 in F.Y. 1996 and \$5,802,000 in F.Y. 1997 to fully fund the forecasted cost of the Aid to Families with Dependent Children Child Care entitlement under current law.

RATIONALE:

The forecasted increases in child care entitlement payments under the current law are produced about equally by projected increases in enrollment in the program and projected inflation of rates paid by the program.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Child Care Fund - Nonentitlement Program
BUDGET ACTIVITY: Child Care Fund Grants
PROGRAM: Economic Self-Sufficiency
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Basic Sliding Fee (BSF) Child Care Assistance Program provides financial assistance to defray the child care costs of non-AFDC low income families who are working, looking for work, and/or participating in education or training programs which are designed to lead to employment. The program assists with child care costs for families whose income does not exceed 75% of the state median income and who have children under the age of 13. These families are required to make a copayment for child care services. The amount of the copayment is based on income and family size.

BUDGET ISSUES:

The budget plan includes an increase in BSF funding large enough to allow approximately 3,000 families who are currently on the BSF waiting list to receive assistance with child care costs while the family pursues self-sufficiency through work, education, or job search.

Included in the allocation are funds for the department to coordinate and manage 2 studies. One study will allow the state to develop and implement a plan to optimize funding by increasing the amount of federal financial participation received by the state and enhance early childhood programs. The second study will explore alternative mechanisms of distribution of funding by simplification of access to the child care system and serves as a foundation for a comprehensive child care system.

REVENUE:

The BSF Child Care Program is a combination of the federal Child Care and Development Block Grant, the capped At-Risk Allocation, and state and county funds.

This activity earns federal participation for the At-Risk Allocation portion of the program at the rate of 55%, up to the maximum award for the year.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: ECONOMIC SELF SUFFICIENCY PROGRAM
 ACTIVITY: CHILD CARE FUND - GRANTS
 MACT: CHILD CARE FUND NON-ENTITLED

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	20,530	23,767	25,775	25,775	25,775	31,775	25,775	25,775	
TOTAL EXPENDITURES	20,530	23,767	25,775	25,775	25,775	31,775	25,775	25,775	
GOV'S INITIATIVES:									
									FUND
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									GEN
(A) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									FED
(B) CHILD CARE SYSTEM BASIC SLIDING FEE						6,000			GEN
TOTAL GOV'S INITIATIVES						6,000			
									<22,326>
									<16,249>
									12,800
									<25,775>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	7,776	9,526	9,526	9,526	9,526	15,526	9,526	9,526	
STATUTORY APPROPRIATIONS:									
FEDERAL	12,754	14,241	16,249	16,249	16,249	16,249	16,249	16,249	
TOTAL FINANCING	20,530	23,767	25,775	25,775	25,775	31,775	25,775	25,775	
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Economic Self-Sufficiency
 BUDGET ACTIVITY: Child Care Fund
 MANAGEMENT ACTIVITY: Child Care Fund Non-Entitlement
 ITEM TITLE: Basic Sliding Fee Child Care

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Self-Sufficiency Administration	\$ 175	\$ -0-	\$ -0-	\$ -0-
Families with Children Services				
Grants	450	825	825	825
Child Care Fund Entitlement	325	325	325	325
Child Care Fund Non-entitlement	6,000	12,800	12,800	12,800
Children's Services				
Administration	75	75	75	75
Net Total	\$7,025	\$14,025	\$14,025	\$14,025
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256H.03, 256H.12, 256H.18, 256H.20, 245H.14

GOVERNOR'S RECOMMENDATION

The Governor recommends an increase in the budget base of \$7,025,000 in F.Y. 1996 and \$14,025,000 in F.Y. 1997. This funding will provide additional resources for child care assistance to low income parents and enhance the quality of that child care and its administration. This proposal is part of the governor's Children's Initiative and the department's Children's Initiative and will be transferred to the Department of Children and Education Services in F.Y. 1999. A detailed description of the new agency can be found in the Children and Families budget document.

RATIONALE:

In public hearings around Minnesota, citizens said they wanted Minnesota's children not to live in poverty. Additionally, they said they wanted families to provide a stable environment for their children. This item responds to both goals by investing significant additional funds in child care assistance for low-income families to help them as they make their families financially secure. It also improves the quality of child care and streamlines its administration.

Since quality, affordable child care is a significant help in keeping families off welfare and out of poverty and since young children are affected by the quality of care they receive in child care settings, this item is both part of the department's economic self-sufficiency (welfare reform) initiative and the children's initiative.

Adding the proposed increase to the basic sliding fee (BSF) would enable the state to assist approximately 1,330 eligible non-Aid to Families with Dependent Children (AFDC) families in F.Y. 1996 and 2,665 eligible non-AFDC families in F.Y. 1997. These families are currently on the waiting list for child care costs while the family pursues self-sufficiency through work, education, or job search. The proposal would allow all of most families that are leaving transition-year child care and are still in need of help with child care costs to be assured of continued child care assistance and an uninterrupted move to self-sufficiency. It would also help to eliminate the need for some non-AFDC families to apply for AFDC because they cannot get BSF child care help because of waiting lists.

In addition to the child care fund increase, the following quality initiatives are proposed:

- An increase in child care resource and referral (CCR&R) services. CCR&R agencies are funded to coordinate and develop child care services in their economic development regions. Additional support would give them greater effectiveness in delivering high-quality training to child care providers.
- Establishment of cultural dynamics training for child care providers. This item would create a curriculum teaching child care providers about the dynamics of culture, the impact on children, and the process for developing culturally-appropriate child care programs. A pilot project to achieve these goals would begin at 4 sites and would train trainers and deliver training to caregivers.
- An increase in migrant child care grants address the needs of Hispanic migrant families in Minnesota. Funding for migrant child care has not increased since the mid-1980s and without additional funds to cover increased costs only an estimated 320 children will be served, down from the current 400 children served. The increased funding will maintain service for all families and add more intensive services such as health follow up, dental follow up, early prevention screening and testing, and referral services. Also, funds will be used to train bilingual child care staff.
- A reallocation process for child care ACCESS slots. ACCESS is a child care program designed to provide child care assistance for the children of AFDC caretakers who are participating in job search of education and training and are not eligible to participate in the STRIDE program. Current legislation allocates child care ACCESS slots to counties based on the 1991 caseload. Some counties are not using all available slots while other counties have waiting lists. This proposal gives the department authority to temporarily reallocate the unused child care slots to counties who have waiting lists.
- A two-part study to develop a plan for: 1) an alternative distribution of child care assistance funding that simplifies access and serves as a foundation for a comprehensive child care system; 2) integration of funding sources to enhance federal financial participation in a variety of programs such as early childhood programs or services to children of AFDC families who are

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Self-Sufficiency
BUDGET ACTIVITY: Child Care Fund
MANAGEMENT ACTIVITY: Child Care Fund Non-Entitlement
ITEM TITLE: Basic Sliding Fee Child Care
(continuation)

participating in self-sufficiency plans.

The current system for distribution of child care assistance includes extensive administrative responsibility surrounding eligibility determination and monitoring of continued compliance. In addition, local match requirements are burdensome to counties.

The results of the system study will assist counties which lack the administrative and financial capacity to meet the child care demands of low-income families who are not on AFDC and provide the foundation for a universal child care system necessary for all families in need of child care by considering availability, cost efficiency, and simplified administration.

It is also important to study the integration of funding sources so that the state can draw down the maximum amount of federal financial participation dollars available. The results of this study could enable the state to serve more children in high-quality early childhood development programs.

This request includes 1 FTE that is needed to manage and coordinate the 2 studies, to analyze the outcome of the studies, and make recommendations for development and implementation of new legislation. Legislation will be proposed that will enable both the department and counties to efficiently and effectively expand existing early childhood programs and implement alternative systems for child care.

PROGRAM OUTCOMES:

1. An increase in the BSF allocation substantially increases the number of families who receive assistance with child care costs. The enactment of this proposal may require the state to consider changes in other legislation because of the impact on county agencies.
2. A model child care assistance program will be proposed that allows for universal access with simplified distribution of funds and reduced administrative costs.
3. Eighteen CCR&R agencies would each receive funds to coordinate training efforts on a regional basis for over 40,000 licensed child care providers throughout the state, and train CCR&R staff on delivery of referral services to parents, including parent education on how to choose quality child care.
4. Approximately 40,000 child care providers will be trained in the cultural dynamics curriculum over the next 4 years, as required by Minnesota Statutes. This training will benefit over 200,000 children.

5. The increase in migrant child care grants will expand and improve child care services for the growing needs of Hispanic migrant families in Minnesota. The current program receives \$447,383 in Federal Title XX funding and serves 400 migrant children.
6. Reallocation of child care ACCESS slots will temporarily reallocate 138 unused slots to counties who have waiting lists, while a more efficient and effective form of child care slot allocation is being studied.

LONG-TERM IMPACT:

The distribution of child care assistance funding will no longer be tied to distribution of welfare assistance. County administrative and financial capacity will not continue to be overburdened. Families will have more timely access to child care assistance funds and more families will be served.

Parents will be better informed about the importance of quality child care and how to find quality care for their children; over 40,000 child care providers will have improved access to comprehensive, quality child care training and child care providers will be more aware of the importance of culturally appropriate services. Over 200,000 children will benefit from improved developmentally and culturally appropriate child care.

With additional state funding for migrant child care and with collaboration between other migrant funding sources such as Head Start and the Department of Education, migrant families will receive the child care services they need as they contribute to Minnesota's agricultural economy and strive to become self-sufficient.

The proposal would enable low income non-AFDC families to work or to attend training or education which would lead to employment so that the family can attain self-sufficiency. The proposal could increase the tax revenue to the state and help to stop the cycle of poverty for these families.

1996-97 Biennial Budget

PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

The Department of Human Services (DHS) Health Care Administration exists to ensure that low income people, and people with special health care needs have access to quality medical care for both acute and chronic health-related conditions as well as for preventive and primary care services. It is an aggregation of the following management activities: Long Term Care Services, Health Care Services Delivery, Health Care Benefits, Medical Assistance (MA) Grants, General Assistance Medical Care (GAMC) Grants, Health Care Operations, Health Care Customer Service, Medicaid Management Information System (MMIS), and MinnesotaCare.

These programs ensure that payments are properly made to enrolled providers of medical and health care services for services provided to eligible persons. These programs also: develop policy for coverage and rate setting for the MA, MinnesotaCare, and GAMC programs; promote program integrity and efficient claims administration; develop and manage cost effective long-term care service systems and alternatives for persons requiring those services; maintain interagency agreements with the Minnesota Department of Health (MDH) for survey, inspection of care, and case mix audits for nursing facilities (NF's) and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR); and manage prepayment capitation contracts and the interagency agreement with the Minnesota Department of Employee Relations for the administrative managed care functions.

Health Care Administration staff also provide program supervision to local agencies for implementation of these programs. In addition, Health Care Administration staff make payments to providers of health services; conduct post-payment audits to detect abuse and/or fraud by recipient and providers of the MA, MinnesotaCare, and GAMC programs; and secure recovery of expenditures where other third parties are liable. Local agency staff determine individual eligibility for the MA, GAMC, and Home and Community-based Waiver programs.

The mission of this program is to provide access to appropriate medical benefits to all eligible people in an accountable and affordable manner.

To achieve its ongoing mission, this program:

1. Administers the MA, GAMC, and MinnesotaCare programs, Child and Teen Check-up Screening, the Traumatic Brain Injury (TBI) program, Home and Community Waivered Service programs, including services for persons who are disabled, or chronically ill, the Preadmission Screening and Alternative Care (PAS/AC) program, the Human Immunodeficiency Virus (HIV) Insurance Plan, and Ryan White Funds.
2. Develops and maintains prevention oriented programs to support the delivery of effective prenatal care services.

3. Initiates the development and funding of programs that increase access to necessary health services for pregnant women that will improve birth outcomes.
4. Initiates the development and funding of health services to enable people to remain in the community as an alternative to institutional care, when it is cost-effective.
5. Establishes and administers rules and procedures that provide local agencies with the ability to determine eligibility for health care programs in accordance with state and federal law.
6. Ensures that program expenditures are made according to state and federal requirements and secures recovery of expenditures where fraud, abuse, or misuse is established.
7. Ensures that medical services provided are medically necessary and are delivered in an appropriate, timely, and cost-effective manner.
8. Maximizes the use of third-party payments and the availability of federal funds through benefit recovery activities.
9. Establishes and administers policies and rules for payment of institutional care in hospitals, nursing facilities, ICFs/MR, and day training and habilitation (DTH).
10. Manages an effective system of auditing long-term care facilities, grantees, and state contractors while resolving provider appeals filed by long-term care facilities and acute care hospitals.
11. Develops, reviews, and analyzes methods of reimbursing institutional and alternative long-term care services.
12. Seeks and implements federal grants for HIV infected people.
13. Administers the contract with the Department of Health for federally mandated surveys of long-term care facilities.
14. Manages the technical design of all rate setting systems for payment necessary to operate the Medicaid Management Information System (MMIS).
15. Manages the process that identifies necessary modifications to the MMIS and that updates the MMIS and long-term care payment system to enhance program efficiency and comply with new regulations, laws, rules, and policy changes.
16. Operates health care service delivery initiatives that includes prepaid, capitated reimbursement systems for the MA, GAMC and MinnesotaCare programs, while exploring and initiating alternative health care delivery and funding strategies to maximize efficient use of tax dollars.
17. Operates a centralized medical claims processing and reimbursement system for MA, GAMC, and MinnesotaCare, as well as the long-term care payment system for intermediate care facilities and nursing facilities, to ensure timely payment of claims.

1996-97 Biennial Budget

PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)
(Continuation)

18. Enters into arrangements with organizations and entities to insure quality, cost-effective services, maximize third-party reimbursements, and other activities to insure the economical and efficient operation of the MA, GAMC, and MinnesotaCare programs.
19. Establishes and implements an effective provider training activity to offer instruction on claim submission and program requirements.

PROGRAM STATUS:

Health Care

The Health Care Administration takes significant responsibility for realizing the Minnesota Milestones goal that Minnesotans will be healthy.

Minnesotans have long valued good health. With the scope of its publicly funded programs, the department has an important role to play in moving closer to the Milestone's goal. To do its share, a department Health Care Initiative is proposed to:

- Expand access to quality health care for low and middle income people;
- Simplify MA, GAMC and MinnesotaCare to among other things, make it easier for enrollees and health care providers to participate; and
- Increase program flexibility so enrollees get quality care and the taxpayers who subsidize that care get good deals.

The main vehicle to achieve these three goals is the MinnesotaCare waiver now pending before the United States Department of Health and Human Services. Details about the waiver's components are found in the budget decision pages titled "Access to Quality Health Care Initiative."

In addition to the waiver, the Health Care Administration is affected by the following change:

Program Integrity

This past year, a new payment system called the Medicaid Management Information System II (MMIS II) was implemented in the Administration's Health Care Operations/Program Integrity area. MMIS II is one of the largest and most sophisticated systems of its kind.

MMIS II has an edit structure of more than 900 possible claim edits to ensure integrity of payments. Approximately 17 million claims are processed per year with 45 medical claims technicians and data entry operators.

In addition to MMIS II, this area operates the long-term care payment system. Overall, 23,200 health care providers and 800 nursing homes/ICF's-MR are paid through these 2 systems.

Health Care Operations/Program Integrity utilizes a third party liability recovery process to ensure that all other potential sources of federal and private funding have been accessed prior to payment being made under any of these programs. In addition, the Surveillance and Integrity Review Section (SIRS) is responsible for insuring that all health services are provided in an appropriate and cost-effective manner, and that all applicable requirements and regulations are adhered to by providers of health care services. Contracts with a medical review agent to screen all inpatient hospital admissions for medical necessity and appropriateness and to conduct retrospective reviews insure that appropriate services are provided. The department also operates a prior authorization system to review the need for and appropriateness of selected medical services. In the 1992 legislative session, the department was appropriated staff and funding to carry out a program to ensure that individuals covered by GAMC were not eligible for MA.

All of these activities enable the department to insure the integrity of MA and GAMC, and to maximize the effective and appropriate use of funds devoted to these programs.

HIV Insurance Program

This program is responsible for administering a HIV Insurance program and a federal grant related to HIV services. This program is specifically for HIV infected persons who are not eligible for MA or GAMC. Availability of these funds delays clients from becoming eligible for MA or GAMC. It is anticipated additional federal grant funds will become available and that proposals will be submitted requesting such funds in they would appear to benefit clients and the state.

Developing Low Cost Alternatives to Institutional Care

A major responsibility of this program is the development of cost containment plans for persons who are at risk of higher cost institutional placement. Many people can be provided care in their own home or in the community for a lower cost than comparable institutional care. In response to this issue, the program has requested and obtained a number of waivers of federal MA regulations that allow it to fulfill this objective. These waivers are known as home and community-based waivers. There are presently waivers in effect to serve people with developmental disabilities, children and adults with chronic illnesses, frail elderly people, disabled adults, and persons with traumatic brain injury. The Alternative Care program provides additional options for lower cost alternatives to institutional care.

Utilizing Alternative Mechanisms to Deliver Affordable, Accessible Health Care

This program will continue to develop alternative approaches to the delivery of health care. Paramount in the development and implementation for such alternative approaches to health care has been ensuring that health care is provided in a coordinated, cost effective, and appropriate manner. The development of these alternative approaches improves recipients' access to health care services, and enhances both patient and provider satisfaction. In order to maximize flexibility in developing alternative approaches for MA recipients, the program has obtained a federal waiver of MA regulations that permits it to contract with health maintenance organizations (HMOs) and other prepaid health plans to provide services to MA recipients.

1996-97 Biennial Budget

PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)
(Continuation)

To date, the department has contracted for the provision of services to MA/GAMC recipients in Itasca, Lake, Dakota, Ramsey, Hennepin, Scott, Carver, Washington and Anoka Counties.

Health Care Coverage for the Underinsured or Uninsured

The department has played an integral role in helping to address the issue of universal health coverage for the residents of Minnesota. Since 1987, changes in MA eligibility for children, pregnant women, and other definable groups have served to expand MA eligibility to people formerly ineligible for MA coverage. This has been accomplished through the expanded use of eligibility options provided by federal MA program regulations covering certain pregnant women and children, and also eligibility expansion required as the result of federal mandates. Thus, many children formerly eligible under the state funded Children's Health Plan became eligible for MA with 53% federal financial participation. In addition, the Health Care Administration administers the MinnesotaCare program, described on another page.

Access to MA/GAMC Health Services

Access to health care is a continuing problem, especially for those recipients who do not have a regular health care provider. The cause of this accessibility problem is frequently due to MA and GAMC providers' unwillingness to accept discounts in their reimbursement. Although this access issue only affects the fee-for-service recipients, this is approximately 77% of all MA recipients and 60% of all GAMC recipients.

Performance Measurement

A new division has been established within Health Care Delivery to establish criteria and performance measurements for health fee-for-service and managed care utilization, and to initiate and monitor quality improvement actions based on this information.

Customer Services

This program provides a toll free "Help Desk" for health care providers and clients, frequent training opportunities for providers, development of provider friendly tools, a provider enrollment activity and representation of the needs of health care providers within the department. Within the last year over 400 provider workshops were held throughout the state, 100,000 calls have been received and 23,000 providers were re-enrolled to participate in MA, GAMC and MinnesotaCare.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished or accelerated as follows:

- By the end of F.Y. 1997, assure that 95% of MA enrolled health care providers are participating in the Vaccine for Children Program.
- Lifting the moratorium on development of Group Residential Housing beds will result in greater availability of services with maintenance of the ratio of metro area settings to greater Minnesota settings.
- By the end of F.Y. 1997, managed care delivery systems will be expanded to all areas of the state where health plan networks exist. This will result in an increase in MA and GAMC recipients enrolled in managed care delivery systems from 165,000 in F.Y. 1995 to 193,000 in F.Y. 1996 and 223,000 in F.Y. 1997.
- By the end of F.Y. 1997, managed delivery models for disabled populations will be implemented on a demonstration project basis with 2 pilot projects.
- By the end of F.Y. 1997, the number of counties participating in managed care delivery systems for dental services for MA and GAMC recipients, including disabled people, will increase from 10 in F.Y. 1995 to 47 in F.Y. 1996 and 73 in F.Y. 1997.
- By the end of F.Y. 1997, the number of people in MinnesotaCare who are in a managed care delivery system will be 130,000, compared to 2,000 in F.Y. 1995.

BUDGET AND REVENUE SUMMARY:

The agency budget plan for Health Care is detailed on the following budget and management activity pages.

GOVERNOR'S RECOMMENDATION:

The governor concurs with the agency plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM

ACTIVITY RESOURCE ALLOCATION:	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
LONG TERM CARE ADMINISTRATION	35,414	38,732	101,885	101,486	114,135	114,135	101,486	123,825	123,825
HEALTH CARE DELIVERY ADMINISTRAT.	2,214	3,242	5,200	5,206	5,206	5,206	5,129	5,129	5,129
HEALTH CARE BENEFITS ADMINISTRAT.	6,290	7,718	7,317	7,191	7,738	7,738	7,191	8,003	8,003
MEDICAL ASSISTANCE GRANTS	2,205,373	2,519,652	2,860,050	2,867,139	3,061,718	3,061,718	2,867,139	3,317,097	3,317,597
GAMC GRANTS	181,147	202,018	233,199	233,199	242,012	242,012	233,199	260,597	260,597
HEALTH CARE OPERATIONS	5,014	6,341	8,391	7,491	7,491	7,491	7,491	7,491	7,491
HEALTH CARE CUSTOMER SERVICE	444	2,682	1,822	1,822	1,822	1,822	1,822	1,822	1,822
MEDICAID MGT. INFO. SYS. (MMIS)	9,304	18,927	28,300	18,534	21,159	21,159	18,534	21,159	21,159
MINNESOTA CARE	15,791	36,627	93,947	92,212	123,185	123,185	92,212	152,973	152,973
TOTAL EXPENDITURES BY ACTIVITY	2,460,991	2,835,939	3,340,111	3,334,280	3,584,466	3,584,466	3,334,203	3,898,096	3,898,596

AGENCY PLAN ITEMS:

FUND

INCOME MAINTENANCE ADJUSTMENTS	GEN	128,846	266,527
INCOME MAINTENANCE ADJUSTMENTS	FED	78,042	186,899
HOSP & NURSING FACIL ALTERN TO ML RTC	GEN	<1,292>	<1,292>
RTC DD DOWNSIZING	GEN	<7,616>	<10,433>
FARIBAULT RC CLOSURE	GEN	813	845
FARIBAULT RC CLOSURE	GEN	103	308
MOOSE LAKE MI SOCS	GEN	167	167
QUALITY ASSURANCE SUPPORT SYSTEM	GEN	150	350
REDUCE LENGTH FOR CLOSING ICF/MR	GEN	<681>	<947>
DEVELOPMENTAL DISABILITIES PILOTS	GEN	1,531	
DD WAIVER ALTERN ALLOCATION STRUCTURE	GEN	3,624	7,854
EXPANSION OF OASDHI PROJECT	GEN	<17>	<731>
EXPANSION OF OASDHI PROJECT	GEN	<2,793>	<6,076>
CONSUMER SUPPORT GRANTS	GEN		<917>
CONSUMER SUPPORT GRANTS	GEN		<315>
ELIMINATE RULE 75 RATE SET FOR DT&H	GEN	<1,022>	<1,624>
EXPANSION OF ALTERNATE CARE PROGRAM	GEN	1,649	5,548
EXPANSION OF ALTERNATE CARE PROGRAM	GEN	<6,510>	<10,304>
ADJUSTMENTS TO HOME CARE	GEN	<1,547>	<2,207>
MA OVERPAYMENTS/RECOVERIES	GEN	<285>	<300>
EXPANSION OF TBI WAIVER	GEN	234	<703>
INSURANCE CONTINUATION FOR HIV	GEN	427	812
INSURANCE CONTINUATION FOR HIV	GEN	<761>	<1,790>

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL VACCINES FOR CHILDREN			GEN		<279>			<341>	
FEDERAL VACCINES FOR CHILDREN			HCA		<148>			<169>	
REVISED PHARMACY USUAL & CUSTOMARY			GEN		<6,913>			<8,276>	
REVISED PHARMACY USUAL & CUSTOMARY			GEN		<1,812>			<2,209>	
REVISED PHARMACY USUAL & CUSTOMARY			HCA		<2,230>			<2,281>	
OBRA 1993 COMPLIANCE ISSUES			GEN		94			293	
HEALTH DEPARTMENT CONTRACT COLA			GEN		20			41	
INPATIENT HOSPITAL PEER GROUPING			GEN		120				
INPATIENT HOSPITAL PEER GROUPING			GEN		10,255			32,078	
INPATIENT HOSPITAL PEER GROUPING			GEN		3,588			3,539	
INPATIENT HOSPITAL PEER GROUPING			HCA		<212>			2,854	
LTC INFORMATION PROJECT			GEN		75			75	
INCOME & ASSET ALLOCATE FOR LTC WAIVERS			GEN		212			223	
GROUP RESIDENTIAL HOUSING CHANGES			GEN		<136>			<200>	
GROUP RESIDENTIAL HOUSING CHANGES			GEN		129			396	
VA AID & ATTENDANCE BENEFITS			GEN		322			339	
MODIFIED NH RATE WITH OUTCOME INCENTIVES			GEN		15,571			39,177	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN		75			75	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN					<988>	
HURSING FACILITY LEVEL OF CARE CHANGE			GEN					<1,116>	
ICF/MR INFLATION			GEN		1,511			4,270	
ACCESS TO QUALITY HC INITIATIVE			HCA		11,194			11,870	
ACCESS TO QUALITY HC INITIATIVE			HCA		2,625			2,625	
ACCESS TO QUALITY HC INITIATIVE			HCA		<38,136>			<46,266>	
ACCESS TO QUALITY HC INITIATIVE			HCA		9,609			11,840	
MINNESOTACARE FORECAST			HCA		50,896			82,913	
AFDC ESSENTIAL PERSONS			GEN		159			168	
AFDC ESSENTIAL PERSONS			GEN		<345>			<363>	
DEPARTMENTWIDE OPERATIONS			GEN		822			1,597	
MENTAL HEALTH COMMITMENT ACT			GEN		58			58	
=====					=====			=====	
TOTAL AGENCY PLAN ITEMS					220,186			563,893	
GOV'S INITIATIVES:			FUND						

(B) COMM MH ADOLESCENT SERVICES			GEN						500
=====									=====
TOTAL GOV'S INITIATIVES									500

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	933,568	1,321,928	1,547,786	1,562,520	1,690,897	1,690,897	1,562,520	1,853,257	1,853,757
HEALTH CARE ACCESS	2,891	26,940	81,741	80,006	107,328	107,328	80,006	132,242	132,242
STATUTORY APPROPRIATIONS:									
GENERAL	350,153	124,504	158,681	158,555	168,724	168,724	158,555	181,426	181,426
HEALTH CARE ACCESS	1,723	10,357	13,758	13,758	20,034	20,034	13,758	24,908	24,908
SPECIAL REVENUE	4,313	17,042	34,716	15,606	15,606	15,606	15,606	15,606	15,606
FEDERAL	1,168,186	1,334,963	1,503,224	1,503,224	1,581,266	1,581,266	1,503,224	1,690,123	1,690,123
GIFTS AND DEPOSITS	157	205	205	611	611	611	534	534	534
TOTAL FINANCING	2,460,991	2,835,939	3,340,111	3,334,280	3,584,466	3,584,466	3,334,203	3,898,096	3,898,596
FTE BY EMPLOYMENT TYPE:									
REGULAR	310.5	333.8	441.9		437.2			438.2	
TEMP/SEAS/PART_TIME	43.5	102.0	74.7		64.7			64.7	
OVERTIME	4.6	6.3	4.1		4.1			4.1	
TOTAL FTE	358.6	442.1	520.7		506.0	506.0		507.0	507.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Long-Term Care Services Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Long-Term Care Services (LTCS) Administration covers the activities of several divisions and administration of grants. These management activities are LTC Facilities Division, LTC Home and Community-Based Services Division, LTC Appeals Division, the Alternative Care Program, and the Group Residential Housing (GRH) Program.

This administration also oversees the LTC Planning Committee (InterCom) in connection with the Department of Health. InterCom is responsible for interagency (DHS, Health, MN Board on Aging, and Finance) collaborative planning for state LTC services, and is responsible for administering the nursing home moratorium exception competitive process.

BUDGET ISSUES:

See specific management activities.

GRANTS:

See specific management activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
LTC FACILITIES DIVISION	9,891	9,797	12,459	12,260	12,355	12,355	12,260	12,376	12,376
LTC HOME & COMM. BASED SERV. DIV.	4,564	4,193	5,183	4,983	5,058	5,058	4,983	5,058	5,058
PROVIDER APPEALS DIVISION	562	570	604	604	604	604	604	604	604
ALTERNATIVE CARE GRANTS	20,397	24,172	39,361	39,361	41,010	41,010	39,361	43,606	43,606
GROUP RESIDENTIAL HOUSING GRANTS			44,278	44,278	55,108	55,108	44,278	62,181	62,181
TOTAL EXPENDITURES	35,414	38,732	101,885	101,486	114,135	114,135	101,486	123,825	123,825
AGENCY PLAN ITEMS:			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		10,880			18,526	
FARIBAULT RC CLOSURE			GEN		103			308	
EXPANSION OF OASDHI PROJECT			GEN		<17>			<731>	
CONSUMER SUPPORT GRANTS			GEN					<315>	
EXPANSION OF ALTERNATE CARE PROGRAM			GEN		1,649			5,548	
HEALTH DEPARTMENT CONTRACT COLA			GEN		20			41	
LTC INFORMATION PROJECT			GEN		75			75	
GROUP RESIDENTIAL HOUSING CHANGES			GEN		<136>			<200>	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN		75			75	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN					<988>	
TOTAL AGENCY PLAN ITEMS					12,649			22,339	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	29,472	33,008	84,310	83,911	95,524	95,524	83,911	104,214	104,214
STATUTORY APPROPRIATIONS:									
GENERAL			10,701	10,701	11,737	11,737	10,701	12,737	12,737
SPECIAL REVENUE	88	144	216	216	216	216	216	216	216
FEDERAL	5,854	5,580	6,658	6,658	6,658	6,658	6,658	6,658	6,658
TOTAL FINANCING	35,414	38,732	101,885	101,486	114,135	114,135	101,486	123,825	123,825

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
REGULAR	65.8	70.8	77.8		78.8		78.8		
TEMP/SEAS/PART_TIME	11.3	13.2	14.6		14.6		14.6		
OVERTIME	.6	.1	.1		.1		.1		
TOTAL FTE	77.7	84.1	92.5		93.5	93.5	93.5		93.5

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Long Term Care - Facilities Division
BUDGET ACTIVITY: Long Term Care Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 45% of its expenditures for DHS operations.

ACTIVITY DESCRIPTION:

The Long Term Care (LTC) Facilities Division develops legislation, rules, procedures and computer systems which promote, alter, or implement reimbursement policy for approximately 930 LTC facilities which participate in the Medical Assistance (MA) program as required by M.S. 256B.41 and 256B.501. The division performs compliance audits of these facilities for conformity with state laws and rules. Types of facilities include certified nursing facilities and boarding care homes (444), intermediate care facilities for the mentally retarded (320), and day training and habilitation services (166).

In carrying out these duties this activity is responsible for rulemaking, facility certification, assuring compliance with federal requirements, facility desk and field audits, and administration of reimbursement policies for LTC facilities and institutions for mental disease. In addition, the activity oversees a major contract with the Minnesota Department of Health (MDH).

Specifically, the major functions of the activity are:

1. Developing, demonstrating, reviewing and analyzing methods of reimbursing institutional care services.
2. Analyzing cost and program data to contain costs and improve services.
3. Developing rules and implementing state and federal legislation.
4. Administering the MDH contract for federally mandated surveys of LTC facilities.
5. Coordinating and disseminating state LTC facility policies.
6. Maintaining automated rate setting systems and interface with the LTC payment system and MMIS II.

BUDGET ISSUES:

Requested changes to base level funding are:

1. Increases to the department's contract with the Health Department for cost of living.
2. Increases for administrative activities necessary to make changes in the nursing facility level of care.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION
MACT: LTC FACILITIES DIVISION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,364	1,709	1,900	1,859	1,859	1,859	1,859	1,859	1,859
EXPENSES/CONTRACTUAL SRVCS	8,403	7,934	10,328	10,181	10,276	10,276	10,181	10,297	10,297
MISC OPERATING EXPENSES	69	78	151	148	148	148	148	148	148
SUPPLIES/MATERIALS/PARTS	42	26	42	42	42	42	42	42	42
CAPITAL EQUIPMENT	13	50	38	30	30	30	30	30	30
SUBTOTAL STATE OPERATIONS	9,891	9,797	12,459	12,260	12,355	12,355	12,260	12,376	12,376
TOTAL EXPENDITURES	9,891	9,797	12,459	12,260	12,355	12,355	12,260	12,376	12,376
AGENCY PLAN ITEMS:									
			FUND						
HEALTH DEPARTMENT CONTRACT COLA			GEN		20			41	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN		75			75	
TOTAL AGENCY PLAN ITEMS					95			116	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,235	4,448	6,159	5,960	6,055	6,055	5,960	6,076	6,076
STATUTORY APPROPRIATIONS:									
FEDERAL	5,656	5,349	6,300	6,300	6,300	6,300	6,300	6,300	6,300
TOTAL FINANCING	9,891	9,797	12,459	12,260	12,355	12,355	12,260	12,376	12,376
FTE BY EMPLOYMENT TYPE:									
REGULAR	30.9	37.5	40.5		40.5			40.5	
OVERTIME	.5								
TOTAL FTE	31.4	37.5	40.5		40.5	40.5		40.5	40.5

F. Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Long-Term Care Administration
 MANAGEMENT ACTIVITY: Long-Term Care Facilities Division
 ITEM TITLE: Health Department Contract Cost-of-Living Increase

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
LTC Facilities Division	\$20	\$41	\$41	\$41
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$20,000 in F.Y. 1996 and \$41,000 in F.Y. 1997. This represents a 1.02% annual increase in the department's contract with the Department of Health for the survey of nursing homes, intermediate care facilities for the mentally retarded (ICFs/MR), and boarding care homes.

RATIONALE:

This proposal addresses the need to ensure quality and accountability in the health care services purchased for vulnerable Minnesotans.

The Department of Human Services (DHS) contracts with the Department of Health (MDH) Facility and Provider Compliance Division to carry out quality assurance services most of which are mandated by the federal government. MDH is the agency designated to inspect (survey) nursing homes, ICFs/MR, and boarding care homes to ensure quality of care and compliance with federal and state regulations.

The Health Department provides other services in this contract:

- The Case Mix Review Section (formerly Quality Assurance and Review) of the Facility and Provider Compliance Division reviews case mix ratings assigned to each nursing home resident. This information is necessary to provide an independent check on facilities' case mix

determinations and to calculate each nursing home's per diem rate by DHS.

- MDH conducts PASARR quality monitoring to ensure that facilities are in compliance with this federal requirement to ensure that people with mental illness or developmental disabilities residing in nursing homes are appropriately placed and receiving the services they need.
- MDH certifies and decertifies facilities to participate in the Medical Assistance (MA) program.
- MDH is responsible for maintaining the Nursing Assistant Registry to list those nursing assistants who are trained, certified and those who have allegations of abuse or neglect substantiated against them. MDH also develops the nursing assistant competency evaluation, approves training sites, and arranges for the administration of the competency evaluation. The Facility and Provider Compliance Division's Office of Health Facility Complaints is responsible for investigating all allegations of abuse or neglect filed against certified nursing assistants. All of these activities are federally mandated as part of the Nursing Home Reform Act of 1987.
- At DHS request, MDH conducts up to 16 facility reviews annually to determine if Medicaid-certified nursing homes should be declared institutions for mental diseases, or have such designations revoked. This is required by federal Medicaid regulations, and failure to make such designation on a timely basis could put the state at risk for having to repay improperly drawn federal funds.

PROGRAM OUTCOMES:

Most of the activities in this contract are required by the federal government as part of the MA program. In 1992, Medicaid paid for 65% of nursing home resident days and 99% of ICF/MR resident days.

LONG-TERM IMPACT:

Funding of this request will ensure continued compliance with federal and state regulations regarding quality assurance activities in nursing facilities, ICFs/MR, and board and care homes.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Long-Term Care Home and Community-Based Services
Division
BUDGET ACTIVITY: Long-Term Care
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is responsible for oversight and administration for home and community-based alternatives to institutional care for individuals in need of long-term care (LTC).

The programs administered fall under both medical assistance (MA) and alternative care funding and in addition to being the funding source to counties and providers, this activity develops rules for the providers of services.

Specifically, this activity performs the following functions:

- Administers the traumatic brain injury (TBI) program which provides statewide administrative case management assistance, administers the home and community-based TBI waiver, and provides overall coordination of MA policy and services for persons with TBI.
- Administers the alternative care (AC) and preadmission screening program (PAS), including home health aide services, personal care, respite care, adult day care, case management, nutrition, and caregiver support.
- Oversees efforts to receive waivers within the federal guidelines in order to offer flexibility and efficiency within the state's Medicaid program; administers and oversees waived services. Waivered services include community alternative care (CAC), community alternatives for disabled people (CAD), elderly waiver (EW), and the traumatic brain injury waiver (TBIW).
- Maintains liaison activity with Department of Health staff to coordinate activities.
- Administers the Seniors' Agenda for Independent Living (SAIL) Strategy, including local projects, and the public information campaign. SAIL is a major initiative set on a 20-year time line which has as its goal to create a new community-based care paradigm for LTC in order to maximize independence of the frail older adult population and to maximize cost-effective use of financial and human resources.
- Administers MA home care which uses a staff of home care nurse consultants to review and prior authorize provider requests for home care services covered by medical assistance.
- Develops LTC policy related to AC, PAS, SAIL, and MA Home Care, and Waiver Programs.
- Carries out rulemaking related to AC, PAS, SAIL, and MA Home Care and Waiver Programs.
- Administers the state's Caregiver Support Project and Resource Center, including state and federal grants for caregiver support and respite care projects.

- Administers the Living at Home/Block Nurse Program, including state grants for local projects.

BUDGET ISSUES:

Increases are required in the budget for the development of the LTC Information System (part of InterCom) in F.Y. 1996-1997 to allow continued work and development of needed reports and performance measurement.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 47% of its expenditures for DHS operations.

GRANTS:

1. Caregiver support services to promote life skills self-sufficiency. By offering caregivers support services, institutionalization may be avoided or delayed. Caregiver support is the least costly alternative to nursing homes as voluntary care providers up to 80% of LTC services. The need for these services will increase as the population over age 85 increases.
2. Living at Home/Block Nurse program (M.S. 256B.0917) to support persons, age 65 and older, who have a need for nursing care or daily living assistance that supports their ability to live independently in the community. Recipients are assessed for need and payment is on a sliding fee scale.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION
MACT: LTC HOME & COMM. BASED SERV. DIV.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,517	1,556	1,965	1,965	2,009	2,009	1,965	2,009	2,009
EXPENSES/CONTRACTUAL SRVCS	1,031	594	951	751	782	782	751	782	782
MISC OPERATING EXPENSES	139	136	195	195	195	195	195	195	195
SUPPLIES/MATERIALS/PARTS	30	30	48	48	48	48	48	48	48
CAPITAL EQUIPMENT	13	33	25	25	25	25	25	25	25
SUBTOTAL STATE OPERATIONS	2,730	2,349	3,184	2,984	3,059	3,059	2,984	3,059	3,059
AIDS TO INDIVIDUALS	51								
LOCAL ASSISTANCE	1,783	1,844	1,999	1,999	1,999	1,999	1,999	1,999	1,999
TOTAL EXPENDITURES	4,564	4,193	5,183	4,983	5,058	5,058	4,983	5,058	5,058
AGENCY PLAN ITEMS:									
LTC INFORMATION PROJECT									
TOTAL AGENCY PLAN ITEMS									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,278	3,818	4,609	4,409	4,484	4,484	4,409	4,484	4,484
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	88	144	216	216	216	216	216	216	216
FEDERAL	198	231	358	358	358	358	358	358	358
TOTAL FINANCING	4,564	4,193	5,183	4,983	5,058	5,058	4,983	5,058	5,058
FTE BY EMPLOYMENT TYPE:									
REGULAR	23.0	22.1	26.1		27.1			27.1	
TEMP/SEAS/PART_TIME	11.3	13.2	14.6		14.6			14.6	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: HEALTH CARE PROGRAM
 ACTIVITY: LONG TERM CARE ADMINISTRATION
 MACT: LTC HOME & COMM. BASED SERV. DIV.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.1	.1	.1		.1			.1	
TOTAL FTE	34.4	35.4	40.8		41.8	41.8		41.8	41.8

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Long-Term Care Administration
MANAGEMENT ACTIVITY: Long-Term Care Home and Community-Based Services Division
ITEM TITLE: Long-Term Care Information Project

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):				
General Fund				
LTC Home and Community-Based Services Division	\$75	\$75	\$75	\$75
Revenues: (\$000s):				
General Fund	\$38	\$38	\$38	\$38

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. section 144A.31

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$75,000 in F.Y. 1996 and \$75,000 in F.Y. 1997. This funding will be used to continue the development of a long-term care policy analysis information resource. This will be accomplished through the continuation and expansion of the Interagency Long-Term Care Planning Committee (InterCom) efforts.

RATIONALE:

InterCom is charged with coordinating long-term care policy among various state agencies. This charge necessitates integration and analysis of the agencies' data and information. This proposal will allow continuation and expansion of the following efforts:

1. collection and syntheses of data relevant to policy on long-term care for seniors from numerous agencies or programs and from outside the state;
2. provision of routine reports on trends in expenditures and utilization in Senior Agenda for Independent Living (SAIL) and other programs;
3. development of specialized analyses of current data and trends relative to the key questions in long-term care policy, including system-wide services supply and use, variations in use and cost across locations and across time, and population trends that may affect long-term care services consumption;

4. identification of strengths and weaknesses in current data collected by the state with initiation of improvements to its reliability, validity, and interagency consistency; and
5. cooperation with entities that are designing new data protocols and systems for health care data related to the integration of long-term care and health care under managed care organizations.

Current products include the Nursing Home Bed Distribution Report and a study of criteria for exceptions to the moratorium on nursing home beds as well as development of cost information necessary to evaluate SAIL.

This proposal includes funding for 1 FTE.

PROGRAM OUTCOMES:

This proposal will enable decision-makers to manage and design essential programs by providing timely information about program impacts, such as the trends in the SAIL program compared with non-SAIL areas, and by modeling policy-relevant scenarios of the impacts of policy proposals on costs, utilization and access.

LONG-TERM IMPACT:

The initiative will create the foundation for an integrated state database on long-term care for seniors. It will assist in the development of standardized measures, collection, and reporting procedures for long-term care providers under managed care. These efforts are necessary to ensure that the state's information systems complement and support the more highly integrated health care system that is evolving. The initiative will permit the continuation and expansion of the policy analysis and reporting already provided by InterCom.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Provider Appeals Division
BUDGET ACTIVITY: Long Term Care Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is responsible for the resolution of rate appeals filed by 444 nursing homes, 318 intermediate care facilities for the mentally retarded (ICF/MR), and 180 acute care hospitals.

Each year approximately 600 appeals are filed. This activity serves as the final step in the rate setting process to assure compliance with law and policy. In the past, rate appeals have been resolved through contested case hearings in combination with negotiated settlements; however, an appeals review project based on administrative determinations will be in place through F.Y. 1997.

This activity is involved with the acute hospital appeals process in an advisory role, and it issues determinations on appeals by inpatient hospitals to medical review agent findings of no medical necessity.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 50% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: HEALTH CARE PROGRAM
 ACTIVITY: LONG TERM CARE ADMINISTRATION
 MACT: PROVIDER APPEALS DIVISION

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	548	531	565	565	565	565	565	565	565
EXPENSES/CONTRACTUAL SRVCS	4	2	15	15	15	15	15	15	15
MISC OPERATING EXPENSES	7	5	11	11	11	11	11	11	11
SUPPLIES/MATERIALS/PARTS	3	2	3	3	3	3	3	3	3
CAPITAL EQUIPMENT		30	10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS	562	570	604	604	604	604	604	604	604
TOTAL EXPENDITURES	562	570	604	604	604	604	604	604	604
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	562	570	604	604	604	604	604	604	604
TOTAL FINANCING	562	570	604	604	604	604	604	604	604
FTE BY EMPLOYMENT TYPE:									
REGULAR	11.9	11.2	11.2		11.2			11.2	
TOTAL FTE	11.9	11.2	11.2		11.2	11.2		11.2	11.2

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Alternative Care
BUDGET ACTIVITY: Long Term Care Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is the vehicle for approving the payment of funds for home and community-based services provided to elderly citizens at risk of nursing facility placement. These services offer an alternative to institutional care (when program costs are lower than institutional care) and maximize options for independent living for elderly people in need of long term care services. The Alternative Care (AC) Program is governed by M.S. section 256B.09.

This activity is 100% state funded with counties acting as agents to provide direction to participants and providers. Payment is fee for service made through the same process used to reimburse Medical Assistance (MA) providers.

Services funded through the program include:

- Respite care both in-home and at approved facilities. Provides a break for client's caregiver.
- Case management to assure care provided is appropriate.
- Adult day care.
- Home health aide services and personal care services offer assistance with activities of daily living.
- Homemaker services assist in assuring a safe living environment.
- Companion service to enhance the quality of life.
- Assisted living for those in greater need of assistance.
- Caregiver training and education provides caregivers with the knowledge and support necessary to adequately care for the client.
- Chore services. Provides assistance with heavy household tasks such as snow shoveling.
- Home health nursing.
- Transportation to medically-related appointments.
- Nutrition services to assure dietary balance.

- Residential Care Services for clients living in a board and lodge setting.
- Adult foster care for clients living in licensed foster care.
- Medically necessary supplies and equipment.

BUDGET ISSUES:

Increases to AC funding are requested to account for forecasted caseload increases. These increases to the AC caseload result in reductions in nursing facility expenditures.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION
MACT: ALTERNATIVE CARE GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	18,140	21,752	36,719	36,719	38,368	38,368	36,719	40,964	40,964
LOCAL ASSISTANCE	2,257	2,420	2,642	2,642	2,642	2,642	2,642	2,642	2,642
TOTAL EXPENDITURES	20,397	24,172	39,361	39,361	41,010	41,010	39,361	43,606	43,606
AGENCY PLAN ITEMS:									
			FUND						
CONSUMER SUPPORT GRANTS			GEN					<315>	
EXPANSION OF ALTERNATE CARE PROGRAM			GEN		1,649			5,548	
NURSING FACILITY LEVEL OF CARE CHANGE			GEN					<988>	
TOTAL AGENCY PLAN ITEMS					1,649			4,245	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	20,397	24,172	35,505	35,505	37,154	37,154	35,505	39,750	39,750
STATUTORY APPROPRIATIONS:									
GENERAL			3,856	3,856	3,856	3,856	3,856	3,856	3,856
TOTAL FINANCING	20,397	24,172	39,361	39,361	41,010	41,010	39,361	43,606	43,606
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Long-Term Care Administration
MANAGEMENT ACTIVITY: Alternative Care Program
ITEM TITLE: Expansion of Alternative Care Program

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Alternative Care	\$1,649	\$5,548	\$5,548	\$5,548
MA Long-term Care Facilities	(1,546)	(4,832)	(5,137)	(4,437)
MA Long-term Care Facilities	(4,964)	(5,472)	-0-	-0-
Net Total:	(\$4,861)	(\$4,756)	\$411	\$1,111

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes No
 If yes, statute affected: Rider

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$4,861,000 in F.Y. 1996 and \$4,756,000 in F.Y. 1997. This proposal increases expenditures in the Alternative Care (AC) program, and this results in savings to Medical Assistance (MA) by reducing the number of individuals requiring nursing home services. The AC caseload is projected to increase from 5,200 in F.Y. 1995 to 6,200 in F.Y. 1997.

RATIONALE:

In public hearings about the needs of older Minnesotans, a recurring theme is that most seniors, if given the choice, would rather remain as independent as possible in their own homes and communities than go into a nursing home. This proposal increases funding in a program that provides those choices.

The services provided by the AC Program reduce the number of people receiving Medicaid in nursing homes, allowing MA nursing home savings. Statistical models used by the Department of Human Services to forecast nursing home caseload indicate that for 100 people receiving AC services, MA nursing home caseload is reduced by 50 (+/- 13) persons.

To assure that sufficient AC funding is available, the projected need for AC funding is increased by 15% over what is required for forecasted caseload. The value of this 15% increase is anticipated to cancel to the MA grants account. If more than anticipated is spent on AC, a smaller amount will cancel to the MA account. However, increased nursing home savings would balance the difference in AC spending.

PROGRAM OUTCOMES:

Additional people will have access to the AC program and have more options about where they live. In turn, the state will see savings in the Medicaid account.

LONG-TERM IMPACT:

Expansion of the AC program assists in maintaining the nursing facility bed moratorium by partially meeting the demand for long-term care through an array of alternative community-based services.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Group Residential Housing Program
BUDGET ACTIVITY: Long Term Care Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Group Residential Housing (GRH) activity is charged with developing and administering the funding of housing supports, including the cooperation of service funding, in community settings as an alternative to institutional placement. The primary funding source for this activity are GRH grants for persons who are placed in licensed group settings due to an illness or incapacity and who meet the financial eligibility requirements of the General Assistance or Minnesota Supplemental Aid (MSA) Programs.

The activity is charged by the Legislature to develop a comprehensive statewide system of rates and payments for eligible individuals.

In order to accomplish these objectives, the activity has separately identified the funding for housing and services to identify gaps or shortfalls in either sector. The result is a continuum of access to housing irrespective of services, and access to services irrespective of housing.

BUDGET ISSUES:

1. To lift the moratorium on development of GRH beds. The 1990 Legislature placed a moratorium on the development of new GRH beds with the exception of adult foster care beds in response to uncontrolled growth in the GRH program. As a result, there has been spectacular growth in the number of foster care licenses and an inability to make creative changes in programs such as chemical dependency, assisted living, mental health and home- and community-based waivers. In the interim, room and board funding has been tied to community grants for aged, blind, and disabled individuals. Lifting the moratorium for facilities that are under 16 beds will preserve the integrity of the foster care license and allow creative changes in chemical dependency, mental health, and waiver programs.
2. To discontinue GRH payment for certain services now eligible for payment under the home and community-based waiver for persons with developmental disabilities.
3. To provide increases in GRH funding as a result of forecasted caseload increases.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: LONG TERM CARE ADMINISTRATION
MACT: GROUP RESIDENTIAL HOUSING GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS			40,855	40,855	47,374	47,374	40,855	53,262	53,262
LOCAL ASSISTANCE			3,423	3,423	7,734	7,734	3,423	8,919	8,919
TOTAL EXPENDITURES			44,278	44,278	55,108	55,108	44,278	62,181	62,181
AGENCY PLAN ITEMS:									
									FUND
INCOME MAINTENANCE ADJUSTMENTS					10,880			18,526	GEN
FARIBAULT RC CLOSURE					103			308	GEN
EXPANSION OF OASDHI PROJECT					<17>			<731>	GEN
GROUP RESIDENTIAL HOUSING CHANGES					<136>			<200>	GEN
TOTAL AGENCY PLAN ITEMS					10,830			17,903	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			37,433	37,433	47,227	47,227	37,433	53,300	53,300
STATUTORY APPROPRIATIONS:									
GENERAL			6,845	6,845	7,881	7,881	6,845	8,881	8,881
TOTAL FINANCING			44,278	44,278	55,108	55,108	44,278	62,181	62,181
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Long-Term Care Administration
 MANAGEMENT ACTIVITY: Group Residential Housing
 ITEM TITLE: Group Residential Housing Changes

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Group Residential Housing Grants	(\$136)	(\$200)	\$230	\$ 660
MA Grants	129	396	396	396
DD Administration	100	50	25	-0-
Net Total	\$ 93	\$246	\$651	\$1,056

Revenues: (\$000s):

General Fund	\$50	\$25	\$12	\$-0-
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Requires Statutory Change? Yes No
 If yes, statute affected: M.S. 256I

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$93,000 in F.Y. 1996 and \$246,000 in F.Y. 1997. This proposal removes the Group Residential Housing (GRH) moratorium on board and lodging beds and changes the funding source for difficulty of care (DOC) from GRH to waived services for developmentally disabled (DD) persons residing in family foster care and receiving waived services.

RATIONALE:

The first component of this proposal lifts the moratorium put in place by the 1990 Legislature on new GRH beds other than foster care beds. GRH provides payment for room and board in: 1) facilities licensed as board and lodging facilities; and 2) homes licensed under foster care. The moratorium has remained in place for the development of board and lodging facilities. Since 1990 the legislature has made major changes to the negotiated rates program (now called GRH). These changes include: 1) a requirement that all settings be licensed; and 2) room and board rates for new settings (except for settings otherwise authorized in law) limited to an amount equivalent to what persons in the community receive from the Minnesota Supplemental Aid program, adjusted for food stamps.

A lifting of the moratorium at this time does not present the same concerns about state costs as when it was enacted. New rate restrictions are in place to control expenditures and other factors, such as the availability of service funding, reducing the potential cost of GRH funded sites. It is evident, however, that non-institutional options are needed to continue the policy of supporting persons in least restrictive and cost effective settings.

The state costs of lifting the moratorium are offset by the second component of the proposal which shifts the difficulty of care costs from GRH to Medical Assistance (MA) for persons with developmental disabilities who are receiving family foster care and waived services. This replicates what the legislature has already approved for persons receiving corporate foster care and waived services.

Minnesota Statutes allow GRH rates to be paid by the Department of Human Services for individuals who live in licensed foster care and receive waived services. Currently, DOC costs may be included in group residential housing rates for eligible persons in family foster care. Through amendments to the federally approved waiver plan, the DD waivers may be an allowable funding source for DOC costs, thus reducing state funding for such costs. Administrative funds are necessary to cover the costs of tracking and shifting individual amounts, making necessary system changes, and providing assistance to counties in making the necessary local changes.

PROGRAM OUTCOMES:

Lifting the GRH moratorium while maintaining current restrictions to room and board rates will allow the department to require appropriate licensure for GRH settings, control rates, develop appropriate community-based alternatives to institutions, and further department efforts to appropriately fund housing in specific settings.

In addition, this proposal reduces state expenditures by appropriately using federal funds for allowable costs under the DD waivers. Individuals who receive services through the DD waivers will not see any change in the funding level for services as a result of this proposal, nor will families who provide family foster care and waived services see any change in the portion of their foster care reimbursement rate that was attributable to DOC. Pending federal Health Care Financing Administration approval, this proposal allows funding for waived service foster care, and will allow counties to absorb the portion of the foster care rate that was attributable to DOC under their average reimbursement rate. However, the DD waiver program does not cover room and board costs. Any remaining room and board payments for current and future recipients that are not federally-approved for payment by MA will continue to be covered by GRH.

LONG-TERM IMPACT:

This proposal is a major step in developing and coordinating a system of housing supports for very low income persons who are unable to live independently in the community due to crisis, illness, or incapacity in order to avoid institutionalization.

F.Y. 1996 - 97 BUDGET INITIATIVES

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Long-Term Care Administration
MANAGEMENT ACTIVITY: Group Residential Housing
ITEM TITLE: Group Residential Housing Grants Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Group Residential Housing Grants	\$ 9,844	\$16,490	\$24,197	\$31,224

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$9,844,000 in F.Y. 1996 and \$16,490,000 in F.Y. 1997 to fully fund the forecasted amount of Group Residential Housing grant payments under current law.

RATIONALE:

The increases result primarily from forecasted caseload increases.

1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Delivery Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity manages the coordination of and access to services under the Medical Assistance (MA), the General Assistance Medical Care (GAMC) and MinnesotaCare programs in compliance with state and federal laws. This activity develops rules and policies on managed health care delivery, Long-Term Care Options Project, and eligibility. It oversees the utilization, quality improvement, and federal relations functions of health care administration.

Responsibilities include initiation and administration of major managed care capitation contracts under which contractors provide health services for a monthly per person rate paid on a prospective basis; development and implementation of new and innovative delivery systems; eligibility policy development and management; quality improvement and data analysis program management; integration of the MA/GAMC/MinnesotaCare programs; promulgation of appropriate administrative rules; preparing and maintaining the MA state plan as required by the federal government, providing technical assistance in securing federal MA waivers and monitoring outcomes, and communication of these policies to health plans, counties, enrollees, advocates, and other interested parties.

The following groups of recipients are enrolled in prepaid capitation programs:

Prepaid MA Program (PMAP)

Dakota County - aged, AFDC
Hennepin County - aged, AFDC
Itasca County - aged, AFDC
Ramsey County - aged, AFDC
Anoka County - aged, AFDC
Carver County - aged, AFDC
Scott County - aged, AFDC
Washington County - aged, AFDC

Prepaid GAMC Program (PGAMC)

Dakota County
Hennepin County
Itasca County
Lake County
Ramsey County
Anoka County
Carver County
Scott County
Washington County

MA Voluntary - Lake County - aged, AFDC

The following prepaid capitation expansions are scheduled to occur during the latter part of the 1994-95 biennium:

PMAP/PGAMC Expansion - Aged, AFDC, and GAMC recipients in the following counties are slated for enrollment in the PMAP: Benton, Sherburne, Stearns, and the Northeast Region (St. Louis and surrounding counties which include Aitkin, Carlton, Cook, Koochiching, and Lake).

Dental Managed Care Delivery Project: MA and GAMC recipients who are not in PMAP or PGAMC are scheduled for enrollment in a dental prepaid capitation project in the following counties: Becker, Clay, Goodhue, Mahnommen, Norman, Olmsted, Polk, Wabasha, Winona, and

PMAP counties.

During the 1996-97 biennial period, plans are underway to enroll the following groups of recipients in prepaid capitation programs:

PMAP/PGAMC Expansion: All counties in which the PMAP/PGAMC has not yet been implemented.

Long-Term Care Options: All PMAP counties - Aged MA Medicare Population (offered as an option under PMAP).

Itasca County Disabled - Itasca County - All MA recipients under age 65 who are disabled.

MinnesotaCare - All counties - MinnesotaCare population.

Pilot Project for Persons with Developmental Disabilities - Blue Earth and Olmsted Counties - All MA recipients with developmental disabilities.

Dental Managed Care Mandatory Project - The mandatory dental managed care project will be expanded statewide over the biennium.

Managed Care Pilot Project for Recipients with Disabilities - Plans to enroll MA disabled populations in managed care pilot projects are being pursued. Targeted counties will be identified as plans progress.

BUDGET ISSUES:

1. To assure the implementation of federal mandates.
2. To assure consistency with the interpretation regarding the status of Veterans Administration Aid and Attendance Benefits.
3. To assure consistency of application of the third party liability requirements as applied to the General Assistance and Minnesota Supplemental Assistance Programs.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 43% of expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: HEALTH CARE DELIVERY ADMINISTRAT.
MACT: HEALTH CARE DELIVERY ADMINISTRAT.

MACT SUMMARY	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	623	1,196	2,566	2,275	2,275	2,275	2,309	2,309	2,309	2,309	2,309	2,309	2,309	2,309	2,309
EXPENSES/CONTRACTUAL SRVCS	588	504	1,105	1,294	1,294	1,294	1,219	1,219	1,219	1,219	1,219	1,219	1,219	1,219	1,219
MISC OPERATING EXPENSES	74	45	51	51	51	51	51	51	51	51	51	51	51	51	51
SUPPLIES/MATERIALS/PARTS	33	53	21	104	104	104	93	93	93	93	93	93	93	93	93
CAPITAL EQUIPMENT	38	88	25	50	50	50	25	25	25	25	25	25	25	25	25
OTHER	21	78	163	163	163	163	163	163	163	163	163	163	163	163	163
SUBTOTAL STATE OPERATIONS	1,377	1,964	3,931	3,937	3,937	3,937	3,860	3,860	3,860	3,860	3,860	3,860	3,860	3,860	3,860
AIDS TO INDIVIDUALS	7	9													
LOCAL ASSISTANCE	830	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269	1,269
TOTAL EXPENDITURES	2,214	3,242	5,200	5,206	5,206	5,206	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	1,945	2,800	4,732	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332	4,332
STATUTORY APPROPRIATIONS:															
FEDERAL	112	237	263	263	263	263	263	263	263	263	263	263	263	263	263
GIFTS AND DEPOSITS	157	205	205	611	611	611	534	534	534	534	534	534	534	534	534
TOTAL FINANCING	2,214	3,242	5,200	5,206	5,206	5,206	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129	5,129
FTE BY EMPLOYMENT TYPE:															
REGULAR	11.7	21.8	44.8		46.8			47.8							
TEMP/SEAS/PART_TIME	2.4	4.2	4.2		4.2			4.2							
TOTAL FTE	14.1	26.0	49.0		51.0	51.0		52.0					52.0	52.0	52.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Health Care Delivery Administration
 ITEM TITLE: Omnibus Budget Reconciliation Act of 1993 Compliance Issues

(Minnesota currently allows recovery for services received after age 65).

PROGRAM OUTCOMES:

These changes are necessary to comply with federal law governing the Medicaid program.

LONG-TERM IMPACT:

Failure to comply with OBRA 1993 requirements would result in loss of federal financial participation.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MA Managed Care & Fee For Service	\$33	\$141	\$267	\$422
MA Long-Term Care Facilities	61	152	274	436
Net Total:	\$94	\$293	\$541	\$858
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No

If yes, statute affected: Chapter 256B

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$94,000 in F.Y. 1996 and \$293,000 in F.Y. 1997. This proposal is necessary to ensure compliance with the Federal Omnibus Budget Reconciliation Act of 1993 (OBRA 1993). This act requires states to make changes in Medicaid programs regarding asset transfer rules, undue hardship waivers, Employee Retirement Income Security Act plans, and estate recoveries.

RATIONALE:

OBRA 1993 requires states to make the following changes in Medicaid Programs.

- Create an exception to current asset transfer rules and asset availability for trusts created for disabled persons.
- Allow undue hardship waivers from claims against estates.
- Strengthen cost avoidance and medical support requirements in relation to Employee Retirement Income Security Act plans.
- Extend estate recoveries to those who received Medical Assistance after age 55

F.Y. 1996 - 97 BUDGET INITIATIVE

LONG-TERM IMPACT:

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Health Care Delivery Administration
 ITEM TITLE: Third-Party Liability Cooperation Requirements

This will increase collections for MA and GAMC expenditures from liable third parties.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s):				
General Fund	\$50	\$50	\$50	\$50

Requires Statutory Change? Yes X No _____
 If yes, statute affected: Chapters 256B and 256D

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing penalties for refusal to cooperate in providing third-party liability information that would offset costs in Medical Assistance (MA) and General Assistance Medical Care (GAMC). The stiffer penalties are estimated to increase revenues \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997.

RATIONALE:

When MA or GAMC has paid past medical expenses, the recipient is required to provide needed information about third-party liability in order for the department to recover those costs. Some recipients elect not to cooperate, and they consequently lose eligibility for MA or GAMC. They will, however, retain eligibility for the cash grant program, General Assistance (GA) or Minnesota Supplemental Aid (MSA)). Establishing the loss of these cash grants as a penalty for refusing to provide third-party liability information, will provide incentives for better cooperation. Also, some people receiving GA or MSA have claims for workers' compensation and tort liability that are primary to GA and MSA. Requiring cooperation would facilitate more collections in this area.

PROGRAM OUTCOMES:

For those who do not have continuing medical needs, loss of MA or GAMC is not necessarily an incentive to cooperate. Loss of eligibility for GA or MSA will provide such incentive.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Health Care Delivery Administration
ITEM TITLE: Veteran's Administration Aid and Attendance Benefits Long-Term Care Deduction

PROGRAM OUTCOMES:

The draft State Medicaid Manual material states that the policy change may be made retroactive to the date the final material is issued by HCFA.

LONG-TERM IMPACT:

Compliance with federal law insures that no federal disallowances will occur.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Medical Assistance Long-Term Care Facilities	\$322	\$339	\$339	\$339
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
If yes, statute affected: M.S. 256B.0575

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$322,000 in F.Y. 1996 and \$339,000 in F.Y. 1997. This funding is necessary to allow for a deduction of Veteran's Administration Aid and Attendance (A&A) benefits from the income of a Long Term Care (LTC) recipient as required by federal Medicaid law.

RATIONALE:

The Health Care Financing Administration (HCFA) of the Federal Department of Health and Human Services is requiring post eligibility treatment of income (LTC budgeting) to conform to Supplemental Security Income (SSI) policy. This proposal deducts Veteran's Administration A&A from the total income of LTC recipients in determining their LTC spenddown or recipient liability for cost of care.

M.S. 256B.056, subdivision 1, and federal law requires that SSI methodology be followed. A recently received draft of State Medicaid Manual material from HCFA indicates that Medicaid is to deduct A&A benefits from total income. A&A benefits can be large sums of money that the Veteran's Administration pays to certain veterans who have spouses to cover their long term care costs. It can also be received if the veteran receives skilled nursing care at home.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Benefits Administration
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 43% of its expenditures for DHS operations.

ACTIVITY DESCRIPTION:

This activity manages coverage and rates setting policy for the Medical Assistance (MA), MinnesotaCare, General Assistance Medical Care (GAMC), Child and Teen Checkups, and Human Immunodeficiency Virus (HIV) Programs in compliance with state and federal law. This requires the development and implementation of policies which are consistent with federal regulations without compromising the autonomy of Minnesota health care policy. This activity includes the following functions which encompass 74% of the department's health care services (26% is managed care).

1. Managing the health care services provided by the MA, GAMC, and MinnesotaCare programs, including interpretation of state and federal laws and regulations, development of health care service policies and standards, determination of community practice standards, legislative activities, promulgation of administrative rules, preparation of provider manuals and other types of instructional materials.
2. Managing the integration of MinnesotaCare with the MA and GAMC programs.
3. Administering state and federal HIV service programs.
4. Coordinating and specifying modifications to the Medicaid Management Information System (MMIS) resulting from changes in federal and state law, regulation and rule and new policies developed by the representative policy sections of the department. This also includes the management of payment schedules.
5. Establishing and maintaining rate methodologies and data base for all acute and preventive health services including inpatient, outpatient, physician and all other services.
6. Administering utilization review activities, prior authorization and monitoring of utilization patterns.
7. Administering provider and recipient appeals for all acute care services.

BUDGET ISSUES:

1. To expand the HIV Insurance continuation program.
2. To implement and administer the federal vaccines for children programs.
3. To change the reimbursement structure for prescription drugs.
4. To implement a peer grouping mechanism for inpatient hospitals and to provide for inflationary increases.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: HEALTH CARE BENEFITS ADMINISTRAT.
MACT: HEALTH CARE BENEFITS ADMINISTRAT.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,132	3,002	3,174	3,139	3,168	3,168	3,139	3,168	3,168
EXPENSES/CONTRACTUAL SRVCS	2,255	3,153	3,204	3,129	3,636	3,636	3,129	3,901	3,901
MISC OPERATING EXPENSES	190	241	184	184	189	189	184	189	189
SUPPLIES/MATERIALS/PARTS	74	385	34	34	34	34	34	34	34
CAPITAL EQUIPMENT	32	176	32	32	38	38	32	38	38
SUBTOTAL STATE OPERATIONS	5,683	6,957	6,628	6,518	7,065	7,065	6,518	7,330	7,330
AIDS TO INDIVIDUALS	3	2							
LOCAL ASSISTANCE	604	759	689	673	673	673	673	673	673
TOTAL EXPENDITURES	6,290	7,718	7,317	7,191	7,738	7,738	7,191	8,003	8,003
AGENCY PLAN ITEMS:									
									FUND
INSURANCE CONTINUATION FOR HIV					427			812	
INPATIENT HOSPITAL PEER GROUPING					120				
TOTAL AGENCY PLAN ITEMS					547			812	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,667	6,901	5,744	5,744	6,291	6,291	5,744	6,556	6,556
HEALTH CARE ACCESS	171	342	830	830	830	830	830	830	830
STATUTORY APPROPRIATIONS:									
GENERAL		20	126						
SPECIAL REVENUE	48	148	216	216	216	216	216	216	216
FEDERAL	404	307	401	401	401	401	401	401	401
TOTAL FINANCING	6,290	7,718	7,317	7,191	7,738	7,738	7,191	8,003	8,003

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: HEALTH CARE BENEFITS ADMINISTRAT.
MACT: HEALTH CARE BENEFITS ADMINISTRAT.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	60.4	55.2	59.7		60.0		60.0		
TEMP/SEAS/PART_TIME	4.6	8.5	9.0		9.0		9.0		
OVERTIME	.1								
TOTAL FTE	65.1	63.7	68.7		69.0	69.0	69.0		69.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Health Care Benefits Administration
 ITEM TITLE: Federal Vaccines For Children Program

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Managed Care and Fee for Service	(\$279)	(\$341)	(\$383)	(\$424)
Health Care Access Fund				
MinnesotaCare Grants	(148)	(169)	(186)	(204)
Net Total:	(\$427)	(\$510)	(\$569)	(\$628)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No
 If yes, statute affected: M.S. 256B.0625 and 256B.76(a)

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$279,000 in F.Y. 1996 and \$341,000 in F.Y. 1997 in the general fund and \$148,000 in F.Y. 1996 and \$169,000 in F.Y. 1997 in the Health Care Access Fund. This proposal will require all Minnesota Health Care Program (MCHP) providers who administer pediatric vaccines to enroll in the federal Vaccines For Children (VFC) Program and will increase the allowable administration fee for immunizations by \$7, from \$1.50 to \$8.50. MCHP programs include Medicaid, General Assistance Medical Care (GAMC) and MinnesotaCare.

RATIONALE:

In Minnesota Milestones meetings, citizens said they want our people to be healthy. Ensuring that our children are healthy is important to that goal.

This proposal would help ensure that low-income children get immunizations through a federal vaccine program and provide an extra incentive to medical providers by increasing the reimbursement for administering each dose.

The Omnibus Budget Reconciliation Act of 1993 requires the Health Care Financing Administration

to provide states with pediatric vaccines, free of charge, which will be purchased through the Center for Disease Control and Prevention, beginning 10-01-94. States are required by federal law to distribute these vaccines to providers who serve "federally eligible children." These children (ages 0-18) are: all Medicaid eligible children; children who are not insured (including those on GAMC and MinnesotaCare) or who are underinsured; children who receive services from federally qualified health centers and rural health clinics; and, native American children as defined in the Indian Health Improvement Act.

The Minnesota Department of Health has expanded Minnesota's VFC program (MnVFC) to include free vaccines for all MHCP enrollees, regardless of age.

Providers who enroll in the VFC program are prohibited from charging for the vaccine, which eliminates any profit on vaccine going to the provider. This program also requires additional reporting and record-keeping. For these reasons, and to insure that vaccines are available to MHCP recipients, this proposal recommends increasing the MHCP reimbursement for administering all vaccines to MHCP enrollees from the current rate of \$1.50 per dose to \$8.50 per dose.

PROGRAM OUTCOMES:

The receipt of vaccines free of charge will reduce MHCP expenditures by the amount that is currently being spent on pediatric vaccines. The state cost is that of increasing the administration fee from \$1.50 to \$8.50 in F.Y. 1996.

LONG-TERM IMPACT:

This proposal will improve the availability of vaccines for children and provide a more equitable administration fee for immunizations. It appears this new federal program is intended to be long term, therefore the cost/savings will continue into the next biennium.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Health Care Benefits Administration
 ITEM TITLE: Insurance Continuation for HIV

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Health Care Benefits Admin	\$427	\$ 812	\$ 812	\$ 812
MA Managed Care and Fee For Service	(761)	(1,790)	(2,593)	(2,278)
Net Total:	(\$334)	(\$ 978)	(\$1,781)	(\$1,466)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256.9365, subds. 1 and 2

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$334,000 in F.Y. 1996 and \$978,000 in F.Y. 1997. This proposal extends the period of eligibility for persons with Human Immunodeficiency Virus (HIV) for insurance continuance payments from 18, 24, or 29 months to as long as the person carries insurance and meets other eligibility standards.

RATIONALE:

This proposal helps people with HIV who meet certain eligibility standards pay their insurance premiums when they are at risk of losing their coverage because of reduced income due to HIV disability.

This program gives HIV positive individuals the chance to continue an uninterrupted treatment regime, which in turn leads to greater access to the full array of HIV prevention and care services. It also allows an individual to focus on their care rather than on the fear of losing their insurance when they need it most.

Without insurance continuance payments, these individuals would likely lose their insurance and be forced to participate in the Medicaid program. Paying insurance premiums provides an additional benefit to the state by avoiding Medicaid costs. The program enrollment is outgrowing current levels of funding. Without additional funds the program will have to restrict or limit benefits which will lead to these higher Medicaid costs.

Legislation currently follows Consolidated Omnibus Budget Reconciliation Act (COBRA) extension time limits but COBRA is not applicable in many cases. This program is cost effective even beyond limits of COBRA legislation.

People with HIV are now living longer and need benefits over an extended period of time. As a result, this program becomes increasingly cost effective.

PROGRAM OUTCOMES:

This program has purchased insurance continuation for 420 individuals since its inception in 1991. Currently 198 persons get coverage through this program.

LONG-TERM IMPACT:

The impact of this program is to assure people with HIV disease access to medical care, increasing their productivity and quality of life. These funds prevent or delay enrollment in the Medicaid program and thus provide significant savings in state Medicaid dollars.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Health Care Benefits Administration
ITEM TITLE: Revised Definition of Pharmacy Usual and Customary Administration

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MA Managed Care and Fee for Service	(\$6,913)	(\$8,276)	(\$8,319)	(\$8,319)
GAMC Grants	(1,812)	(2,209)	(2,222)	(2,222)
Health Care Access Fund				
MinnesotaCare Grants	(2,230)	(2,281)	(2,053)	(2,053)
Net Total:	(\$10,955)	(\$12,766)	(\$12,594)	(\$12,594)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. § 256B.0625, subd 13(c)

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$8,725,000 in F.Y. 1996 and \$10,485,000 in F.Y. 1997 in the general fund and a decrease of \$2,230,000 in F.Y. 1996 and \$2,281,000 in F.Y. 1997 in the health care access fund. This proposal decreases state expenditures by making payment to pharmacies at the "best price" accepted for the product and dispensing fee from any other third-party payor.

RATIONALE:

The department should pay competitive prices for health care services. In this proposal, pharmacies would be paid the "best price" that is accepted from any other third-party payor. The lowest price currently known under contract is the average wholesale price, minus 13%, plus a \$2.35 dispensing fee. The average wholesale price is the suggested price set by the manufacturer or the price commonly charged by wholesalers.

The payment formula used by the Department of Human Services (DHS) for pharmacy services is the highest known in the state, currently at the average wholesale price minus 7.6% plus a \$4.10 dispensing fee. This proposal would equalize DHS payment for pharmacy services with that of other third-party payors. Pharmacies have asserted that the higher DHS payment rate is necessary to offset high write-offs due to unstable claims processing and spenddown problems. The new Medicaid Management Information System (MMIS ID) Point-of-Sale has eliminated these payment problems, and provided state-of-the-art claims processing for pharmacy providers. This revised payment policy is also consistent with the "best price" model in the Omnibus Budget Reconciliation Act 1990 Medicaid Drug Rebate program. This model implements the public policy that Medicaid programs should get the "best price" any pharmacy is willing to accept from other third-party payors.

PROGRAM OUTCOMES:

This proposal will bring the department's pharmacy payments to line with the best market price.

LONG-TERM IMPACT:

This proposal will result in long-term savings by reducing costs of Medical Assistance, General Assistance Medical Care, and MinnesotaCare grants.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Health Care Benefits Administration
 ITEM TITLE: Inpatient Hospital Peer Grouping and Inflation Administration

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
Health Care Benefits Administration	\$ 120	-0-	-0-	-0-
MA Managed Care and Fee for Service	10,255	32,078	43,634	45,765
GAMC Grants	3,588	3,539	2,310	1,605
Health Care Access Fund				
MinnesotaCare Grants	(\$ 212)	\$ 2,854	\$ 4,577	\$ 5,654
Net Total	\$13,701	\$38,471	\$50,521	\$53,024
Revenues: (\$000s):				
General Fund				
	\$50	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256.969, subd. 1 and subd. 24

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$13,913,000 in F.Y. 1996 and \$35,617,000 in F.Y. 1997 in the general fund and a decrease of \$212,000 in F.Y. 1996 and an increase of \$2,854,000 in F.Y. 1997 in the Health Care Access fund. This funding buys back the 1993 savings of 10% under Medical Assistance (MA) and 15% under General Assistance Medical Care (GAMC) and instead substitutes a modified peer grouping reduction of 1.9% under MA and 3.3% under GAMC. In addition, MA and MinnesotaCare operating rates are increased 4.3% and 4.5% in calendar years 1996 and 1997 respectively to fund inflation.

RATIONALE:

The proposal increases inpatient hospital operating rates for inflation based on the expected growth in hospital costs.

The proposal includes a substitute peer grouping system of payment for inpatient hospital services based on the comparable costs of similar services in other hospitals. Savings projected for the 1993 legislative peer grouping change have been adjusted to recognize that this change in the rate system

could not be implemented through rule making before 7-95. Savings have also been affected by forecast changes regarding expansion of managed care. Peer grouping costs on this page represent the cost of buying back the remaining savings held in the forecast with an offset for the savings under a less restrictive peer grouping system.

Peer grouping rates would be based on the comparable costs of similar services in other hospitals and a limit on allowable cost would be imposed. Hospitals would be paid the lesser of their cost or the limit. The 1993 system that is bought back has limits established at the median of each peer group. Under the proposal, the limits would instead be established at the median of the peer group plus 80% of the difference under MA and 64% of the difference under GAMC. Rehabilitation hospitals would have limits at 139% of the median. The limits vary based on urban and rural location, teaching status and children's and rehabilitation hospital designation.

The proposal also funds audits of hospitals that do not file cost reports with Medicare. These reports contain aggregate cost information for the hospital and MA, GAMC and MinnesotaCare rates are based on the data that pertains to these programs.

PROGRAM OUTCOMES:

Rates are currently based on the cost of an individual hospital and thus, payments for the same service can vary greatly. The proposal establishes a prudent buying mechanism by limiting payments to hospitals with higher cost services. Higher cost hospitals will have payment reductions after increases for inflation.

LONG-TERM IMPACT:

The growth in expenditures will continue to be slowed somewhat, and payments will begin to reflect a more competitive environment; however, the more significant negative effects on some hospitals that would result from current state law would be avoided.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Grants
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Medical Assistance (MA) is the program authorized under Title XIX of the Social Security Act to provide health care services to eligible low income individuals and families. Most recipients of Aid to Families with Dependent Children (AFDC), Minnesota Supplemental Aid (MSA), and Supplemental Security Income (SSI) are eligible for MA. Eligibility is also available to elderly, disabled and blind persons, and families with children under 21 years of age, if income and assets are within MA standards. Pregnant women and infants are eligible with income under 275% of federal poverty guidelines. Children between ages 1 and 5 are eligible at 133% of federal poverty guidelines. Children between ages 6 and 18, born after 9-30-83, are eligible at 100% of federal poverty guidelines. Pregnant women and children are not subject to an asset test. Certain elderly and disabled people are eligible for Medicare cost-sharing paid by MA.

Persons with excess income may qualify through the spenddown provisions if incurred medical bills exceed excess income over the MA standard. Payments for health care services are made directly to health care providers, not to MA clients.

This budget activity consists of the management activities of 1) MA - Long Term Care Facilities, 2) MA - Long Term Care Waivers and Home Care, and 3) MA - Managed Care and Fee for Services. The following pages contain descriptions of each of these activities.

BUDGET ISSUES:

See the specific management activity for details.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MEDICAL ASSISTANCE GRANTS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993			FY 1994			FY 1996			FY 1997		
	Est. FY 1993	Est. FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.			
MA LONG TERM CARE FACILITIES	2,205,373	2,519,652	1,296,809	1,303,898	1,253,138	1,253,138	1,303,898	1,305,147	1,305,147			
MA LTC WAIVERS & HOME CARE			438,087	438,087	453,796	453,796	438,087	506,386	506,386			
MA MANAGED CARE & FEE FOR SERVICE			1,125,154	1,125,154	1,354,784	1,354,784	1,125,154	1,505,564	1,506,064			
TOTAL EXPENDITURES	2,205,373	2,519,652	2,860,050	2,867,139	3,061,718	3,061,718	2,867,139	3,317,097	3,317,597			

AGENCY PLAN ITEMS:

	FUND	FY 1996	FY 1997
INCOME MAINTENANCE ADJUSTMENTS	GEN	110,584	221,570
INCOME MAINTENANCE ADJUSTMENTS	FED	78,042	186,899
HOSP & NURSING FACIL ALTERN TO ML RTC	GEN	<1,292>	<1,292>
RTC DD DOWNSIZING	GEN	<7,616>	<10,433>
FARIBAUT RC CLOSURE	GEN	813	845
MOOSE LAKE MI SOCS	GEN	167	167
QUALITY ASSURANCE SUPPORT SYSTEM	GEN	150	350
REDUCE LENGTH FOR CLOSING ICF/MR	GEN	<681>	<947>
DEVELOPMENTAL DISABILITIES PILOTS	GEN	1,531	
DD WAIVER ALTERN ALLOCATION STRUCTURE	GEN	3,624	7,854
EXPANSION OF OASDHI PROJECT	GEN	<2,793>	<6,076>
CONSUMER SUPPORT GRANTS	GEN		<917>
ELIMINATE RULE 75 RATE SET FOR DT&H	GEN	<1,022>	<1,624>
EXPANSION OF ALTERNATE CARE PROGRAM	GEN	<6,510>	<10,304>
ADJUSTMENTS TO HOME CARE	GEN	<1,547>	<2,207>
MA OVERPAYMENTS/RECOVERIES	GEN	<285>	<300>
EXPANSION OF TBI WAIVER	GEN	234	<703>
INSURANCE CONTINUATION FOR HIV	GEN	<761>	<1,790>
FEDERAL VACCINES FOR CHILDREN	GEN	<279>	<341>
REVISED PHARMACY USUAL & CUSTOMARY	GEN	<6,913>	<8,276>
OBRA 1993 COMPLIANCE ISSUES	GEN	94	293
INPATIENT HOSPITAL PEER GROUPING	GEN	10,255	32,078
INCOME & ASSET ALLOCATE FOR LTC WAIVERS	GEN	212	223
GROUP RESIDENTIAL HOUSING CHANGES	GEN	129	396
VA AID & ATTENDANCE BENEFITS	GEN	322	339
MODIFIED NH RATE WITH OUTCOME INCENTIVES	GEN	15,571	39,177
HURSING FACILITY LEVEL OF CARE CHANGE	GEN		<1,116>
ICF/MR INFLATION	GEN	1,511	4,270
AFDC ESSENTIAL PERSONS	GEN	159	168

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MEDICAL ASSISTANCE GRANTS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DEPARTMENTWIDE OPERATIONS			GEN		822			1,597	
MENTAL HEALTH COMMITMENT ACT			GEN		58			58	
TOTAL AGENCY PLAN ITEMS					194,579			449,958	
GOV'S INITIATIVES:			FUND						
(B) COMM MH ADOLESCENT SERVICES			GEN						500
TOTAL GOV'S INITIATIVES									500
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	725,833	1,082,399	1,237,738	1,244,827	1,352,551	1,352,551	1,244,827	1,489,142	1,489,642
STATUTORY APPROPRIATIONS:									
GENERAL	317,724	108,414	126,410	126,410	135,223	135,223	126,410	145,154	145,154
FEDERAL	1,161,816	1,328,839	1,495,902	1,495,902	1,573,944	1,573,944	1,495,902	1,682,801	1,682,801
TOTAL FINANCING	2,205,373	2,519,652	2,860,050	2,867,139	3,061,718	3,061,718	2,867,139	3,317,097	3,317,597
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
BUDGET ACTIVITY: Medical Assistance Grants
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

There are over 900 long-term care (LTC) facilities whose reimbursement rates are established annually by the LTC Facilities Division. Types of facilities include: approximately 440 certified nursing homes and board and care homes; about 320 intermediate care facilities for the mentally retarded (ICFs/MR); and 166 day training and habilitation (DT&H) vendors.

Specifically, the major functions of the activity are:

1. Perform annual desk audits prior to setting rates.
2. Conduct field audits of these facilities about once every 4 years.
3. Analyzing cost and program data to contain costs and improve services.
4. Implementation of state and federal legislation.
5. Maintaining automated rate setting systems.
6. Assist in the development of reimbursement rules.

BUDGET ISSUES:

1. To seek legislative approval for reimbursement reforms for nursing facilities and ICF/MR facilities. These reforms make some changes in the way these facilities are reimbursed and also provides an inflation increase.
2. To seek legislative approval to eliminate authority for statewide implementation of targeted reimbursement for DT&H vendors while introducing an hourly job-coach rate.
3. To alter the eligibility criteria for nursing facility admission and the Elderly Waiver while creating more cost-effective alternatives.
4. To streamline the collection of overpayments from Medical Assistance LTC providers.
5. To assure compliance with federal interpretation of Veteran Administration Aid and Attendance Benefits.
6. To comply with the Omnibus Budget and Reconciliation Act of 1993.
7. To fund the forecasted changes.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MEDICAL ASSISTANCE GRANTS
MACT: MA LONG TERM CARE FACILITIES

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	2,110,580	2,415,980	1,244,548	1,251,637	1,196,724	1,196,724	1,251,637	1,246,583	1,246,583
LOCAL ASSISTANCE	94,793	103,672	52,261	52,261	56,414	56,414	52,261	58,564	58,564
TOTAL EXPENDITURES	2,205,373	2,519,652	1,296,809	1,303,898	1,253,138	1,253,138	1,303,898	1,305,147	1,305,147
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN	<16,390>				3,546	
INCOME MAINTENANCE ADJUSTMENTS			FED	<35,483>				<17,587>	
RTC DD DOWNSIZING			GEN	<7,616>				<10,433>	
FARIBAULT RC CLOSURE			GEN	<109>				<759>	
QUALITY ASSURANCE SUPPORT SYSTEM			GEN	150				350	
REDUCE LENGTH FOR CLOSING ICF/MR			GEN	<681>				<947>	
DEVELOPMENTAL DISABILITIES PILOTS			GEN	1,531					
EXPANSION OF OASDHI PROJECT			GEN	<2,761>				<5,508>	
ELIMINATE RULE 75 RATE SET FOR DT&H			GEN	<1,022>				<1,624>	
EXPANSION OF ALTERNATE CARE PROGRAM			GEN	<6,510>				<10,304>	
MA OVERPAYMENTS/RECOVERIES			GEN	<285>				<300>	
OBRA 1993 COMPLIANCE ISSUES			GEN	61				152	
GROUP RESIDENTIAL HOUSING CHANGES			GEN	129				396	
VA AID & ATTENDANCE BENEFITS			GEN	322				339	
MODIFIED NH RATE WITH OUTCOME INCENTIVES			GEN	15,571				39,177	
HURSING FACILITY LEVEL OF CARE CHANGE			GEN					<1,116>	
ICF/MR INFLATION			GEN	1,511				4,270	
DEPARTMENTWIDE OPERATIONS			GEN	822				1,597	
TOTAL AGENCY PLAN ITEMS				<50,760>				1,249	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	725,833	1,082,399	557,985	565,074	551,840	551,840	565,074	584,172	584,172
STATUTORY APPROPRIATIONS:									
GENERAL	317,724	108,414	58,309	58,309	56,266	56,266	58,309	58,047	58,047

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: HEALTH CARE PROGRAM
 ACTIVITY: MEDICAL ASSISTANCE GRANTS
 MACT: MA LONG TERM CARE FACILITIES

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FEDERAL	1,161,816	1,328,839	680,515	680,515	645,032	645,032	680,515	662,928	662,928
TOTAL FINANCING	2,205,373	2,519,652	1,296,809	1,303,898	1,253,138	1,253,138	1,303,898	1,305,147	1,305,147
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
ITEM TITLE: Elimination of Authority to Implement Rule 75/Targeted Rate Setting for Day Training and Habilitation Services

PROGRAM OUTCOMES:

DT&H services will continue to bill vendor- and site-specific average daily rates for clients with the addition of an hourly job-coach rate to be used instead of partial day rates for eligible clients.

LONG-TERM IMPACT:

Elimination of the mandate to implement Rule 75 for targeted rate setting will relieve counties, vendors and the department of an administrative burden that no longer fits with current needs.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MA Long-Term Care Facilities	(\$1,022)	(\$1,624)	(\$1,624)	(\$1,624)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 252.46 and 252.47.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$1,022,000 in F.Y. 1996 and \$1,624,000 in F.Y. 1997. This proposal eliminates the authority for the department to implement a targeted rate setting system for Day Training and Habilitation (DT&H) services, statewide, by 7-1-95. The piloting of this system has not demonstrated that it provides adequate purchasing incentives and accountability for costs.

RATIONALE:

The department was directed to implement rules governing hourly rates for DT&H services effective in 1989. The department was required by the legislature to run a pilot project implementing the rules. The pilot study began in 1989 and continues with the original vendors and counties. Since 1989 there have been additional legislatively mandated delays in statewide implementation. Although the pilot has demonstrated some success in meeting its objectives, the rate method has not provided adequate incentives to purchase wisely and to be accountable for costs, particularly for service costs of clients eligible for Medical Assistance reimbursement. Cost accountability is essential as the department moves toward integrated purchasing models of long-term care services, including DT&H services.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Medical Assistance Grants
 MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
 ITEM TITLE: Modified Nursing Facility Rates with Outcome Incentives

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
MA Long-Term Care Facilities	\$15,571	\$39,177	\$42,283	\$46,119
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256B.431

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$15,571,000 in F.Y. 1996 and \$39,177,000 in F.Y. 1997 by providing annual inflation adjustments to nursing facilities each year of the biennium. It also reduces payment rates for non-economical nursing facilities, modifies and restores the efficiency incentives, and provides a framework for phasing in payments for various performance incentives and outcomes.

RATIONALE:

The following nursing facility reimbursement changes are necessary to transition reimbursement policy from a principally cost-based system to an outcome incentive-based system.

F.Y. 1996 and 1997:

- Grants full inflation to each nursing facility's allowed costs using the method specified by law.
- Modifies and restores the efficiency incentive by funding and using the methodology proposed by the legislature in the 1994 session.
- Establishes an overall operating cost limit for nursing facility rates above the 2nd standard deviation for their geographic grouping and facility type adjusted for case mix.
- Eliminates the up-front funding for federal mandates as the cost of the Hepatitis B vaccinations are included in the cost base.

The effect on MA expenditures is summarized as follows:

	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
MA LTC Facilities		
Modify and Restore Eff Inc	\$ 600	\$ 615
Reduce NH Rates above 1st and 2nd Std Dev	(1,634)	(1,835)
Eliminate Mandated Funding	(365)	(429)
Inflation Adjustment	16,970	40,826
Net Total	\$15,571	\$39,177

(These amounts are estimates due to the interactive effects of these proposals.)

F.Y. 1998 and beyond:

- Create outcome-based measures and incentives which if achieved result in additional reimbursement for the nursing facility. Establish nursing facility rates that do not exceed the maximum standard rate within each facility grouping and determine and incorporate outcome-based incentive payments for those nursing facilities which qualify.
- Establish nursing facility rates that do not exceed the maximum standard rate within each facility grouping; determine and incorporate outcome-based incentive payments for those nursing facilities which qualify.

PROGRAM OUTCOMES:

This reform proposal will require all nursing facilities, and especially higher cost facilities, to become more cost effective and economical.

LONG-TERM IMPACT:

This reform proposal will slow the growth in nursing facility expenditures while creating financial incentives for more cost-effective services in the highest cost nursing facilities. By the next biennium, some portion of a nursing facility's reimbursement will be based on achieving certain outcomes.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Medical Assistance Grants
 MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
 ITEM TITLE: Inflation for Intermediate Care Facilities for the Mentally Retarded

F.Y. 1996 F.Y. 1997

MA LTC Facilities		
Inflation	\$1,576	\$4,375
Overall limits	<u>(65)</u>	<u>(105)</u>
Net Total	\$1,511	\$4,270

F.Y. 1998 and beyond:

- Create outcome-based measures and incentives, which if achieved, result in additional reimbursement for the ICF/MR.
- Establish ICF/MR rates not to exceed a maximum standard rate within each facility grouping; determine and incorporate outcome-based incentive payments for those ICFs/MR which qualify.

PROGRAM OUTCOMES:

This reform proposal will require all facilities, especially higher cost facilities, to become more cost effective and economical.

LONG-TERM IMPACT:

As a result of these reforms, in the next biennium some portion of ICF/MR reimbursement will be based on achieving specified outcomes. The growth in Medical Assistance program expenditures should slow over time, while promoting greater efficiencies in the delivery of care in the higher cost ICF/MR facilities.

Dollars in Thousands

<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
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Expenditures: (\$000s):

MA Long-Term Care Facilities	\$1,511	\$4,270	\$5,126	\$5,093
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Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes X No _____

If yes, statute affected: MS 256B.501

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,511,000 in F.Y. 1996 and \$4,270,000 in F.Y. 1997 by inflating payment rates for all facilities each year of the biennium. This proposal also creates an overall rate limit, introduces reimbursement reform, phases in the reform, and develops payments for various outcomes.

RATIONALE:

This proposal incorporates reforms that are necessary to move reimbursement policy from a principally cost-based system to an outcome, incentive-based system. These reforms would be applied to intermediate care facilities for persons with mental retardation (ICFs/MR).

F.Y. 1996 and F.Y. 1997:

- Grants full inflation to each ICF/MR facility's allowed costs using the inflation factor specified in law.
- Adopts the client assessment system similar to nursing home case mix.
- Establishes an overall operating cost limit for ICF/MR rates above the second standard deviation for facility groupings adjusted for geographic location, licensure classification, and client needs using the new client assessment system.

The effect on MA expenditures is summarized as follows:

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
ITEM TITLE: Medical Assistance Overpayments Recoveries

LONG-TERM IMPACT:

This proposal will streamline the collection of MA overpayments from providers who operate from multiple corporate bases, and it will simplify accounting procedures regarding federal collections of overpayments.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MA Long-Term Care Facilities	(\$285)	(\$300)	(\$300)	(\$300)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
If yes, statute affected: M.S. 256B.0641

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$285,000 in F.Y. 1996 and \$300,000 in F.Y. 1997. This proposal streamlines the collection of overpayments from Medical Assistance (MA) providers. Under this proposal the department may collect from related entities when a long-term care provider entity, subject to overpayment collection, no longer exists.

RATIONALE:

Payments are made to long-term care providers on the basis of cost reports submitted to the Department of Human Services (DHS). The final review (field audit) of these reports determine whether collection of MA overpayments is required. Provider entities which have ceased to serve as long-term care providers by the time final review is completed and collection is implemented, but which may still provide services to MA or long-term care through a related entity, may significantly delay or prevent collection.

This proposal creates authority for DHS to collect directly from such commonly owned enterprises.

PROGRAM OUTCOMES:

This proposal will not have a direct impact on the MA program.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Medical Assistance Grants
 MANAGEMENT ACTIVITY: Medical Assistance Long Term Care Facilities
 ITEM TITLE: Nursing Facility Level of Care Change

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Long-Term Care Facilities Division	\$75	\$ 75	\$ -0-	\$ 0-
MA Long Term Care Facilities	-0-	(1,116)	(2,222)	(4,338)
Alternative Care	-0-	(988)	(2,781)	(4,168)
Net Totals:	\$75	(\$2,029)	(\$5,003)	(\$ 8,506)
Revenues: (\$000s):				
General Fund	\$38	(\$288)	(\$960)	(\$1,447)

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256B.913-917 and M.S. 144.0721

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$75,000 in F.Y. 1996 and a decrease in the budget base of \$2,029,000 in F.Y. 1997. This proposal is to seek a federal waiver to change Minnesota's level of care criteria for admission to a nursing facility (NF) and boarding care home. This waiver would also alter the state's eligibility criteria for the Elderly Waiver, the Alternative Care (AC) program, and the Community Alternatives for the Disabled Individuals Waiver, and expand the availability of other community-based services.

RATIONALE:

A recurring theme in public meetings about aging is that Minnesota seniors would rather live in their own homes and communities than in institutions like nursing facilities. Yet Minnesota has one of the highest rates of institutionalization of seniors in the nation.

Seniors who are more functionally independent are capable of being served by less costly alternatives to nursing facilities. These approaches are community-based and often result in individuals living in close proximity to their families and friends. This proposal puts strong emphasis on the development of alternatives for seniors by limiting nursing facility placements to those who most

need them.

This proposal would not affect anyone currently in a nursing facility, receiving Alternative Care Services, or on any waiver service.

PROGRAM OUTCOMES:

For consumers the proposal would:

- Create a High Function Class A level of care and make persons in that category ineligible for admission to a nursing facility (NF).
- Create a service allowance available effective 7-1-95 under AC funding for which High Function Class A persons are eligible.
- Exempt persons choosing the service allowance options from client premiums in the AC program.
- Exempt funding available under the service allowance option from certain standards and limit the average monthly per person amount to \$225.
- Allow, under extraordinary circumstances, screeners to authorize an admission for a short-term NF stay not to exceed 30 days in a year.
- Allow the commissioner of health, in cooperation with the commissioner of human services, to adopt emergency rules for admissions exceptions criteria and an appeals process.
- Require facilities to report in accordance with the new criteria for the cost report year ending 9-30-95.

This proposal would reduce NF occupancy overall, and may create market pressures that lead some NFs to move to other service opportunities. The proposal includes funding for transition rates as facilities cease to operate as NFs, and funding for technical assistance to help NFs transition to other operations.

LONG-TERM IMPACT:

This proposal should expand community-based, consumer-driven alternatives to NF care. Institutional settings will be targeted to people with higher care needs.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Facilities
ITEM TITLE: Medical Assistance Long-Term Care Facilities Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
MA Long-Term Care Facilities	(\$14,347)	\$3,808	\$23,724	\$50,771

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$14,347,000 in F.Y. 1996 and an increase in the budget base of \$3,808,000 in F.Y. 1997 to fully fund the forecasted Medical Assistance expenditures for long-term care facilities.

RATIONALE:

Changes are due to forecasted differences in caseload, medical costs, and length of stay.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
BUDGET ACTIVITY: Medical Assistance Grants
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes a variety of home- and community-based services that provide cost-effective alternatives to institutional care for individuals in need of long-term care. The services are funded through Medicaid Waiver Programs.

Specifically, this activity includes the following waiver programs:

- The Community Alternative Care Program (CAC) waiver provides case management, extended home health services, family counseling and training, foster care, homemaker, minor modifications to the home, nutrition services, prescribed medications, respite care, supplies and equipment, and transportation to individuals who would otherwise require long-term care in an acute care hospital. CAC serves clients from birth to age 65 years who are Medicaid eligible.
- The Community Alternatives for Disabled Individuals (CADI) waiver provides adult day care, assisted living, case management, extended home health services, family counseling and training, foster care, home delivered meals, homemaker, independent living skills, minor adaptations to the home or vehicle or adaptive equipment, residential care, respite care, and supplies and equipment to individuals who would otherwise require long-term care in a nursing facility. CADI serves clients from birth to age 65 years who are Medicaid eligible.
- The Elderly Waiver (EW) Program provides adult day care, assisted living, caregiver training and education, case management, companion services, extended home health services, foster care, home delivered meals, homemaker, residential care, respite care, and supplies and equipment to individuals who would otherwise require long-term care in a nursing facility. EW serves clients 65 years of age and older who are Medicaid eligible.
- The Traumatic Brain Injury Waiver (TBIW) provides case management, family counseling and training, adult day care, structured day program, behavioral programming, extended home health services, night supervision, companion, home delivered meals, homemaker, chore, independent living skills training and therapies, extended cognitive rehab therapy, extended psychological testing/explanation of findings, modifications/adaptations to home or vehicles, assisted living, foster care, residential care, respite, extended supplies and equipment, and extended transportation services. The TBIW serves Medicaid eligible clients under the age of 65 who have a traumatic or certain other acquired brain injury resulting in significant emotional, behavioral, or cognitive needs which would otherwise require long-term care in a nursing facility, or hospital level care in neurobehavioral rehabilitation.

This activity also includes a variety of home care services paid for through the Medical Assistance Program.

BUDGET ISSUES:

1. To expand TBIW to promote use of cost-effective alternatives to hospitals and nursing homes.
2. To extend Medicaid policies currently applied to residents of a nursing facility, to married persons and other persons who have dependent family members receiving services through the CAC, CADI, and TBI waivers.
3. To redesign personal care services by adjusting home care limits which will promote program accountability and cost-effectiveness.
4. To ensure minimum standards of care for personal care, provider organizations, and assistants.
5. To require an objective assessment of consumer need for home care services at the local level.
6. Forecast changes.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: HEALTH CARE PROGRAM
 ACTIVITY: MEDICAL ASSISTANCE GRANTS
 MACT: MA LTC WAIVERS & HOME CARE

MACT SUMMARY	FY 1996			FY 1997					
	Est. FY 1993	Est. FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS			420,489	420,489	433,463	433,463	420,489	483,590	483,590
LOCAL ASSISTANCE			17,598	17,598	20,333	20,333	17,598	22,796	22,796
TOTAL EXPENDITURES			438,087	438,087	453,796	453,796	438,087	506,386	506,386
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		8,827			34,037	
INCOME MAINTENANCE ADJUSTMENTS			FED		3,302			28,809	
FARIBAULT RC CLOSURE			GEN		922			1,604	
MOOSE LAKE MI SOCS			GEN		167			167	
DD WAIVER ALTERN ALLOCATION STRUCTURE			GEN		3,624			7,854	
EXPANSION OF OASDHI PROJECT			GEN		<32>			<568>	
CONSUMER SUPPORT GRANTS			GEN					<917>	
ADJUSTMENTS TO HOME CARE			GEN		<1,547>			<2,207>	
EXPANSION OF TBI WAIVER			GEN		234			<703>	
INCOME & ASSET ALLOCATE FOR LTC WAIVERS			GEN		212			223	
TOTAL AGENCY PLAN ITEMS					15,709			68,299	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			190,280	190,280	202,078	202,078	190,280	226,886	226,886
STATUTORY APPROPRIATIONS:									
GENERAL			19,187	19,187	19,796	19,796	19,187	22,071	22,071
FEDERAL			228,620	228,620	231,922	231,922	228,620	257,429	257,429
TOTAL FINANCING			438,087	438,087	453,796	453,796	438,087	506,386	506,386
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
ITEM TITLE: Income and Asset Allocation for Long Term Care Waivers

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
Medical Assistance Long-Term Care Waivers and Home Care	\$212	\$223	\$223	\$223

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes X No

If yes, statute affected: M.S. 256B.092 and 256B.49

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$212,000 in F.Y. 1996 and \$223,000 in F.Y. 1997. This proposal allows Community Alternative Care (CAC), Community Alternative for Disabled Individuals (CADI) and Traumatic Brain Injury (TBI) waiver recipients to allocate a portion of their income to a spouse or a dependent child and disregard this amount as income for the purposes of Medical Assistance eligibility. Because this policy already applies to institutionalized long-term care recipients, this proposal removes financial incentives to institutionalize disabled individuals rather than seek community-based care.

RATIONALE:

The CADI, CAC and TBI Medicaid waiver recipients are at risk of institutional placement. Medicaid eligibility for these recipients is determined by considering all of the disabled person's income and assets as available to the recipient. Currently these waivers do not have a provision to allow the client to allocate a portion of income to a spouse and/or dependent child, thus creating financial incentives to institutionalize the disabled client.

This proposal would affect approximately 400 waiver recipients.

Currently, the Medicare Catastrophic Coverage Acts of 1988 dependent spousal provisions apply to persons in nursing homes, ICFs-MR, medical institutions, and the Elderly Waiver. It is likely that the use of these provisions will become mandatory for married persons receiving services under home- and community-based waivers.

PROGRAM OUTCOMES:

This proposal will standardize eligibility requirements in the four Medicaid home and community based waiver services programs managed by the department's Home- and Community-Based Services Division. It will allow disabled married persons receiving waiver services to remain at home and provide a level of support to family members who have previously depended on them.

LONG-TERM IMPACT:

Disabled individuals will be more likely to remain at home or in a community setting rather than seek placement in an institution.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Medical Assistance Grants
 MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
 ITEM TITLE: Adjustments to Home Care

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Long-Term Care Waivers and Home Care	(\$1,547)	(\$2,207)	(\$2,400)	(\$2,564)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____
 If yes, statute affected: M.S. 256B.0627

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$1,547,000 in F.Y. 1996 and \$2,207,000 in F.Y. 1997. This proposal changes reimbursement rates for personal care services by adjusting home care limits to 1.5 times and 2.25 times the direct-care hours in nursing facilities. In addition, current administrative dollars will be redirected to: 1) ensure minimum standards of care for personal care provider organizations and personal care assistants (PCAs) by requiring licensure under the current home care licensure rule and by establishing minimum requirements to be a PCA; and 2) require assessments of consumer needs by a qualified party with no conflicting financial interest.

RATIONALE:

Currently, home care limits are set in relationship to the direct care hours that would be available to a person if the person was in a nursing facility (NF) at a particular case mix. People with the most specialized care needs (i.e., ventilator dependent, severely behaviorally challenged) have higher limits/differentials that will not be affected by the proposed changes. Adjusting the limits, as proposed, will bring per person costs for individuals without specialized care needs closer to the statewide average NF cost.

This proposal will improve the cost-effectiveness of these service options and supports other redesign efforts aimed at improving provider accountability for provision of quality services. Improved

standards for delivery of service and more objective assessment of consumer need will result in the provision or a more appropriate level of services for individuals receiving home care services.

PROGRAM OUTCOMES:

The immediate program impact is to encourage more appropriate and efficient use of resources by better identifying the type, level, and amount of service needed. Reductions of the maximum amounts of service which can be authorized for all 11 categories of the home care independent rating system is part of an overall program redesign and targeting effort aimed at maximizing the cost-effectiveness of home care services.

LONG-TERM IMPACT:

This proposal will result in the improved quality and cost-effectiveness of personal care program while diverting persons from more expensive institutional services.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: Medical Assistance Grants
 MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
 ITEM TITLE: Expansion of the Traumatic Brain Injury Waiver

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
MA Long-Term Care Waivers and Home Care	\$234	(\$703)	(\$4,095)	(\$7,874)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No x

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$234,000 in F.Y. 1996 and a decrease in the budget base of \$703,000 in F.Y. 1997. The proposal expands the Traumatic Brain Injury (TBI) Waiver by 120 nursing facility (NF) level of care allocations (beginning in F.Y. 1996) and 25 neurobehavioral hospital level of care allocations (beginning in F.Y. 1994), subject to approval by the federal Health Care Financing Agency. The decrease in the budget base occurs through the expansion of the hospital level of care allocations, resulting in the avoidance of more costly services.

RATIONALE:

The incidence of brain injury from traumatic events (automobile and motorcycle accidents, sporting accidents, assaults) continues to increase. It is estimated that in Minnesota, 1,000 individuals per year experience an injury that results in moderate to severe disability. Most of these individuals are young men between the ages of 15 to 24 years old; many of these individuals will require lifelong institutional level of care.

While life will probably not return to normal for these people, providing an environment where they can live as close to normal as possible benefits them and their families. More "normal" also tends to mean more cost effective, giving families what they want at a more affordable price.

In 1992, Minnesota implemented a 3-year Medicaid Home- and Community-Based Services Waiver to provide funding for community services for a specific population of individuals with traumatic or acquired brain injury. These persons must be experiencing severe cognitive or behavioral disabilities that are related to the injury and must have no other adequate funding sources (state plan

services, other waivers) available to them for community services. Applicants to the TBI Waiver must be currently residing in a Medical Assistance (MA) covered NF or neurobehavioral hospital or require the level of care found in those facilities in absence of the waiver.

The present waiver can serve a maximum of 150 individuals who require NF level of care and 50 individuals who require neurobehavioral hospital (implemented in 1994) level of care.

Applications for the TBI Waiver NF slots are currently being approved at the average rate of 10 per month. At these rates, current waiver slots will be inadequate to serve this complex population who will, in most cases, require institutionalization in absence of the waiver.

The following statistics demonstrate the cost-effectiveness of the TBI Waiver. These savings reflect the state share and are based on available current recipients' proposed care plans or approved service agreements.

Deinstitutionalized NF Recipients

Average monthly NF reimbursement per recipient: **\$1,625**
 Average monthly waiver reimbursement per recipient: **\$1,433**
 Actual monthly savings of recipients deinstitutionalized from nursing facilities (19 recipients): **\$3,655**

Diverted NF Recipients

Average monthly NF reimbursement per recipient: **\$1,344**
 Average monthly waiver reimbursement per recipient: **\$1,116**
 Projected monthly savings of recipients who were diverted from nursing facilities (76 recipients): **\$17,328**

Neurobehavioral Hospital Recipients

Average monthly hospital reimbursement per recipient: **\$20,178**
 Average monthly waiver reimbursement per recipient: **\$4,366**
 (Includes recipient, early 30's, injured in a motorcycle accident while not wearing a helmet. State share costs: \$150,847 per year.)
 Actual monthly savings of recipients deinstitutionalized from neurobehavioral hospitals (5 recipients): **\$79,062**

PROGRAM OUTCOMES:

This proposal ensures the availability of funding for cost-effective community services to eligible recipients who would otherwise require institutionalization.

LONG-TERM IMPACT:

The availability of cost-effective community placement and services for cognitively and behaviorally disabled individuals will result in a decrease in the utilization of institutional placements and associated costs.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
ITEM TITLE: Medical Assistance Long-Term Care Waivers and Home Care Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
MA Long-Term Care Waivers & Home Care	\$8,218	\$31,153	\$54,216	\$78,242

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0	\$-0-
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Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$8,218,000 in F.Y. 1996 and \$31,153,000 in F.Y. 1997 to fully fund the forecasted Medical Assistance expenditures for long-term waivers and home care.

RATIONALE:

Changes are due to forecasted differences in caseload and health care costs.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Medical Assistance Managed Care and Fee for Service
BUDGET ACTIVITY: Medical Assistance Grants
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

There are 2 ways that the department provides for the delivery of health care under the Medical Assistance (MA) Program; the traditional fee-for-service delivery system and the managed care options.

The department has MA managed-care contracts with 7 provider organizations and a contract for services with 1 county. More than 140,000 people are served through these managed care contracts. Presently, there are plans to expand managed care into 6-9 additional counties by the spring of 1995, bringing the total of MA recipients enrolled in managed care to 25% of the total MA recipients.

There are several groups of persons not enrolled in managed care programs; for example, children in out-of-home placement, persons who are disabled, persons who are terminally ill, etc. These people are served by a network of approximately 20,000 providers of health services.

The remaining recipients receive their health care services through the fee-for-service delivery system. A recipient has the freedom of choice of providers and may receive services through any enrolled MA provider.

BUDGET ISSUES:

The decision pages that impact this activity are:

1. HIV Continuation Insurance
2. Federal Vaccine Program
3. Inpatient Hospital Peer Grouping and Inflation
4. Pharmacy usual and customary
5. Omnibus Budget Reconciliation Act 1993 Compliance issues
6. MA Managed Care and Fee for Service Forecast

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MEDICAL ASSISTANCE GRANTS
MACT: MA MANAGED CARE & FEE FOR SERVICE

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS			1,076,896	1,076,896	1,289,863	1,289,863	1,076,896	1,433,552	1,434,052
LOCAL ASSISTANCE			48,258	48,258	64,921	64,921	48,258	72,012	72,012
TOTAL EXPENDITURES			1,125,154	1,125,154	1,354,784	1,354,784	1,125,154	1,505,564	1,506,064
AGENCY PLAN ITEMS:									
INCOME MAINTENANCE ADJUSTMENTS			GEN		118,147			183,987	
INCOME MAINTENANCE ADJUSTMENTS			FED		110,223			175,677	
HOSP & NURSING FACIL ALTERN TO ML RTC			GEN		<1,292>			<1,292>	
INSURANCE CONTINUATION FOR HIV			GEN		<761>			<1,790>	
FEDERAL VACCINES FOR CHILDREN			GEN		<279>			<341>	
REVISED PHARMACY USUAL & CUSTOMARY			GEN		<6,913>			<8,276>	
OBRA 1993 COMPLIANCE ISSUES			GEN		33			141	
INPATIENT HOSPITAL PEER GROUPING			GEN		10,255			32,078	
AFDC ESSENTIAL PERSONS			GEN		159			168	
MENTAL HEALTH COMMITMENT ACT			GEN		58			58	
TOTAL AGENCY PLAN ITEMS					229,630			380,410	
GOV'S INITIATIVES:									
(B) COMM MH ADOLESCENT SERVICES			GEN						500
TOTAL GOV'S INITIATIVES									500
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			489,473	489,473	598,633	598,633	489,473	678,084	678,584
STATUTORY APPROPRIATIONS:									
GENERAL			48,914	48,914	59,161	59,161	48,914	65,036	65,036
FEDERAL			586,767	586,767	696,990	696,990	586,767	762,444	762,444
TOTAL FINANCING			1,125,154	1,125,154	1,354,784	1,354,784	1,125,154	1,505,564	1,506,064

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: Medical Assistance Grants
MANAGEMENT ACTIVITY: Medical Assistance Managed Care and Fee for Service
ITEM TITLE: Medical Assistance Managed Care and Fee for Service
 Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
MA Managed Care and Fee For Service	\$107,900	\$167,865	\$267,575	\$350,960

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes No

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$107,900,000 in F.Y. 1996 and \$167,865,000 in F.Y. 1997 to fully fund the forecasted Medical Assistance expenditures for managed care and fee-for-service (acute) care.

RATIONALE:

The forecasted increases are primarily driven equally by projected increases in the number of eligible persons and increases in the average payment per eligible person (6% per year average). Projected increases include rate increases for providers only to the extent that increases are provided by the current law.

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1996-97 Biennial Budget

BUDGET ACTIVITY: General Assistance Medical Care Grants
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The purpose of the General Assistance Medical Care Program (GAMC) is to pay for medical services rendered to low income individuals who do not meet the eligibility categories of Medical Assistance (MA), such as age, disability, or family composition. Also persons who would be eligible for MA if they did not reside in an Institution for Mental Diseases (IMD) are eligible for GAMC. The majority of GAMC recipients are single persons, between age 21 and age 65. Persons eligible for General Assistance are eligible for GAMC without separate application.

Payments are made for inpatient and outpatient hospital care, drugs and medical supplies, physician services, prosthetic devices, dental care, eye care, chiropractic services, medical transportation, and case management for persons who have a serious and persistent mental illness for persons who would be eligible for MA but for the fact that they reside in IMDs. Provider payment rates are specified in state law.

In F.Y. 1994, approximately 35% of total GAMC expenditures went to capitated payment plans, 29% of expenditures went to inpatient hospital services, and 14% into physician services.

Approximately 3.3% of GAMC costs in F.Y. 1993, on average, were attributable to residents of IMDs.

BUDGET ISSUES:

Increases to the budget base are necessary to meet forecasted increases in the average per-person cost of medical care and to implement inpatient hospital peer grouping.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: GAMC GRANTS
MACT: GAMC GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	164,543	184,342	214,442	214,442	219,073	219,073	214,442	236,318	236,318
LOCAL ASSISTANCE	16,604	17,676	18,757	18,757	22,939	22,939	18,757	24,279	24,279
TOTAL EXPENDITURES	181,147	202,018	233,199	233,199	242,012	242,012	233,199	260,597	260,597
AGENCY PLAN ITEMS:									
			FUND						
INCOME MAINTENANCE ADJUSTMENTS			GEN		7,382			26,431	
REVISED PHARMACY USUAL & CUSTOMARY			GEN		<1,812>			<2,209>	
INPATIENT HOSPITAL PEER GROUPING			GEN		3,588			3,539	
AFDC ESSENTIAL PERSONS			GEN		<345>			<363>	
TOTAL AGENCY PLAN ITEMS					8,813			27,398	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	148,718	185,948	211,755	211,755	220,248	220,248	211,755	237,062	237,062
STATUTORY APPROPRIATIONS:									
GENERAL	32,429	16,070	21,444	21,444	21,764	21,764	21,444	23,535	23,535
TOTAL FINANCING	181,147	202,018	233,199	233,199	242,012	242,012	233,199	260,597	260,597
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: General Assistance Medical Care Grants
 ITEM TITLE: General Assistance Medical Care Grants Forecast

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
GAMC Grants	\$7,062	\$24,340	\$43,394	\$59,605
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$7,062,000 in F.Y. 1996 and \$24,340,000 in F.Y. 1997 to fully fund the forecasted amount of General Assistance Medical Care grant payments under current law.

RATIONALE:

Those increases result primarily from forecasted increases in the average per-person cost of medical care and secondarily to projected increases in enrollment. Projected increase in the per-person costs include rate increases only to the extent that they are provided under current law.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Operations
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is responsible for administering centralized medical payment systems for the combined programs of Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare. It is the mission of this activity to ensure that all claims for health care services are paid promptly; all identified third parties are required to pay for medical expenses if liable; Medicare participation in the cost of long-term care (LTC) services is maximized; the medical care surcharge is properly billed to nursing facilities and inpatient hospitals and complies with federal laws and regulations; the new Medicaid Management Information System (MMIS) is federally certified; electronic media claim activity is increased reducing state and provider cost; program integrity is ensured through a viable post-payment review activity, and drug rebates are negotiated and recovered from drug manufactures.

The systems administered in this activity annually process approximately 16,500,000 claims for 23,200 enrolled health care providers (physicians, dentists, hospitals, etc.) and 500,000 claims for 800 LTC facilities and related services. The payment of these claims must meet the requirements of state and federal laws, rules, and regulations. The edit structure for the MMIS consists of more than 900 system edits which are variably utilized depending on the type of service billed. The comparable edit structure in the LTC subsystem contains approximately 125 edits. These edits validate the information submitted, check for accuracy, determine appropriate coverage, compute reimbursement, assure that the claim has not been previously paid or does not conflict with another claim, and finally validate recipient eligibility. While claims that fail edits must be manually reviewed and corrected, claims which are clean can usually be processed and paid within 30 days of receipt. A "clean" claim is adjudicated and paid faster with the result of lowering the provider's accounts receivable, which in turn, may partially reduce the impact of prevailing rate structures. This activity earns federal administrative earnings at the rate of 61% of its expenditures.

The data collected from adjudicated claims provides the base for management and operational reports, surveillance and utilization review, and the database for computing reimbursement rates. This database is the MMIS. The claims processing section operates a provider hot-line 8 hours per business day and receives in excess of 400 calls daily. Provider communications are coordinated through this activity to ensure that all claims processing related communication is consistent with department policy and responsive to the needs of the provider community. Information sought by providers includes types of covered services, proper procedure codes, reimbursement requirements, payment levels, and status of suspended claims.

To ensure that all third-party resources have been maximized, this activity uses an automated system of post-payment recovery to pursue available third-party liability (TPL) after a claim is paid by MA, GAMC, or MinnesotaCare. Third-party resources include health insurance, Medicare, workers' compensation, casualty/liability insurance, settlements awarded in tort actions and persons or entities responsible to provide medical support. As a condition of tort eligibility, recipients are required to cooperate in assigning benefits accruing to themselves and their dependents under health or automobile insurance, to cooperate in any legal action to collect payment of medical expenses or subsistence, and to report any legal action initiated against a liable third party.

Recent changes in federal regulations require states to primarily operate a cost-avoidance TPL system as opposed to post-payment recovery. These changes continue to have a significant impact

on the dollar recoveries realized by the activity during the remainder of this and future bienniums. Conversely, MA will avoid expenditures for clients with third-party coverage by ensuring that billings are reduced by third-party payments prior to payment by MA.

Medicare cost avoidance figures identified in the previous section represent the savings for Medicare crossover claims for which MA has paid the co-insurance and deductible on behalf of a dually eligible client, and has avoided paying the total claim charge amount.

In addition to claims payment, TPL recovery and Medicare cost avoidance, this activity is also responsible for administering the Medical Care Surcharge (MCS) fund created by the 1991 Minnesota Legislature. The MCS fund is a broad-based, uniform method of assessment which permits Minnesota to utilize federal matching funds for health care services. The MCS is applied to licensed nursing homes, inpatient and outpatient hospitals, and HMOs with a certificate of authority from the Department of Health.

This activity is also responsible for the Surveillance and Integrity Review (SIRS) functions which are federally mandated activities. The SIRS section reviews the 24,000 health care providers to determine if the incorrect payments were made as a result of fraud abuse or misuse. Potential fraud and abuse in MA, GAMC, and MinnesotaCare is identified through computerized practice profile reports from the MMIS, recipient complaints and referrals from other providers, state agencies and divisions within the department. The new MinnesotaCare program will add an estimated 250,000 recipients to the state's fee-for-service population by the end of the biennium which will increase provider claim activity. This activity earns general federal administrative reimbursement at the rate of 48% of its expenditures. Skilled medical professionals in SURS earn federal administrative reimbursement at the rate of 75%.

The Drug Rebate Dispute Resolution Team (DRDRT) which is also in this activity implements the provisions of OBRA 90 which requires drug manufactures to provide a rebate to state Medicaid agencies for drugs purchased on behalf of MA clients by the agencies. The DRDRT resolves any rebate amounts claimed by the states, but disputed by the manufacturer.

Significant electronic claim capability will enable the activity to increase electronic claims from 55% of total claims received in F.Y. 1994 to 75% in F.Y. 1995 and 90% in F.Y. 1996. This advance will lower administrative costs for the state and the provider, and requires skilled staff to support the modem transfer environment, software development and provider education.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity generates general federal administrative reimbursement at the rate of 75% for activities associated with operation of the integrated claims processing activity and 50% for all remaining responsibilities. Skilled medical professionals in the surveillance and Integrity Review Section generate federal administrative earnings at the 75% rate.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: HEALTH CARE OPERATIONS
MACT: HEALTH CARE OPERATIONS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	4,073	4,078	5,374	4,724	4,724	4,724	4,724	4,724	4,724
EXPENSES/CONTRACTUAL SRVCS	622	1,748	1,336	1,211	1,211	1,211	1,211	1,211	1,211
MISC OPERATING EXPENSES	255	227	490	415	415	415	415	415	415
SUPPLIES/MATERIALS/PARTS	64	156	207	182	182	182	182	182	182
CAPITAL EQUIPMENT		132	984	959	959	959	959	959	959
SUBTOTAL STATE OPERATIONS	5,014	6,341	8,391	7,491	7,491	7,491	7,491	7,491	7,491
TOTAL EXPENDITURES	5,014	6,341	8,391	7,491	7,491	7,491	7,491	7,491	7,491
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,810	4,701	2,194	1,294	1,294	1,294	1,294	1,294	1,294
HEALTH CARE ACCESS	125	328	722	722	722	722	722	722	722
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	79	1,312	5,475	5,475	5,475	5,475	5,475	5,475	5,475
TOTAL FINANCING	5,014	6,341	8,391	7,491	7,491	7,491	7,491	7,491	7,491
FTE BY EMPLOYMENT TYPE:									
REGULAR	113.7	114.8	112.4		112.4			112.4	
TEMP/SEAS/PART_TIME	2.0	2.6	.5		.5			.5	
OVERTIME	1.7	2.1	.2		.2			.2	
TOTAL FTE	117.4	119.5	113.1		113.1	113.1		113.1	113.1

1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Customer Services
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Customer Service activity recruits and enrolls health care providers, delivers training, provides technical assistance, and disseminates information regarding Minnesota's Health Care programs, including, Medical Assistance (MA), General Assistance Medical Care (GAMC) and MinnesotaCare policy; 24,000 enrolled health care providers and 400,000 clients are served by this activity.

The Customer Service activity utilizes a toll-free Provider and Client Help Desk, customer service specialists in each service area, frequent training opportunities, and user-friendly publications and tools to encourage provider participation, increase provider satisfaction, and decrease client confusion when dealing with Minnesota's Health Care Programs.

Specific strategies for improving provider participation include:

- Cost-effective provider workshops. (Including public access cable television, videotape, satellite broadcasts and videoconferencing.)
- Distribution of the Minnesota Health Care Programs Provider Manual on paper, diskette, and CD Rom.
- Recruitment of new health care providers to participate in Minnesota's Health Care programs.
- Encourage retention of participating health care providers by assigning customer service specialists in each service area to personally assist any provider experiencing billing problems with the department.
- Develop a problem-tracking database that will allow problem areas to be identified before the problems negatively affect access to health care. This information will be shared with all areas of the department to ensure an interdisciplinary review and response to emerging problem areas.

BUDGET ISSUES:

An extension of the current level of funding for this activity is requested.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 69% of expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: HEALTH CARE CUSTOMER SERVICE
MACT: HEALTH CARE CUSTOMER SERVICE

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	253	1,610	1,248	1,248	1,248	1,248	1,248	1,248	1,248
EXPENSES/CONTRACTUAL SRVCS	114	331	125	125	125	125	125	125	125
MISC OPERATING EXPENSES	5	237	135	135	135	135	135	135	135
SUPPLIES/MATERIALS/PARTS	35	183	134	134	134	134	134	134	134
CAPITAL EQUIPMENT	37	321	180	180	180	180	180	180	180
SUBTOTAL STATE OPERATIONS	444	2,682	1,822	1,822	1,822	1,822	1,822	1,822	1,822
TOTAL EXPENDITURES	444	2,682	1,822	1,822	1,822	1,822	1,822	1,822	1,822
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	443	429							
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1	2,253	1,822	1,822	1,822	1,822	1,822	1,822	1,822
TOTAL FINANCING	444	2,682	1,822	1,822	1,822	1,822	1,822	1,822	1,822
FTE BY EMPLOYMENT TYPE:									
REGULAR	3.4	17.2	34.0		34.0			34.0	
TEMP/SEAS/PART_TIME	2.7	25.2							
OVERTIME		.2							
TOTAL FTE	6.1	42.6	34.0		34.0	34.0		34.0	34.0

BUDGET ACTIVITY: Medicaid Management Information System
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Medicaid Management Information System (MMIS) is federally required technology to enhance Minnesota's efficiency in administering Medical Assistance (MA). The system is also used for joint administration of state programs health care programs serving population not covered under MA, i.e., General Assistance Medical Care (GAMC) and MinnesotaCare. The current MMIS, implemented in Minnesota on 5-31-94, replaces the original MMIS implemented in 1974.

MMIS maintains and supports a management information reporting data base utilizing 3 years of converted claims history to provide immediate, on-line medical payment information - 45 million claims, \$6 billion worth of health service information. This on-line capability provides critical, timely information for administration of the combined programs, health care reform and federal reporting. A critical function of MMIS is to support a highly integrated claims payment system capable of processing 17 million claims for health care services provided to clients of MA, GAMC, and MinnesotaCare.

This activity is responsible for administering the centralized information system and data base critical for administration of the combined health care program administered by the Department of Human Services. Acknowledged benefits of the new system are:

- Increased use of electronic media claim - lower administrative costs for the state and the provider.
- On-line claims processing - better customer service.
- Decision support - rapid health care reform decisions.
- Enhanced coordination of benefits - reduces tax dollars spent.
- Uniformity in business practices - reduce provider costs.
- Pharmacy point of sale - immediate claims processing.
- Standardized national claim form - simplify provider billing.
- Recipient ID card for all programs - one number.
- Eligibility Verification - touch tone response for eligibility, benefit limits spenddown and third-party coverage.
- Electronic media claim - modem to modem, magnetic tape or cartridge, diskette.
- Information Transfer System - free software and ability to purchase hardware from volume purchase contracts to encourage electronic claims.
- On-line editing and response - better customer service.

Significant in the implementation of the MMIS is maintenance of an accurate client eligibility data base and centralization of the county/state interface for administration of eligibility policy, county financial worker training and help desk county and county waiver worker training and help desk.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

The agency budget plan acknowledges the implementation and maintenance of an on-line integrated information system that supports growth and stabilization of managed care environments, advances in health care reform, simplification of health care delivery in remaining fee for service markets, strengthening of the state county interface for eligibility and waiver services and utilization of information system/claims processing resources by other state agencies.

The agency budget plan will result in the following redesign and support issues:

- Maintenance of an accurate client information data base for MA, GAMC, and MinnesotaCare. This will be accomplished by strengthening county worker understanding of eligibility policy, by providing a viable county worker help desk function to support county staff and by aggressively reconciling discrepancies identified in the recipient data base.
- Implementation of the MMIS centralized operation and administration of Minnesota's waived services programs at DHS. Viability of the waiver service operation is dependent on providing an active county waiver worker training and help desk function.
- Successful integration with data institute initiatives associated with health care reform activities will be essential to support.
- Expansion of point-of-sale technology, initially implemented for pharmacy benefits, offers significant benefit for other providers, giving on-line response regarding claim adjudication, spenddown and third party information.
- Centralization of other state claims and data processing activities in the MMIS allows significant efficiency and savings for state activities positioned to benefit from a statewide processor for health care claims.
- Federal certification of the MMIS enables receipt of federal matching funds at the 75% level.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 75% for centralized MMIS operations, and 50% for county training activities. The average rate of reimbursement is 63%.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MEDICAID MGT. INFO. SYS. (MMIS)
MACT: MEDICAID MGT. INFO. SYS. (MMIS)

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,767	2,265	4,255	3,055	3,055	3,055	3,055	3,055	3,055
EXPENSES/CONTRACTUAL SRVCS	6,396	14,836	21,456	13,090	15,715	15,715	13,090	15,715	15,715
MISC OPERATING EXPENSES	905	1,365	1,826	1,726	1,726	1,726	1,726	1,726	1,726
SUPPLIES/MATERIALS/PARTS	153	173	385	285	285	285	285	285	285
CAPITAL EQUIPMENT	83	491	378	378	378	378	378	378	378
OTHER		<203>							
SUBTOTAL STATE OPERATIONS	9,304	18,927	28,300	18,534	21,159	21,159	18,534	21,159	21,159
TOTAL EXPENDITURES	9,304	18,927	28,300	18,534	21,159	21,159	18,534	21,159	21,159
AGENCY PLAN ITEMS:									
FUND									
ACCESS TO QUALITY HC INITIATIVE									
HCA									
2,625									
2,625									
TOTAL AGENCY PLAN ITEMS									
2,625									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,207	5,742	1,313	10,657	10,657	10,657	10,657	10,657	10,657
HEALTH CARE ACCESS					2,625	2,625		2,625	2,625
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,097	13,185	26,987	7,877	7,877	7,877	7,877	7,877	7,877
TOTAL FINANCING	9,304	18,927	28,300	18,534	21,159	21,159	18,534	21,159	21,159
FTE BY EMPLOYMENT TYPE:									
REGULAR	33.9	32.6	56.3		56.3			56.3	
TEMP/SEAS/PART_TIME	3.6	18.5	16.6		16.6			16.6	
OVERTIME	.2	.6	.5		.5			.5	
TOTAL FTE	37.7	51.7	73.4		73.4	73.4		73.4	73.4

1996-97 Biennial Budget

BUDGET ACTIVITY: MinnesotaCare
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the following management activities:

1. MinnesotaCare Administration;
2. MinnesotaCare Grants;
3. MinnesotaCare Waiver Administration; and
4. MinnesotaCare/Medical Assistance Grants.

These activities are described on the following pages.

BUDGET ISSUES:

See following activity pages.

REVENUE:

See following activity pages.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MINNESOTA CARE

MANAGEMENT ACTIVITY ALLOCATION				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MINNESOTACARE ADMINISTRATION	2,973	3,378	9,632	7,897	7,897	7,897	7,897	7,897	7,897
MINNESOTACARE GRANTS	12,818	33,249	84,315	84,315	94,485	94,485	84,315	121,366	121,366
MINNESOTACARE WAIVER ADMIN.					11,194	11,194		11,870	11,870
MINNESOTACARE MA GRANTS					9,609	9,609		11,840	11,840
TOTAL EXPENDITURES	15,791	36,627	93,947	92,212	123,185	123,185	92,212	152,973	152,973
AGENCY PLAN ITEMS:									
			FUND						
FEDERAL VACCINES FOR CHILDREN			HCA		<148>			<169>	
REVISED PHARMACY USUAL & CUSTOMARY			HCA		<2,230>			<2,281>	
INPATIENT HOSPITAL PEER GROUPING			HCA		<212>			2,854	
ACCESS TO QUALITY HC INITIATIVE			HCA		11,194			11,870	
ACCESS TO QUALITY HC INITIATIVE			HCA		<38,136>			<46,266>	
ACCESS TO QUALITY HC INITIATIVE			HCA		9,609			11,840	
MINNESOTACARE FORECAST			HCA		50,896			82,913	
TOTAL AGENCY PLAN ITEMS					30,973			60,761	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	11,473								
HEALTH CARE ACCESS	2,595	26,270	80,189	78,454	103,151	103,151	78,454	128,065	128,065
STATUTORY APPROPRIATIONS:									
HEALTH CARE ACCESS	1,723	10,357	13,758	13,758	20,034	20,034	13,758	24,908	24,908
TOTAL FINANCING	15,791	36,627	93,947	92,212	123,185	123,185	92,212	152,973	152,973
FTE BY EMPLOYMENT TYPE:									
REGULAR	21.6	21.4	56.9		48.9			48.9	
TEMP/SEAS/PART_TIME	16.9	29.8	29.8		19.8			19.8	
OVERTIME	2.0	3.3	3.3		3.3			3.3	
TOTAL FTE	40.5	54.5	90.0		72.0	72.0		72.0	72.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: MinnesotaCare Administration
BUDGET ACTIVITY: MinnesotaCare
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The activity exists to provide the administrative structure for extending health coverage to uninsured Minnesotans under the Minnesota Health Right Act of 1992. Administrative functions include:

- Determining eligibility of applicants.
- Processing applications and application renewals within a 30-day processing standard.
- Processing premium payments of enrollees.
- Paying providers for services rendered.
- Developing rules for program administration.
- Managing spending for health care services to maintain a minimum 5% reserve.
- Performing random audits to verify reported income and eligibility.
- Publicizing the plan to get information to potential enrollees.
- Operating a toll-free information number about the program.
- Coordinating administration with the Medical Assistance (MA) policy, Department of Health, Legislative Oversight Committee and counties.
- Identifying and referring applicants and enrollees eligible for MA/General Assistance Medical Care and other programs.
- Enrolling clients into managed care plans.

MinnesotaCare can begin to prepare for an integration of health care programs by streamlining eligibility and developing alternate points of entry into the program, such as regional offices or community-based offices.

BUDGET ISSUES:

An extension of the current level of funding for this activity is requested.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: HEALTH CARE PROGRAM
 ACTIVITY: MINNESOTA CARE
 MACT: MINNESOTACARE ADMINISTRATION

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,343	1,884	3,203	2,803	2,803	2,803	2,803	2,803	2,803
EXPENSES/CONTRACTUAL SRVCS	964	395	5,367	4,267	4,267	4,267	4,267	4,267	4,267
MISC OPERATING EXPENSES	250	336	611	511	511	511	511	511	511
SUPPLIES/MATERIALS/PARTS	73	169	191	91	91	91	91	91	91
CAPITAL EQUIPMENT	343	391	260	225	225	225	225	225	225
OTHER		203							
SUBTOTAL STATE OPERATIONS	2,973	3,378	9,632	7,897	7,897	7,897	7,897	7,897	7,897
TOTAL EXPENDITURES	2,973	3,378	9,632	7,897	7,897	7,897	7,897	7,897	7,897
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	642								
HEALTH CARE ACCESS	2,331	3,378	9,632	7,897	7,897	7,897	7,897	7,897	7,897
TOTAL FINANCING	2,973	3,378	9,632	7,897	7,897	7,897	7,897	7,897	7,897
FTE BY EMPLOYMENT TYPE:									
REGULAR	21.6	21.4	56.9		48.9			48.9	
TEMP/SEAS/PART_TIME	16.9	29.8	29.8		19.8			19.8	
OVERTIME	2.0	3.3	3.3		3.3			3.3	
TOTAL FTE	40.5	54.5	90.0		72.0	72.0		72.0	72.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: MinnesotaCare Grants
BUDGET ACTIVITY: MinnesotaCare
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity exists to pay medical payments and subsidize premiums for the uninsured under the Minnesota Health Right Act of 1992. Enrollees pay a premium based on a sliding scale of income and family size. Premiums are calculated on a monthly basis and may be paid monthly or quarterly. Premium payment is required before enrollment is complete. Nonpayment results in termination of enrollment. People with terminated enrollment for nonpayment without good cause may not re-enroll for 4 months.

BUDGET ISSUES:

To expand access to quality health care and secure funding by implementing the 1994 MinnesotaCare Health Care Reform Waiver.

REVENUE:

MinnesotaCare medical payments are partially funded from enrollee payments. The appropriation reflects the state's total obligation, including the enrollees' premium payments.

<u>Dollars in Thousands</u>				
<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>

Type of Revenue:

Non-dedicated - Gen'l

Non-dedicated - State Gov't

Dedicated - Special

Dedicated - Federal

Total

	\$10,408	\$14,307	\$20,034	\$24,908
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1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MINNESOTA CARE
MACT: MINNESOTACARE GRANTS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	12,798	33,249	84,315	84,315	94,485	94,485	84,315	121,366	121,366
LOCAL ASSISTANCE	20								
TOTAL EXPENDITURES	12,818	33,249	84,315	84,315	94,485	94,485	84,315	121,366	121,366
AGENCY PLAN ITEMS:									
			FUND						
FEDERAL VACCINES FOR CHILDREN			HCA		<148>			<169>	
REVISED PHARMACY USUAL & CUSTOMARY			HCA		<2,230>			<2,281>	
INPATIENT HOSPITAL PEER GROUPING			HCA		<212>			2,854	
ACCESS TO QUALITY HC INITIATIVE			HCA		<38,136>			<46,266>	
MINNESOTACARE FORECAST			HCA		50,896			82,913	
TOTAL AGENCY PLAN ITEMS					10,170			37,051	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	10,831								
HEALTH CARE ACCESS	264	22,892	70,557	70,557	74,451	74,451	70,557	96,458	96,458
STATUTORY APPROPRIATIONS:									
HEALTH CARE ACCESS	1,723	10,357	13,758	13,758	20,034	20,034	13,758	24,908	24,908
TOTAL FINANCING	12,818	33,249	84,315	84,315	94,485	94,485	84,315	121,366	121,366
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Health Care
 BUDGET ACTIVITY: MinnesotaCare
 MANAGEMENT ACTIVITY: MinnesotaCare Grants
 ITEM TITLE: Access to Quality Health Care Initiative

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
Health Care Access Fund				
Health Care Delivery Admin	\$11,194	\$11,870	\$11,870	\$11,870
Financial Management Division	140	102	102	102
Human Resources Division	146	108	108	108
Management Services Division	140	102	102	102
MMIS	2,625	2,625	2,625	2,625
MAXIS Operations	998	998	998	998
MinnesotaCare - MA Grants	9,609	11,840	13,386	15,273
MinnesotaCare Grants	(38,136)	(46,266)	(54,816)	(64,873)
Net Expenditures	(13,284)	(18,621)	(25,625)	(33,795)
Revenues: (\$000s):				
Health Care Access Fund	8,237	7,447	7,314	7,314

Requires Statutory Change? Yes No
 If yes, statute affected: M.S. 256B

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$13,284,000 in F.Y. 1996 and \$18,621,000 in F.Y. 1997. This item proposes to implement and administer a federal waiver to expand access to quality health care for low income Minnesotans, simplify the 3 major publicly funded health care programs, and increase program flexibility so these programs can function in a changing market place in Minnesota. This proposal constitutes the department's health care initiative.

RATIONALE:

In Minnesota Milestones public meetings across the state, citizens said they want our state's people to be healthy. As one of the biggest purchasers of health care services in Minnesota with over \$2.5 billion in health care purchases for roughly 550,000 Minnesotans each year, the Minnesota Department of Human Services (DHS) has a big role to play in achieving that goal.

The purpose of this budget change is to improve DHS's publicly funded health care programs. With or without federal health care reform or any more changes at the state level, these programs must be simplified and must adapt so DHS can be a sophisticated purchaser on behalf of taxpayers while at the same time providing access to affordable, quality health care services. The waiver would benefit Minnesotans:

1. By expanding access to quality health care for more low income Minnesotans;
2. By simplifying the three major DHS health care programs (Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare) for program enrollees and medical providers. Currently, there are over 60 eligibility categories for MA alone. MA and GAMC particularly have become so complicated and compartmentalized they are difficult for administrators to understand let alone the vulnerable people who depend upon them for their care; and
3. By increasing program flexibility so publicly funded programs can adapt to a changing marketplace in Minnesota. During the past 5 years, changes in Minnesota's health care system have occurred with the creation of new delivery systems. The market place has reached a point where DHS has little choice but to adapt to these realities or risk being party to the creation of 2 systems of care, one for publicly funded enrollees and another for private pay. DHS also needs the flexibility to expand use of health care delivery strategies like prepaid plans that help control costs while providing access and quality.

These benefits would be achieved over the next 3 years through 2 phases of a broad federal waiver (called the MinnesotaCare Health Care Reform Waiver). The request for that waiver is currently pending before the federal Health Care Financing Administration (HCFA). Portions of the waiver request have already been discussed and are in current law.

In Phase 1 of this waiver process, access to health care services would be increased and integration and simplification of MA/GAMC/MinnesotaCare would begin with the goal of creating 1 coherent program by 1997. Changes would include:

- Families and children (with incomes up to 275% of federal poverty) currently on the state-funded MinnesotaCare program would continue to pay premiums on a sliding scale basis, but the funding source for their benefits would become the federal/state funded MA Program. The program would still be called MinnesotaCare and certain MinnesotaCare policies would remain in place as barriers to prevent employers from dropping private coverage so their employees would be picked up by the public sector.
- For the above families, eligibility would be extended to 12 months instead of being determined each month. MA enrollees in managed care would be provided an initial 6-month guarantee of eligibility.
- Infants born while their family was on MA would get automatic MA eligibility up to age 2, and income guidelines for MA children up to age 2 would also be at 275% of federal poverty.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: MinnesotaCare
MANAGEMENT ACTIVITY: MinnesotaCare Grants
ITEM TITLE: Access to Quality Health Care Initiative
(Continuation)

- The MA/GAMC asset test for eligible relative caretakers of children under 21 would be removed allowing a greater likelihood of coordination of care for a family. Currently, it is possible for each member of a household to be in a separate DHS program.

Phase 1 would enable DHS to adapt its programs to the realities of changes in the health care delivery system so public program enrollees are not left behind.

- To that end, access to services would be improved through expansion of the Prepaid Medical Assistance Program (PMAP) and GAMC Managed Care Program to all but 11 counties by the end of the biennium. MA recipients who prepay would be allowed to prepay spend downs so they could enroll in managed care.
- The innovative Itasca Medical Care program would be expanded to include people with disabilities.
- New strategies to assist families and children in getting access to dental care will begin. Phase 1 would create a prepaid dental care program for MA and GAMC enrollees (who are not enrolled in the PMAP and GAMC Managed Care) beginning in F.Y. 1995 as a demonstration project in 10 rural counties. During the spring of 1995, MA disabled individuals residing in PMAP counties would be enrolled. In F.Y. 1996, the dental program would add 33 additional rural counties. In F.Y. 1997, the department will replace the dental program in some of these counties with PMAP which offers dental services as part of a comprehensive benefit package. (Authority in M.S. 256B.037)
- To be better purchasers of care through prepaid plans, new capitation rate setting methodologies would be created. In the past, capitation rates have been calculated using the actual, historical fee-for-service costs. This data no longer exists in some geographic areas. In addition, a new methodology is needed to address utilization differences between fee-for-service and prepaid care.
- As the 3 programs are integrated into 1, federal law requiring an independent quality assurance audit will be applied to the entire integrated program. This would provide tools for DHS to more actively monitor the quality of care, assure that the quality of care purchased through prepaid plans equals or exceeds that provided through fee-for-service and that plans follow through on correcting any deficiencies identified.

In Phase 2:

Phase 2 is more conceptual. Program enrollees, service providers, advocates, counties, and other effected groups would be very active in charting DHS's course in integrating and streamlining MA, GAMC, and MinnesotaCare eligibility, service delivery, and benefits.

- In phase 2 the integration of MA/GAMC/MinnesotaCare eligibility and the transition from fee-for-service to alternative forms of health care delivery that are appropriate to the needs of particular groups of enrollees would be completed.
- Innovative prepaid pilot projects would be established to provide essential information to DHS about how to deliver services to people with disabilities in appropriate, tailored, and quality ways. At least 2 prepaid projects would benefit people with developmental disabilities, at least 1 would benefit people with mental illness, and at least 1 would benefit people with physical disabilities. Currently, most people with disabilities are excluded from participation in the prepaid MA program. Furthermore, long-term care and most of the specialized services required by persons with disabilities are not part of the current PMAP benefit package.

In planning the developmental disabilities pilot projects, DHS is currently working with 2 counties: Blue Earth and Olmsted. (NOTE: The activity funded through this decision point must be viewed in conjunction with the strategies and activities described under the decision item with the title of "Developmental Disabilities Collaborative Planning Grants and the Development of Quality Care Strategies"). For the mental health projects, DHS is currently working with 2 multi-county regions. DHS is not formally working with any county on a physically disabled project, although a county has recently expressed interest.

- During Phase 2 discussion will begin on ways to address cost shifting and the rate of premium increases for seniors and the disabled as part of clarifying the role of Medicare in Minnesota's changing delivery system. A prime interest under the waiver is to make sure Minnesota seniors receive their fair share of Medicare dollars so they don't have to pay more than seniors in other states for the same amount of coverage. Right now, the federal government's reimbursement for Medicare services provided through managed care plans is about half the amount others states receive. That means Minnesota's seniors pay the same Medicare premiums as everyone else in the country but have to pay more to make up the difference in their Medicaap (Medicare Supplemental Insurance) coverage.

Administration:

While this item is a cost reduction, there will be some increased costs in administration. The administrative costs result from additional resources needed to process and review an added 54,000 MinnesotaCare applications, to expand service delivery to more than 540,000 public program enrollees, to integrate the policy and enrollment for these 3 extremely large programs, and create or enhance the following functions:

- Quality assurance/improvement
- Eligibility and enrollment
- Contract development and management with various health plans or other managed care models

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: MinnesotaCare
MANAGEMENT ACTIVITY: MinnesotaCare Grants
ITEM TITLE: Access to Quality Health Care Initiative
(Continuation)

- Actuarial activities
- System redesign, to establish an eligibility module in MMIS II
- Grievance or appeal mechanisms for enrollees
- Training for local agencies (counties) on policy and procedural changes

This proposal also provides funds to counties, for administration associated with prepayment. The grants are based on an allocation supplemented by a fixed rate cost per average monthly eligible enrollee per year. If counties manage efficiently, they retain the unexpended portion of the grant. These funds defray costs at the local level. Reduction in the funds will require prepayment implementation in fewer counties, ultimately prolonging fee-for-service costs.

PROGRAM OUTCOMES:

Both Phase I and II would result in significant, positive changes in the way that Minnesota's 3 health care programs operate.

- MA/GAMC and MinnesotaCare would become more integrated achieving much needed simplification for enrollees and providers.
- Access to quality health care would increase for more Minnesotans.
- Access to dental care would increase in areas of the state where enrollees have been unable to find a dentist willing to accept new MA patients.
- Health care costs would be easier to manage. For example, by paying the prepaid plan a capitated rate for the delivery of services, the financial risk for the cost and use of these services will be transferred from the state to the prepaid plan.
- Innovative pilot programs would be established for special populations who have not yet been included in prepayment models. These pilots would identify how best to serve these individuals and how to incorporate that information into additional prepayment strategies.
- To achieve these benefits this item would increase activity at the state level as a result of administering and tracking enrollee services for an estimated 4,000 additional applications per

month.

LONG-TERM IMPACT:

The long-term impact of this proposal would be a healthier Minnesota. Enrollees would have access to a simpler and more coherent publicly funded health plan. Access to services would increase through the use of provider networks. Movement would begin away from placing enrollees into programs by categorical funding streams that create confusion when eligibility changes require movement to other DHS programs. Enrollees would see a more seamless, less complicated program and at the same time find more quality assurance features built into their health care.

How to provide quality services to people with disabilities under different prepayment models would be explored and understood. Prepayment, in its many forms, is the direction that public and private health care service delivery is going in Minnesota. It is essential that people with disabilities do not get left behind and at the same time their special needs be appropriately addressed.

Without this proposal, Minnesotans who are enrolled in MA/GAMC or MinnesotaCare would potentially find their choices severely limited, and access to services would likely deteriorate. By not allowing public programs the chance to adapt in order to stay even with current realities, a reasonable fear is that poor, elderly, and disabled Minnesotans would be left with a different and lower level of care that Minnesotans covered by private insurance. Even without future integrated service networks, large provider networks are a reality right now. Public-funded programs need to be able to respond to that reality so publicly-funded enrollees can see the same doctors, dentists, and other health care professionals as everyone else.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care
BUDGET ACTIVITY: MinnesotaCare
MANAGEMENT ACTIVITY: MinnesotaCare Grants
ITEM TITLE: MinnesotaCare Grants Forecast

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

Health Care Access Fund				
MinnesotaCare Grants	\$44,620	\$71,763	\$97,624	\$133,207

Revenues: (\$000s):	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$44,620,000 in F.Y. 1996 and \$71,763,000 in F.Y. 1997 to fully fund the forecasted amount of MinnesotaCare grant payments.

RATIONALE:

Most of the forecasted increase for F.Y. 1996 and F.Y. 1997 is for coverage of MinnesotaCare adults up to 125% of the federal poverty guideline. The balance of the forecasted increases is for increasing enrollment and increasing cost per person for MinnesotaCare families with children.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: MinnesotaCare Waiver Administration
BUDGET ACTIVITY: MinnesotaCare
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity is the administrative structure for expanding access to quality health care and implementing the 1994 MinnesotaCare Health Care Reform Waiver.

These administrative functions include:

- implementing approved portions of the 1994 MinnesotaCare Health Care Reform Waiver,
- integrating the Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare programs (as required by the Minnesota Health Right Act of 1992),
- administering enrollment activities,
- simplifying the eligibility process,
- expanding the managed care service delivery system,
- developing new delivery system model pilots, and
- working with stakeholder groups to develop phase II under the waiver.

BUDGET ISSUES:

To expand access to quality health care by implementing the 1994 Minnesota Health Care Reform Waiver.

REVENUES:

Approval of the federal waiver permits this activity to earn federal administrative reimbursement at the rate of approximately 50%.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MINNESOTA CARE
MACT: MINNESOTACARE WAIVER ADMIN.

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES					3,468	3,468		3,468	3,468
EXPENSES/CONTRACTUAL SRVCS					2,789	2,789		2,812	2,812
SUPPLIES/MATERIALS/PARTS					2,136	2,136		634	634
SUBTOTAL STATE OPERATIONS					8,393	8,393		6,914	6,914
LOCAL ASSISTANCE					2,801	2,801		4,956	4,956
TOTAL EXPENDITURES					11,194	11,194		11,870	11,870
AGENCY PLAN ITEMS:			FUND						
ACCESS TO QUALITY HC INITIATIVE			HCA		11,194			11,870	
TOTAL AGENCY PLAN ITEMS					11,194			11,870	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS					11,194	11,194		11,870	11,870
TOTAL FINANCING					11,194	11,194		11,870	11,870
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: MinnesotaCare-Medical Assistance Grants
BUDGET ACTIVITY: MinnesotaCare
PROGRAM: Health Care
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity exists to identify the increased costs to the Medical Assistance (MA) program which are generated by the implementation of the 1994 MinnesotaCare Health Care Reform Waiver.

MinnesotaCare-MA grants are funded with approximately 54% federal dollars and 46% state and local dollars. The federal matching dollar amount is recalculated on 10-1 of each year.

BUDGET ISSUES:

To expand access to quality health care by implementing the 1994 MinnesotaCare Health Care Reform Waiver.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE PROGRAM
ACTIVITY: MINNESOTA CARE
MACT: MINNESOTACARE MA GRANTS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS					9,609	9,609		11,840	11,840
TOTAL EXPENDITURES					9,609	9,609		11,840	11,840
AGENCY PLAN ITEMS:									
			FUND						
ACCESS TO QUALITY HC INITIATIVE			HCA		9,609			11,840	
TOTAL AGENCY PLAN ITEMS					9,609			11,840	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS					9,609	9,609		11,840	11,840
TOTAL FINANCING					9,609	9,609		11,840	11,840
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

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1996 - 97 Biennial Budget

PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

PROGRAM DESCRIPTION:

This program exists to ensure delivery of an array of integrated services to persons with developmental disabilities, mental illness and chemical dependency. This includes the following management activities: Mental Health Administration, State Mental Health Grants (community programs for adults and children), Federal Mental Health Grants, the Regional Treatment Center (RTC) Systemwide budget, Residential Facilities Management, management activities for each RTC, the state-operated nursing home and state-operated community services for persons with developmental disabilities (DD-SOCS) and for persons with mental illness (MI-SOCS). Since this does not include the full array of services for each population, this program works closely with the other parts of Department of Human Services (DHS) and other agencies which have a role in serving these populations. The goal of this program is to make life as normal and productive as possible for individuals who have handicaps. This includes providing choices of how and where to live while maintaining appropriate accountability for public resources. Within these broader goals, this program's role in relation to developmental disabilities and chemical dependency is primarily the administration of state-operated services; however, in relation to mental health, this program's role is the overall development and implementation of a statewide mental health plan according to legislative directives in the Comprehensive Children's and Adult Mental Health Acts.

Key issues associated with this program are:

- Community-based services for both children and adults, particularly crisis services, case management and community support services, are often inadequate, not appropriate to the needs or simply unavailable.
- Categorical funding streams that support most mental health services often result in a service system that is driven by funding rather than addressing the needs of clients.
- In many areas, there has been a heavy reliance on institutional models of care which are not well integrated with community care and do not address individual client need.
- The overall health care system is undergoing rapid and profound change. Mental health needs must be appropriately addressed within these broader system changes.

PROGRAM STATUS:

This program participates in implementation of all of the department's key initiatives, with particular emphasis on initiatives relating to families and children, life-skills self-sufficiency (including long term care reform), health care reform, infrastructure and community.

In recent years, this program has moved towards operation of fewer beds within RTC institutional settings, with a significant number of current beds being consolidated, closed or transferred for other uses (such as Corrections); the remaining beds are being used for increasingly specialized needs which cannot be met in other settings (such as beds for psychopathic personalities). Key examples of this movement are the transition occurring at Moose Lake RTC during F.Y. 1994-1995, and the legislatively approved recapitalization and planned development of state-operated services at Anoka Metro RTC during F.Y. 1996-1997.

In the children's area, this program is supporting development of children's mental health collaboratives and maximizing federal funds for children's mental health services.

For both adult and children's services, this program is moving towards better integrated and coordinated services, including effective utilization of RTC staff in provision of community-based services, and movement towards managed care which will cut across funding sources and service systems.

Additional descriptions of the management activities in this program are contained in the activity narratives that follow.

PLANNED RESULTS:

The agency budget plan will allow the 1994 Annual Report performance measures to be accomplished or accelerated as follows:

- By the end of F.Y. 1997, 20 children's mental health collaboratives will have received approval from the State Coordinating Council as a result of the proposed implementation grants in the agency's Children's Initiative. This compares to 15 collaboratives in the agency's performance report based on current level of funding.
- By the end of F.Y. 1997, 95% of adults with serious and persistent mental illness who request case management or community support services will be able to obtain those services. This compares to 90% for case management and 80% for community support in the agency's performance report based on current level of funding.

BUDGET AND REVENUE SUMMARY:

This program's budget plan is based on priorities developed through extensive stakeholder input during 4-94 - 6-94. Key features of the plan:

- Significant steps towards full implementation of the Comprehensive Children's Mental Health Act, moving towards statewide availability of all mandated children's mental health services.
- Development of a comprehensive system of services for adolescents who have serious emotional disturbance and who are also violent and for whom in-state treatment options are limited.
- Regional adult mental health system improvements which will address a systems approach rather than a short term "fix" to correct gaps in the current delivery of mental health services; and

1996 - 97 Biennial Budget

PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of
(Continuation)

an integration of state-operated, county and private mental health services in the community to minimize costs and maximize human resources that are consistent with Minnesota's health care reform.

- A reduction in adult residential capacity to make funds available for less restrictive alternatives.
- Full implementation of community alternatives to Moose Lake RTC.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan. In addition, the Governor has identified the following as governor's initiatives: a biennial increase of \$3.8 million for Children's Mental Health Act Funding; a biennial increase of \$7.1 million for Adolescent Community Mental Health Services; and a biennial increase of \$1.25 million to help develop a Continuum of Care for Homeless Children. These initiatives will strengthen county non-residential, community-based services to children, and will result in development of appropriate in-state service alternatives for adolescents who have serious emotional disturbances.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MENTAL HEALTH PROGRAMS	36,605	41,001	48,855	47,095	48,787	51,962	47,048	50,890	59,365
RESIDENTIAL FACILITIES MANAGEMENT	1,592	1,255	1,975	1,775	2,058	2,058	1,775	2,058	2,058
RESIDENTIAL TREATMENT CENTER FACIL	241,567	235,011	246,937	243,828	232,219	232,219	243,025	228,692	228,692
DD SOCS	6,178	7,935	8,863	8,863	5,612	5,612	8,863	6,841	6,841
MI SOCS			2,284	2,284	3,986	3,986	2,284	3,986	3,986
TOTAL EXPENDITURES BY ACTIVITY	285,942	285,202	308,914	303,845	292,662	295,837	302,995	292,467	300,942
AGENCY PLAN ITEMS:			FUND						
HOSP & NURSING FACIL ALTERN TO ML RTC			GEN		1,292			1,292	
REGIONAL ADULT MH SERV SYST IMPROVE			GEN		150			2,500	
RTC DD DOMNSIZING			GEN		<15,626>			<21,291>	
FARIBAULT RC CLOSURE			GEN		14			<1,129>	
FARIBAULT RC CLOSURE			GEN		200				
MOOSE LAKE MI SOCS			GEN		727			727	
MOOSE LAKE MI SOCS			GEN		975			975	
DD WAIVER ALTERN ALLOCATION STRUCTURE			GEN		<3,395>			<2,334>	
DEPARTMENTWIDE OPERATIONS			GEN		4,003			8,087	
DEPARTMENTWIDE OPERATIONS			GEN		144			312	
MI CRISIS HOUSING ASSISTANCE			GEN		50			50	
MENTAL HEALTH COMMITMENT ACT			GEN		283			283	
TOTAL AGENCY PLAN ITEMS					<11,183>			<10,528>	
GOV'S INITIATIVES:			FUND						
(B) COMM MH ADOLESCENT SERVICES			GEN			600			6,000
(B) CARE FOR HOMELESS ADOLESCENTS			GEN			425			825
(B) CHILDREN'S MH ACT FUNDING			GEN			2,000			1,500
(B) CHILDREN'S MH ACT FUNDING			GEN			150			150
TOTAL GOV'S INITIATIVES						3,175			8,475
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	262,241	254,121	267,178	262,347	251,164	254,339	261,544	251,016	259,491

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
STATUTORY APPROPRIATIONS:									
GENERAL	5,084	7,767	18,979	18,951	18,951	18,951	18,951	18,951	18,951
SPECIAL REVENUE	676	647	860	860	860	860	860	860	860
FEDERAL	2,792	6,716	5,538	5,403	5,403	5,403	5,356	5,356	5,356
AGENCY	4,491	4,611	4,828	4,828	4,828	4,828	4,828	4,828	4,828
GIFTS AND DEPOSITS	43	25	137	62	62	62	62	62	62
ENDOWMENT	3	1	22	22	22	22	22	22	22
ENTERPRISE	10,612	11,314	11,372	11,372	11,372	11,372	11,372	11,372	11,372
TOTAL FINANCING	285,942	285,202	308,914	303,845	292,662	295,837	302,995	292,467	300,942
FTE BY EMPLOYMENT TYPE:									
REGULAR	5,035.7	4,951.7	4,741.1		4,288.6			4,288.6	
TEMP/SEAS/PART_TIME	58.6	58.0	56.6		56.1			56.1	
OVERTIME	92.1	100.0	96.5		88.9			88.9	
TOTAL FTE	5,186.4	5,109.7	4,894.2		4,433.6	4,433.6		4,433.6	4,433.6

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1996-97 Biennial Budget

BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the following management activities:

1. Mental Health Program Administration
2. State Mental Health Grants - Children
3. State Mental Health Grants - Adults
4. Federal Mental Health Grants

The following pages contain descriptions of each of these management activities

BUDGET ISSUES:

Budget issues are detailed in the management activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MENTAL HEALTH PROGRAMS

MANAGEMENT ACTIVITY ALLOCATION	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MENTAL HEALTH PROGRAM ADMINISTRAT.	1,245	1,145	1,338	1,338	1,338	1,488	1,338	1,338	1,488
STATE MENTAL HEALTH GRANTS - CHILD	3,860	4,475	4,734	4,109	4,109	7,134	4,109	4,109	12,434
STATE MENTAL HEALTH GRANTS - ADULT	28,863	28,837	37,419	36,419	38,111	38,111	36,419	40,261	40,261
FEDERAL MENTAL HEALTH GRANTS	2,637	6,544	5,364	5,229	5,229	5,229	5,182	5,182	5,182
TOTAL EXPENDITURES	36,605	41,001	48,855	47,095	48,787	51,962	47,048	50,890	59,365
AGENCY PLAN ITEMS: FUND									
HOSP & NURSING FACIL ALTERN TO ML RTC			GEN		1,292			1,292	
REGIONAL ADULT MH SERV SYST IMPROVE			GEN		150			2,500	
FARIBAULT RC CLOSURE			GEN		200				
MI CRISIS HOUSING ASSISTANCE			GEN		50			50	
TOTAL AGENCY PLAN ITEMS					1,692			3,842	
GOV'S INITIATIVES: FUND									
(B) COMM MH ADOLESCENT SERVICES			GEN			600			6,000
(B) CARE FOR HOMELESS ADOLESCENTS			GEN			425			825
(B) CHILDREN'S MH ACT FUNDING			GEN			2,000			1,500
(B) CHILDREN'S MH ACT FUNDING			GEN			150			150
TOTAL GOV'S INITIATIVES						3,175			8,475
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	33,932	34,439	43,362	41,812	43,504	46,679	41,812	45,654	54,129
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	36	18	50	50	50	50	50	50	50
FEDERAL	2,637	6,544	5,364	5,229	5,229	5,229	5,182	5,182	5,182
GIFTS AND DEPOSITS			79	4	4	4	4	4	4
TOTAL FINANCING	36,605	41,001	48,855	47,095	48,787	51,962	47,048	50,890	59,365

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MENTAL HEALTH PROGRAMS

MANAGEMENT ACTIVITY ALLOCATION	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:									

REGULAR	25.6	27.3	30.3		28.8		28.8		
TEMP/SEAS/PART_TIME	4.6	5.0	5.0		4.5		4.5		
OVERTIME	.2	.4	.4		.4		.4		
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	30.4	32.7	35.7		33.7	33.7	33.7		33.7

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MANAGEMENT ACTIVITY: Mental Health Program Administration
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of

ACTIVITY DESCRIPTION:

This activity funds most of the staff and administrative costs of the Mental Health Division. Some administrative costs are also included under "State Mental Health Grants" and "Federal Mental Health Grants." The division is responsible for statewide implementation of the Comprehensive Adult and Children's Mental Health Acts, assuring high quality, cost-effective, and efficient services to persons with mental illness in Minnesota, with particular concern for the approximately 32,000 adults with serious and persistent mental illness and 57,000 children with severe emotional disturbance. This includes 5 primary functions: standard setting, resource allocation/development, monitoring for compliance/evaluation, technical assistance/consultation, and statewide planning.

To accomplish its responsibilities, the division works with counties, regional treatment centers, other state agencies, advocacy organizations, consumer groups, unions and a variety of community-based programs to assure provision of a quality array of services for persons with mental illness. The division reviews and approves county mental health plans and provides technical assistance to counties as required by the Comprehensive Mental Health Acts. It also is responsible for implementation of a mental illness information system as required by M.S. 245.721. Grants relating to community residential treatment, community support services, family community support services, and federal block grant monies, as well as special project grants, are administered by this division. The division is also responsible for measuring effectiveness of grant programs, gathering and analyzing client outcome data, and working with counties and facilities to ensure fiscal accountability of grant monies. The division actively seeks additional federal and foundation funding for mental health services.

The Mental Health Division is responsible for various reports the legislature requires on mental health issues. Five separate reports were prepared for the 1994 legislative session. Additional background and information regarding this activity can be found in those reports.

During F.Y. 1994-1995, the division redeployed staff to focus on the following priorities:

- Implementation of the Children's Integrated Mental Health Fund;
- Continued development of children's mental health services, particularly case management and family community support services;
- Continued development of crisis services;
- Participation in health care reform efforts;
- Implementation of the Moose Lake Regional Treatment Center (RTC) transition;
- Support for consumer empowerment and self-help activities;
- Continued downsizing and conversion of Institutions for Mental Disease (IMD) to non-IMD status;
- Development of awareness among mental health programs of the needs of communities of color;
- Development of new services to prevent and treat the growing problem of compulsive gambling;
- Support for the Adult Mental Health Services Task Force and related long range planning for adult mental health services; and
- Transfer of Group Residential Housing funding to Rule 12 and IMD Alternatives grants.

All of these activities support broader Department of Human Services (DHS) priorities for families and children, health care, life skills self-sufficiency, infrastructure and community.

At the same time, the division has continued from 1993 several new approaches to the ways in which it interacts with local organizations, including county agencies, service providers, advocates, and other stakeholders:

- Frequent meetings at the local level for the purpose of fostering direct communication among all stakeholders including counties, RTCs, providers, local advisory committees and advocates.
- Emphasizing technical assistance over penalty in review of county plans.
- Engaging the full range of stakeholders in writing and revision of state rules.

The division has increased its participation in numerous intra and inter-departmental work groups to ensure coordination of its efforts with other affected parties. This has included a number of divisions within DHS and the Departments of Education, Economic Security, Housing Finance, Health, Corrections, and others. Many of these other agencies also administer mental health funds.

The division has worked with the Health Care Administration, counties and providers to improve availability of case management for adults with serious and persistent mental illness and children with severe emotional disturbance. This has included rule revision, technical assistance and computerization of provider billings with the intended outcomes of serving more eligible clients, reducing caseload sizes and maximizing federal reimbursement. Total number of adults served has increased from 6,300 in 1987 to 11,774 in 1993. Average caseload size for adults was 48 in 1985 and 39 in 1993. Percent of total case management expenditures funded from Medical Assistance has increased from zero in 1987 to an estimated 20% in 1992.

This division, in cooperation with the Long Term Care Facilities Division, implements federal (OBRA) requirements relating to nursing facilities and persons with mental illness. This includes Preadmission Screening (PAS) for all nursing facility admissions of persons suspected of having mental illness; and it includes Annual Resident Review (ARR) for all residents who have mental illness. All 87 counties in Minnesota have implemented the PASARR process.

In response to the severe flooding in the spring and summer of 1993, the division developed and administers the Minnesota Flood Support Services Program. The division successfully obtained over \$2.7 million (primarily federal funds) to provide short-term mental health counseling and support services for over 12,000 residents affected by the flood.

The division is using and encouraging the use of interactive videoconferencing and satellite conferencing to facilitate more accessible and efficient communication statewide. The division is providing 4 small grants (using federal funding) to counties to assist with purchase of videoconferencing equipment. DHS supports a 13 site network across the state as of 7-94. Many of these sites are at RTCs, which encourages more integrated communications and planning. The division is planning and producing a series of satellite teleconferences for the winter of 1994-95 that are targeted for consumers, members of county mental health advisory councils and service providers.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity earns general federal administrative reimbursement at the rate of 3% of its expenditures for DHS operations.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MENTAL HEALTH PROGRAMS
MACT: MENTAL HEALTH PROGRAM ADMINISTRAT.

MACT SUMMARY				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,000	945	1,108	1,108	1,108	1,201	1,108	1,108	1,201
EXPENSES/CONTRACTUAL SRVCS	123	68	108	108	108	161	108	108	161
MISC OPERATING EXPENSES	99	92	104	104	104	105	104	104	108
SUPPLIES/MATERIALS/PARTS	20	17	11	11	11	11	11	11	11
CAPITAL EQUIPMENT	2	21	7	7	7	10	7	7	7
SUBTOTAL STATE OPERATIONS	1,244	1,143	1,338	1,338	1,338	1,488	1,338	1,338	1,488
AIDS TO INDIVIDUALS LOCAL ASSISTANCE	1	2							
TOTAL EXPENDITURES	1,245	1,145	1,338	1,338	1,338	1,488	1,338	1,338	1,488
GOV'S INITIATIVES:									
FUND									
(B) CHILDREN'S MH ACT FUNDING							150		
TOTAL GOV'S INITIATIVES							150		
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,209	1,127	1,288	1,288	1,288	1,438	1,288	1,288	1,438
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	36	18	50	50	50	50	50	50	50
TOTAL FINANCING	1,245	1,145	1,338	1,338	1,338	1,488	1,338	1,338	1,488
FTE BY EMPLOYMENT TYPE:									
REGULAR	15.8	16.0	16.0				18.0	18.0	
TEMP/SEAS/PART_TIME	2.6	1.7	1.7				1.7	1.7	
OVERTIME	.1	.3	.3				.3	.3	
TOTAL FTE	18.5	18.0	18.0				20.0	20.0	20.0

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MANAGEMENT ACTIVITY: State Mental Health Grants - Children
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes a number of grants established by the legislature to assist counties in providing community mental health services for children. Each grant is described separately below. All of these grants support the Minnesota Milestone goal "Families will provide a stable environment for their children." They also implement Department of Human Services (DHS) priorities for families with children, health care reform, life skills self-sufficiency, infrastructure and community.

1. Children's Community-based Mental Health Services (Rule 78)

The purpose of this grant is to assist all counties in the state to develop a system of community-based services to help children with emotional disturbance to remain and function in their home communities with their families. The services are designed to support families, maximize appropriate utilization of resources from the entire community, and support development of additional resources as needed.

For calendar years 1994 and 1995, all counties in the state were offered grants and 86 submitted approvable applications. The amount per county is based on a formula provided in Rule 78 - currently a minimum of \$22,660 per county or \$2.31 per capita, based on each county's children's population.

The 1991 Legislature enacted M.S. 245.4886, which establishes the Children's Community-Based Mental Health Services grant. These funds may be used to provide non-Medical Assistance (MA) reimbursable family community support services and case management services. The case manager assists the child with severe emotional disturbance (SED), and the child's family, to understand the benefits of case management and family community support services, to obtain needed services, and to assure continuity of care. Family community support services include: 1) outreach; 2) medication monitoring; 3) independent living skills development; 4) parenting skills development; 5) assistance with leisure and recreational activities; 6) crisis assistance; 7) professional home-based family treatment; 8) day treatment; 9) assistance in locating respite care and special needs day care; 10) assistance in obtaining financial resources and benefits; and 11) foster care with therapeutic support.

Aside from day treatment, home-based services and case management, these services have not been reimbursable by MA. However, as directed by the 1993 Legislature, the department is revising Rule 47 to allow MA reimbursement of the remaining family community support services and therapeutic support of foster care. These revisions are expected to be effective 7-95. However, some components of these services cannot be included under MA due to federal regulations and many children with SED will still not be eligible for MA due to family income.

2. Mental Health Screening and Treatment for Children

The purpose of this grant is to fund pilot projects to reduce the recidivism rates of children alleged or found to be delinquent or children reported or found to be in need of protection or services. These pilot projects make available mental health screening for children in the target population. Those children for which the screening suggests a need are referred for a complete mental health assessment and helped to obtain any indicated treatment. Project funds may be used to fund the screening, assessment and treatment when other sources of funding are not available.

As part of the 1992 Crime Bill (M.S. 260.152), the legislature established pilot projects to reduce the recidivism rates of juvenile offenders, by identifying and treating underlying mental health problems that can be addressed through nonresidential services. In 1994 the legislature expanded the population to be served to include all children alleged or found to be delinquent and all children reported or found to be in need of protection or services. The 1994 Legislature also made a 1-time appropriation of \$500,000 to fund additional pilot projects and provide supplemental funding for existing projects to assist them to meet the needs of the expanded target population. The supplemental funds will be awarded by 10-94. The initial appropriation was awarded to 12 counties. Both the initial and the supplemental appropriations are awarded based on a competitive request for proposal process. Criteria for these grants are specified in M.S. 260.152.

3. Children's Mental Health Integrated Fund

The 1992 Legislature passed the Children's Mental Health Integrated Fund (M.S. 245.491-245.496) to promote the development of an integrated children's mental health service model designed to:

- develop infrastructure which will complement and support health care reform;
- allow local service decision makers to draw funding from a single local source so that funds follow clients, eliminating the need to match clients, funds, services, and provider eligibilities;
- create a local pool of state, local, and private funds to procure a greater medical assistance federal financial participation;
- improve the efficiency of use of existing resources from throughout the community;
- minimize or eliminate the incentives for cost and risk shifting; and
- increase the incentives for earlier identification and intervention.

The Children's Integrated Mental Health Fund provides a process to integrate MA and MinnesotaCare funds with mental health and social service funds. It demonstrates a health care reform model which may be an effective way to address the needs of children with special needs.

All of the Children's Integrated Mental Health Fund start-up grants and half of the grants for screening and treatment were appropriated on a one-time basis. Unless new funds are provided, the screening and treatment program will be cut in half in the coming biennium, and there will be no implementation funding for current integrated fund projects.

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MANAGEMENT ACTIVITY: State Mental Health Grants - Children
 BUDGET ACTIVITY: Mental Health Programs
 PROGRAM: Community Mental Health and State-Operated Services
 AGENCY: Human Services, Department of (DHS)
 (Continuation)

This activity includes 3 types of expenditures related to the Children's Integrated Mental Health Fund:

a. Start-up Grants

The 1992 Legislature allocated \$560,000 in 1-time funds to provide communities in the state with start-up funds for the development of local children's mental health collaboratives. DHS augmented the state appropriation with \$335,000 in Federal Community Mental Health Services Block Grant funds. The combined state and federal funds were awarded to 20 counties, or groups of counties across the state based on a competitive request for proposal process. As specified in M.S. 245.496, grantee communities are to develop proposals for operation of their local children's mental health collaborative and submit them for approval to the State Coordinating Council by 12-31-94.

b. State-level Interagency Implementation

The 1992 Legislature also appropriated funds for 3 positions to enable inter-agency implementation of the Children's Integrated Mental Health Fund. One position is in DHS. Funding for the other positions is conveyed via inter-agency agreements to Education (1 FTE), Health (.5 FTE) and Corrections (.5 FTE).

c. Robert Wood Johnson Foundation

DHS was successful in obtaining a 1-time \$75,000 grant from the Robert Wood Johnson Foundation to support implementation of the Children's Integrated Mental Health Fund. This grant is being used primarily for 1 position in F.Y. 1995 to lead development of the project and maximize learning from other similar Robert Wood Johnson Foundation projects elsewhere in the country.

4. Survey of Juvenile Programming

The 1994 Legislature appropriated \$50,000 in 1-time funds for DHS to work with Corrections on a survey of juvenile programming. The purpose of the survey is to assist a newly established Task Force on Juvenile Programming, Evaluation and Planning to make recommendations to the 1995 Legislature regarding changes that may be needed in juvenile programming (including corrections, chemical dependency, mental health, developmental disabilities and other areas.

BUDGET ISSUES:

The present level of state funding provided for children's mental health services is far less than what is needed to fully implement the mandates in the Comprehensive Children's Mental Health Act (M.S. 245.487-245.4988). Legislatively approved increases in MA coverage will help fill some of this gap. Additional funding is requested as part of the Children's Initiative to pay for mandated services that are not reimbursable through MA.

Many families and children from cultural and ethnic minorities fail to seek needed mental health services because they see the available services as inadequate, inappropriate, inaccessible or unresponsive to their needs. Additional outreach is needed to develop better connections with cultural and ethnic communities; additional funds are needed to make these connections and develop appropriate services.

DHS is continuing to work with the Dept. of Corrections regarding out-of-state placements. Recommendations are being developed to improve in-state availability of appropriate services for adolescents who have a severe emotional disturbance and who exhibit violent behavior.

Summary by Grant Category

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
1. Children's Comm.-based MH (Rule 78)	\$3,360	\$3,360	\$3,461	\$3,461	\$3,461
2. Scrng/Trtmt. of Delinquents and CHIPS	500	453	1,000	500	500
3. Children's MH Integrated Fund:					
a. Start-up Grants	0	560	0	0	0
b. State-level Interagency Implementation	0	102	148	148	148
c. Robert Wood Johnson Foundation	0	0	75	0	0
4. Survey of Juvenile Programming	0	0	50	0	0
TOTAL:	\$3,860	\$4,475	\$4,734	\$4,109	\$4,109

Note: F.Y. 1996 and 1997 are shown to illustrate the base. The numbers above do not include impact of proposed decision items.

REVENUE:

This activity does not generate federal administrative reimbursement or other revenue, but does receive some private foundation funding (\$75,000 from the Robert Wood Johnson Foundation in F.Y. 1995).

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MENTAL HEALTH PROGRAMS
MACT: STATE MENTAL HEALTH GRANTS - CHILD

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		14	122	50	50	50	50	50	50
EXPENSES/CONTRACTUAL SRVCS		15	54	4	4	4	4	4	4
MISC OPERATING EXPENSES			3						
SUBTOTAL STATE OPERATIONS		29	179	54	54	54	54	54	54
LOCAL ASSISTANCE	3,860	4,446	4,555	4,055	4,055	7,080	4,055	4,055	12,380
TOTAL EXPENDITURES	3,860	4,475	4,734	4,109	4,109	7,134	4,109	4,109	12,434
GOV'S INITIATIVES:									
			FUND						
(B) COMM MH ADOLESCENT SERVICES			GEN			600			6,000
(B) CARE FOR HOMELESS ADOLESCENTS			GEN			425			825
(B) CHILDREN'S MH ACT FUNDING			GEN			2,000			1,500
TOTAL GOV'S INITIATIVES						3,025			8,325
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,860	4,475	4,659	4,109	4,109	7,134	4,109	4,109	12,434
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS			75						
TOTAL FINANCING	3,860	4,475	4,734	4,109	4,109	7,134	4,109	4,109	12,434
FTE BY EMPLOYMENT TYPE:									
REGULAR			2.0		1.0			1.0	
TOTAL FTE			2.0		1.0	1.0		1.0	1.0

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Community Mental Health and State Operated Services
BUDGET ACTIVITY: Mental Health Programs
MANAGEMENT ACTIVITY: State Mental Health Grants - Children
ITEM TITLE: Children's Mental Health Act Funding

from the state to communities in their efforts to fulfill the vision of the Comprehensive Children Mental Health Act and thereby improve the lives of children with serious emotional disturbances.

LONG-TERM IMPACT:

Communities will have the resources necessary to develop and strengthen non-residential community-based health services for children and their families.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
Mental Health Program Admin	\$150	\$150	\$150	\$150
State Mental Health Grants - Children	2,000	1,500	1,500	1,500
 Net Totals:	 \$2,150	 \$1,650	 \$1,650	 \$1,650

Requires Statutory Change? Yes X No _____
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$2,150,000 in F.Y. 1996 and \$1,650,000 in F.Y. 1997 to strengthen and support the children's community-based mental health system. This proposal is part of the Governor's Children's Initiative and the department's Children's Initiative.

RATIONALE:

This proposal provides counties involved in Children's Mental Health Collaboratives additional state funds to provide the mental health services to children and their families as defined in the Minnesota Comprehensive Children's Mental Health Act. Currently the services mandated by that act are seriously under funded and counties are unable to provide the full range of mental health services to eligible children.

The goal of this proposal is to work in partnership with communities to strengthen community-based mental health services to children and their families as defined in the Minnesota Comprehensive Children's Mental Health Act.

PROGRAM OUTCOMES:

This proposal will provide the opportunity for the 31 counties currently involved in Children's Mental Health Collaboratives to strengthen their non-residential, community-based mental health services to children and their families. It will also provide some technical and administrative support

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Community Mental Health and State Operated Services
BUDGET ACTIVITY: Mental Health Programs
MANAGEMENT ACTIVITY: State Mental Health Grants - Children
ITEM TITLE: Community Mental Health - Adolescent Services

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
State Mental Health Grants - Children	\$600	\$6,000	\$6,000	\$6,000
Medical Assistance Grants	-0-	500	500	500
Net Totals	600	6,500	6,500	6,500

Revenues: (\$000s):

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Requires Statutory Change? Yes X No

If yes, statute affected: M.S. §245.4882, subd. 5

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$600,000 in F.Y. 1996 and \$6,500,000 in F.Y. 1997. This funding will be used to develop community-based services in the metropolitan area tailored for adolescents who have a serious emotional disturbance (SED) and exhibit violent behavior. The proposed services will reduce out-of-state placements by providing more local community-based options that meet the specific needs of this difficult to serve population. Medical Assistance will be used where feasible to maximize the federal share. This proposal is part of the Governor's Children's Initiative and the department's Children's Initiative.

RATIONALE:

Currently, many aggressive or violent adolescents with SED are being assessed and treated within the existing program resources of the mental health and educational systems. Existing programs are ill equipped to deal with the challenges that the overlay of a conduct disorder with a serious emotional disturbance present in these adolescents. In many cases, the program changes necessary to meet the needs of these adolescents would be inappropriate for the larger population of adolescents served by the programs. Because of this, these aggressive/violent adolescents with SED are often shuffled from program to program and eventually placed out-of-state in specialized residential facilities. The department's 2-94 "Report on Out-of-State Placement" reported that 136

of the 178 children who had been placed out-of-state between 1-1-92 and 10-1-93 were from the state's metro counties. Out-of-state placement makes family involvement, gradual transition, and follow-up services unfeasible. Any viable solution must give the metro counties and children's mental health collaboratives the opportunity to create community-based and family-focused alternatives to current Rule 5 and acute care facilities.

PROGRAM OUTCOMES:

Local community-based interventions for aggressive/violent adolescents with serious emotional disturbance will include:

1. Assessment, treatment and placement assistance: This includes the establishment of rapid assessment/treatment services in a new or existing community-based, residential program with the intention of stabilizing and assessing the adolescent while developing the best possible treatment and/or placement options for their continued treatment. The assessment will include the family's capacity to participate in an intervention plan. Brief intensive treatment will be available during the assessment period with family involvement and therapy as integral program components. This will include continuation of services initiated with a one-time \$500,000 appropriation in the 1994 Juvenile Crime Bill for screening and treatment of juveniles in detention or in need of protection or services.
2. Specialized adolescent community-based treatment: This component will create services in new or existing community-based, residential settings (perhaps co-located with those outlined above) to meet the specialized needs of this population. The intent is to provide mental health services in small, secure community-based treatment settings, not to exceed 16 beds, that have "no reject, no eject" policies and are accredited by JCAHO (Joint Commission on Accreditation of Health Care Organizations). Creating this resource within the metropolitan area should eliminate the need to send many of these adolescents out-of-state for these services. By locating these services within Minnesota's metro communities, family involvement, community re-integration and follow-up can be managed more effectively.
3. Community transition services: The system lacks adequate transition planning and services for adolescents returning to communities from in-state and out-of-state residential treatment programs. This program component would provide the necessary advance planning and expertise to facilitate the adolescents' successful reintegration with their families and community. This program component would assist communities with transition planning and case coordination as well as provide expertise and supports to the family and those agencies who will provide follow-up and supportive services.

LONG-TERM IMPACT:

This proposal will reduce state and county costs for out-of-state placement and develop appropriate in-state alternatives for adolescents who have serious emotional disturbance and who are also aggressive or violent and for whom in-state treatment options are limited.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: State Mental Health Grants - Adults
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes a number of grants established by the legislature to assist counties in providing community mental health services for adults. It also includes 1 category - Compulsive Gambling, which includes services for both adults and children. Each grant is described separately below. All of these grants support the Minnesota Milestone goals "Minnesotans will be healthy" and "People who need help will receive it." They also implement Department of Human Services (DHS) priorities for health care reform, life skills self-sufficiency, infrastructure and community.

1. Adult Residential Grants (Rule 12)

This activity was established by the legislature in 1981 under M.S. 245.73 to assist facilities in meeting minimum program licensure standards. To implement the legislative requirements, the department promulgated Minnesota Rules 9520.0500 - 9520.0690 (Rule 36), which established licensing program standards; and Minnesota Rules 9535.2000 - 9535.3000 (Rule 12), which established funding criteria and procedures.

Rule 36 standards address individual program plans, resident rights and staffing requirements, and mandate compliance with health and fire safety standards and the Vulnerable Adults Act. Major objectives of Rule 36 are to reduce hospitalization and assist persons with mental illness in achieving a higher level of independent living. Most Rule 12 funds are used for salary costs of direct service staff. County boards apply for Rule 12 funds on behalf of Rule 36 facilities by providing the commissioner with budgets and program plans. Awards are based on compliance with the statute and Rule 12, reasonableness of costs, and availability of funds.

The joint effort of the legislature, private sector, department, and counties to assure compliance of Rule 36 facilities with licensure standards has been highly successful. Only 7 were licensed as of 5-81. Seventy-nine were licensed as of 5-90. Each facility meets fire, safety, and health standards. The initial distribution of Rule 12 funds was 72% in Hennepin and Ramsey counties, and 28% in other counties - it is now 51% and 49% respectively. In recent years, a number of facilities have downsized and specialized in services for persons who have a mental illness together with other conditions such as hearing impairment, chemical dependency or behavioral aggressiveness. At the same time, a few of the older, larger facilities have closed. This shift to smaller facilities located closer to the client's own community has resulted in improved service but with a reduction in statewide beds and a higher cost per person. However, the shift to smaller facilities improves the federal share for the other services needed by facility residents.

Almost all of the increase shown below in Rule 12 grants from F.Y. 1994 to F.Y. 1995 is due to a transfer of funds from Group Residential Housing (GRH). The transfer was required by 1993 legislation intended to simplify public assistance funding for room and board and allow counties and providers more flexibility to meet client needs. The transfer is intended to be revenue-neutral for each facility. DHS expects that adjustments in individual grants may be

needed throughout F.Y. 1995 to compensate for the effects of differences between GRH vs. Rule 12 policies and payment procedures. DHS does not expect that this will affect the statewide total.

2. IMD Alternatives Grants

As a result of federal laws and rules relating to Institutions for Mental Diseases (IMDs), all Rule 36 facilities with more than 16 beds and 11 nursing facilities which specialized in care for persons with mental illness were classified as IMDs in 1989. All residents of IMDs under age 65 are ineligible for all Medical Assistance (MA) services, including doctor's visits, dental care, and drugs.

The department is working with individual facilities to reduce their size to 16 beds or less or to convert facilities to different uses and provide mental health services in different settings. This change not only restores MA benefits, but also has a positive impact on client services. In order to assist these efforts, the 1991 Legislature appropriated funds to develop alternatives for two types of IMDs: facilities which are licensed under Rule 36 (Rule 36-IMDs) and nursing facilities (NF-IMDs).

In both types of facilities, the state and the counties have worked with the facilities and their clients to develop downsizing or conversion plans appropriate to each situation. Alternative services for clients requiring relocation have included support services to allow them to live in their own homes, expanded services to enable the existing programs to deal with the clients' physical and mental health needs, and other services as needed by these individuals to allow them to continue in the community. This has included reimbursement to offset lost revenue for facilities which chose to downsize. As a result of these efforts, 22 Rule 36 facilities and 11 nursing facilities have been reclassified as IMDs since F.Y. 1991 and are no longer IMDs.

3. Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78):

This activity awards grants to counties under provision of M.S. § 256E.12 and Minnesota Rules 9535.1000 to 9535.1600 (now known as Adult Rule 78, formerly Rule 14) for services to persons with serious and persistent mental illness. To be eligible for grants, counties must provide the following community support program (CSP) services: a) client outreach; b) medication monitoring; c) assistance in independent living skills; d) development of employability and work-related opportunities; e) crisis assistance; f) psychosocial rehabilitation; g) help in applying for government benefits; (h) housing support; i) day treatment (waivers of the provision of day treatment services can be requested). Rule 78 funds can also be used for case management for non-MA eligible persons.

The purpose of this grant is to assist all counties of the state to assure availability of the full array of community support program services to all adults with serious and persistent mental illness, to assist them to stay in or near their home community and function at their maximum ability level. In F.Y. 1995, all counties in the state were offered grants; 86 submitted applications that were approved for funding. The services are designed to support families, maximize appropriate utilization of resources from the entire community, and support development of additional resources as needed.

MANAGEMENT ACTIVITY: State Mental Health Grants - Adults
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)
 (Continuation)

This program supports stability in the lives of persons with serious and persistent mental illness. The program has proven effective in reducing the number of persons needing to be hospitalized for their mental illness and increasing the number of clients obtaining employment. Effectiveness data indicates that, for clients who were in the program at least one year, 52% were hospitalized during the year before admission to the program, while only 21% were hospitalized after their community support involvement.

An independent evaluation of client characteristics conducted 6-90 concluded that "the aggressiveness of Minnesota's community service programs allows the maintenance of clients whose level of disability might keep them housed in state mental hospitals in other states."

The Mental Health Division awarded 68% of F.Y. 1993 Adult Rule 78 funds on a formula which is primarily based on each county's population, with a minimum allocation of \$41,000 per county. The division awarded the other 32% on a special project basis in order to implement federal requirements and legislative intent. For calendar years 1994-95, the division integrated most of the special project grants with the basic allocation, thus enabling 96% of Rule 78 funds to be awarded based on a unified CSSA/mental health county plan. The primary exceptions are funds which are used to match the federal matching funds for the federal PATH grant (Projects for Assistance in Transition from Homelessness) and grants for development of specialized crisis services.

The employability component of community support services is closely coordinated with services available through the Department of Economic Security, Division of Rehabilitation Services (DRS). This cooperation and coordination has resulted in the joint funding of demonstration projects of coordinated community-based employability services for persons with serious and persistent mental illness.

4. Housing Subsidies

In response to the Department's Mental Health Housing Initiative, the 1991 Legislature approved \$1 million for a pilot program of housing subsidies for adults with serious and persistent mental illness. The program began 7-92 in 15 counties. In 1993, the department recommended and the Legislature agreed to transfer these funds to the Minnesota Housing Finance Agency (MHFA). It is expected that this transfer will improve the potential for federal matching funds. MHFA is using these funds for about 400 people who are either on waiting lists for federal housing subsidies or otherwise ineligible for federal subsidies. Before their state subsidy, these individuals were homeless, living in Regional Treatment Centers (RTCs) or in group housing funded by Minnesota Supplemental Aid (MSA). These subsidies are coordinated with housing support services under Adult Rule 78. This initiative is joint effort at the state level between the department and the MHFA and, at the local level, between the county social services/mental health agencies and the public housing authorities.

5. RTC Alternatives

ANOKA ALTERNATIVES

The Anoka Alternatives Project was implemented in 1990 to increase the rate of discharge from the Anoka Metro Regional Treatment Center (AMRTC). The goal of the project is to develop individualized alternative community services and enhanced program capacity in the metro counties, and then to discharge into these programs those AMRTC residents who are ready for community living. The alternative services are to be flexible, individualized, mental health and supportive services, such as housing support and subsidies, enhanced in-home community support services, medications, home care, crisis services, and family supports.

In the first 3 years of the project 224 individuals were discharged, exceeding projections. Data collected on these persons subsequent to discharge suggest that this group is representative of RTC residents in general in terms of diagnosis, functioning, and level of care needs, and that alternative services apparently provide the needed care at much less cost. Furthermore, rates of readmission for this group are lower than for other discharged patients. Partially as a result of this project, the average length of stay for persons discharged from AMRTC has declined from 307 days per person in F.Y. 1989 to 204 days in F.Y. 1994. This has allowed AMRTC to meet more of the unmet need for inpatient services; total admissions increased 49% from F.Y. 1989 to F.Y. 1994.

Four of the 6 metro counties have opted to integrate their Anoka Alternatives funds with part of their Rule 78 grant and/or IMD Alternatives funds in order to serve a larger number of persons at AMRTC with more intensive services.

The Anoka Alternatives project has demonstrated that, with enhanced alternative services, many long-term and difficult to treat residents of regional treatment centers can be discharged to the community and successfully maintained there. Many of these persons are able to live in their own homes rather than in residential facilities. The success of the project argues strongly for expansion of the community based treatment and services system, and for creative, individualized approaches to service development and funding.

MOOSE LAKE REGIONAL TREATMENT CENTER (MLRTC) ALTERNATIVES

The 1993 Legislature appropriated \$2.2 million in new flexible funding in F.Y. 1995 to develop community based mental health services for the 11 counties in the MLRTC catchment region and non-catchment counties who have patients at MLRTC in response to the transition of MLRTC in 6-95. The target population for this funding are persons with serious and persistent mental illness who are currently being served by MLRTC or who would be served by MLRTC if the facility services were still available. Flexible funding will provide both mental health system infrastructure enhancements as well as individually tailored community based mental health services. Many of the new services that will be provided in the MLRTC catchment area will be similar to the wrap around services provided by the Anoka Alternatives project. Medication management, crisis services, housing subsidies and supports, intensive case management, supported employment, and in-home supports are some of the new or enhanced services available by 12-94.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: State Mental Health Grants - Adults
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)
(Continuation)

The 1993 Legislature also approved funding in a number of other budget activities as part of a comprehensive package of alternatives to MLRTC. Some of these funds are in MA, some in the RTC budget (for additional beds at Brainerd) and some in a new budget activity, "MI SOCS", for state-operated community services for persons with mental illness.

6. Adult Mental Health Integrated Fund

Dakota County initiated a request to the 1992 and 1993 Legislatures to approve a mental health services delivery system pilot project in Dakota County. The 1992 and 1993 Legislatures provided start-up funding and authority to integrate a number of current funding streams for adult mental health services. The department worked closely with Dakota and other counties to reallocate mental health grants to allow all state mental health grants for Dakota County residents to be awarded in one integrated grant effective 1-94. This has simplified administrative procedures and provided the county with additional flexibility to meet client needs. The county is still exploring the possibility of integrating grant funds with MA funds, as is allowed by the authorizing legislation. The department will continue to work with Dakota and other counties to develop a mental health service model which will complement and support health care reform and which may be an effective way to address the needs of adults with special needs.

7. Adult Mental Health Services Task Force

The 1993 Legislature required the department to convene the Adult Mental Health Services Task Force. Task force members were selected based on specific legislative requirements, including representatives from the legislature, state agencies, consumers, advocates, community providers, county government, cultural/ethnic minorities, county employee unions and state employee unions. This represented an unprecedented effort on the part of the major mental health stakeholders to develop consensus regarding the future direction of mental health services in Minnesota. The legislature provided \$100,000 for professional facilitation of task force meetings and members' travel expenses. However, despite the best efforts of all concerned, the task force was unable to reach consensus on legislative recommendations.

8. Compulsive Gambling

This program was initiated in 3-90 in response to a concern about the social consequences of a large scale expansion of gambling. Gambling has become a \$4.5 billion industry in Minnesota and at \$1,000 per capita annually, Minnesota ranks third in the nation in spending on gambling. Research conducted in 1990 with funds from this activity found that 1.5% of Minnesota adults studied were classified as probable pathological gamblers (approx. 45,000 individuals). Three studies of adolescents age 14 to 18 yrs. estimated between 4.1% and 6.3% of the sample as problem gamblers.

Services presently available include: a) statewide toll-free hotline providing information & referral services; b) 6 outpatient treatment programs; c) training for mental health professionals, addiction counselors and related professionals, and d) public awareness and prevention programs. Additional activities funded by this program include program consultation, research, assessment of felons and outcome evaluation of treatment services.

The goals of this activity include:

- a. Develop and integrate compulsive gambling treatment services into the existing statewide system of mental health and human services.
- b. Provide on-going public education and information services concerning the potentially addictive nature of gambling and the value of making low-risk gambling choices and of early intervention.
- c. Provide gambling-specific training for mental health professionals, addiction counselors and related professionals.
- d. Conduct ongoing research to monitor the social/human impact of gambling on persons of all ages and cultures.
- e. Support expansion of community self-help groups for compulsive gamblers and family members.
- f. Reduce the negative impact of problem gambling on individuals, families, financial institutions and the corrections system.

More than half of the current F.Y. 1995 grants for compulsive gambling prevention and treatment were appropriated on a one-time basis. Unless new funds are provided, the program will be cut in half in the coming biennium, while total gambling activity and the problems created by increased gambling will continue to rise dramatically.

9. Other Special Projects

The Legislature has provided funding for specialized mental health needs and services, pilot projects and training which cannot be funded through other funding sources, but which are necessary to the implementation of the Comprehensive Mental Health Act. These funds have been used for: a state-wide public education campaign to reduce the stigma of mental illness, technical assistance for counties and providers, information system operating costs, a statewide community client assessment survey, State Mental Health Advisory Council expenses, rule development, legislatively mandated programs to provide camping activities and self-help groups for persons with mental illness.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: State Mental Health Grants - Adults
 BUDGET ACTIVITY: Mental Health Programs
 PROGRAM: Community Mental Health and State-Operated Services
 AGENCY: Human Services, Department of (DHS)

(Continuation)

BUDGET ISSUES:

The level of total state funding for adult mental health services in the community is far less than what is needed to fully implement the mandates in the Comprehensive Adult Mental Health Act. Additional funding is needed to pay for mandated services that are not reimbursable through MA, particularly to provide crisis, employability and housing support services statewide. The department is requesting increased resources for regional adult mental health service system improvements as part of the life skills initiative and DHS is working with the MHFA to coordinate an expansion of housing subsidies through MHFA with an expansion of housing support services through DHS.

Budget transfers are needed within the base for community hospital and nursing facility alternatives to MLRTC to ensure that appropriate services will be provided as required by the 1993 law relating to closure of the mental health program at MLRTC.

Summary by Grant Category

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
1. Adult residential (Rule 12)	11,614	11,627	16,300	16,300	16,300
2. IMD Alternatives	1,692	2,159	2,049	2,049	2,049
3. Community support (Rule 78)	13,297	12,859	12,923	12,923	12,923
4. Housing Subsidies	1,000	0	0	0	0
5. Anoka/Moose Lake RTC Alternatives	430	421	2,633	2,633	2,633
6. Adult MH Integrated Fund	50	687	1,479	1,479	1,479
7. Adult MH Services Task Force	0	69	31	0	0
8. Compulsive Gambling	666	901	1,926	926	926
9. Other Special projects	114	114	109	109	109
TOTAL:	28,863	28,837	37,450	36,419	36,419

Note: F.Y. 1996 and 1997 are shown to illustrate the base. The numbers above do not include impact of proposed decision items.

REVENUE:

This activity does not generate revenue. However, laws which provided for general fund appropriations for the compulsive gambling program (see #8 above) also required the Minnesota Lottery to deposit funds in the general fund to offset part of the costs of the compulsive gambling program.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MENTAL HEALTH PROGRAMS
MACT: STATE MENTAL HEALTH GRANTS - ADULT

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	61	96	146	146	146	146	146	146	146
EXPENSES/CONTRACTUAL SRVCS	105	147	399	199	199	199	199	199	199
MISC OPERATING EXPENSES	35	49	51	51	51	51	51	51	51
SUPPLIES/MATERIALS/PARTS	4	7	7	7	7	7	7	7	7
CAPITAL EQUIPMENT		5							
SUBTOTAL STATE OPERATIONS	205	304	603	403	403	403	403	403	403
AIDS TO INDIVIDUALS				50	50	50	50	50	50
LOCAL ASSISTANCE	28,658	28,533	36,816	36,016	37,658	37,658	36,016	39,808	39,808
TOTAL EXPENDITURES	28,863	28,837	37,419	36,419	38,111	38,111	36,419	40,261	40,261
AGENCY PLAN ITEMS:									
			FUND						
HOSP & NURSING FACIL ALTERN TO ML RTC			GEN		1,292			1,292	
REGIONAL ADULT MH SERV SYST IMPROVE			GEN		150			2,500	
FARIBAULT RC CLOSURE			GEN		200				
MI CRISIS HOUSING ASSISTANCE			GEN		50			50	
TOTAL AGENCY PLAN ITEMS					1,692			3,842	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	28,863	28,837	37,415	36,415	38,107	38,107	36,415	40,257	40,257
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS			4	4	4	4	4	4	4
TOTAL FINANCING	28,863	28,837	37,419	36,419	38,111	38,111	36,419	40,261	40,261

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: COMM MH & STATE OPERATED SERVICES
 ACTIVITY: MENTAL HEALTH PROGRAMS
 MACT: STATE MENTAL HEALTH GRANTS - ADULT

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	.7	1.7	2.7		1.7			1.7	
TOTAL FTE	.7	1.7	2.7		1.7	1.7		1.7	1.7

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Community Mental Health and State-Operated Services
BUDGET ACTIVITY: Mental Health Programs
MANAGEMENT ACTIVITY: State Mental Health Grants - Adults
ITEM TITLE: Regional Adult Mental Health Service System Improvements

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
State Mental Health Grants - Adults	\$150	\$2,500	\$2,500	\$2,500
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes No
 If yes, statute affected: MS 245.461

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$150,000 in F.Y. 1996 and \$2,500,000 in F.Y. 1997. This funding will be used for regional adult mental health service system improvements. As a result of this proposal, innovative ways to integrate state, county and community mental health programs and resources into a new mental health service delivery system will be planned and piloted in regions across the state. This proposal is part of the department's life skills self-sufficiency initiative.

RATIONALE:

Under the present system, persons with serious and persistent mental illness are often unserved or under served in community resources. Categorical funding has forced clients to accept a full service "package" regardless of need and has contributed to a heavy reliance on institutional care that is not well integrated with the community-based system. Restructuring the mental health system to more fully integrate persons with serious mental illness across the full array of community vendors will expand service options within existing expenditures and direct resources to specific client needs.

The Department of Human Services (DHS) will explore strategies to assure the delivery of needed services to persons with mental illness statewide. Using the data available from the DHS studies, each region will have the opportunity to design a state-local-private partnership that will best meet

the needs of the area. The pilot projects will allow for new relationships to develop among state and local agencies and public and private vendors.

Various models of a community-based mental health service system will be planned in partnership with all public and private mental health providers in each region. Conveners of the planning effort will be the counties, as the local mental health authority.

Pilot projects for systemic change must: 1) provide an expanded array of services from which clients can choose which are appropriate to their needs; 2) be based upon purchasing strategies that improve access and coordinated services without cost shifting; 3) incorporate existing state facilities and resources into the community mental health system infrastructure through creative partnerships with local vendors; and, 4) utilize existing categorical funding streams and reimbursement sources in creative ways. This proposal will make new funds available to each pilot project to fund gaps in service, to assist in restructuring the delivery system, and to provide new funding for housing subsidies to be administered through the MHFA. Criteria for allocation of new funds will include size of population to be served and the ability of proposed projects to meet the objectives described above.

PROGRAM OUTCOMES:

Pilot projects funded under this proposal will provide valuable data and evaluation information on improving services to clients while controlling costs. Pilot projects will also evaluate new roles for state operated services continuing to focus on client needs.

This proposal includes housing subsidies for adults with serious and persistent mental illness. As a result of this housing subsidy, persons with serious and persistent mental illness will receive a bridge subsidy until they become eligible for a federal housing subsidy. This will increase the number of persons with serious and persistent mental illness who can live in affordable, decent housing in the community and who are able to maintain themselves in the community rather than confront long stays in treatment or become homeless.

The focus of this proposal is systemic reform in the state-operated, county and private mental health system. The direction is consistent with national trends away from facility-based services toward services that allow consumers to choose their own housing and receive services that are integrated with the community.

This proposal includes a transfer of \$500,000 from current community residential services to these new projects. The transfer will require closure of 2 to 3 Rule 36 adult residential community programs or conversion of those programs to non-Rule 36 status. Criteria are being developed to choose from programs with low utilization or in locations where other services or new funds for alternative services are available.

LONG-TERM IMPACT:

Changes to the mental health service system will be piloted to meet client needs, forge partnerships among all appropriate vendors, and direct funding in an efficient and effective manner.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Community Mental Health and State-Operated Services
BUDGET ACTIVITY: Mental Health Programs
MANAGEMENT ACTIVITY: State Mental Health Grants-Adults
ITEM TITLE: Hospital and Nursing Facility Alternatives to Moose Lake Regional Treatment Center

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s)

General Fund				
MA Long-Term Care Facilities	(\$1,292)	(\$1,292)	(\$1,292)	(\$1,292)
State Mental Health Grants-Adults	1,292	1,292	1,292	1,292
Net Total	\$-0-	\$-0-	\$-0-	\$-0-

Revenues: (\$000s)

General Fund	\$-0-	\$-0-	\$-0-	\$-0-
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Statutory Change? Yes ___ No X
If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends the transfer of \$1,292,000 in F.Y. 1996 and \$1,292,000 in F.Y. 1997 from Medical Assistance (MA) to State Mental Health Grants with no increase or decrease to the budget base. This transfer is required to ensure appropriate payment to hospitals and nursing facilities providing alternatives to the mental health program at Moose Lake Regional Treatment Center (MLRTC). The proposed change in payment source is based on new information regarding client eligibility for MA and Medicare benefits.

RATIONALE:

The 1993 Legislature approved funding for 25 beds in community hospitals as part of a comprehensive package of alternatives to the mental health program at MLRTC, which is being phased down during F.Y. 1995 and is due to close by 6-95. The original budget for the community hospital beds was entirely in MA, on the assumption that MA was the most appropriate payment source. New information indicates that about one-half of the persons to be served are actually dually eligible for Medicare and MA. Although Medicare payments will not be adequate (at least in the next 2 years) to cover the cost of the type of inpatient treatment needed by these individuals, federal law prohibits use of MA to supplement the Medicare payments. This proposal will transfer the

projected unused portion of MA to State MH Grants and allow those funds to be used as a grant for the participating hospitals to ensure availability of these beds and appropriate services for both MA and Medicare patients.

In addition, the 1993 Legislature approved funding for services in community nursing homes for 45 patients as another part of the package of MLRTC alternatives. The approved budget assumed that these facilities would be paid at the maximum case-mix rate for these individuals. More recent data indicates that the case-mix system does not adequately reflect the special care and supervision needed by some of the individuals to be moved from MLRTC. This proposal transfers the projected savings in the state share of MA payments (which are made under the case-mix system) to State Mental Health Grants which will allow these facilities to be reimbursed for their additional costs.

PROGRAM OUTCOMES:

If this proposal is not approved, additional RTC beds may need to be developed, or current beds at MLRTC retained. Both alternatives would result in a much higher cost.

LONG-TERM IMPACT:

This proposal will allow the state to proceed with the MLRTC transition according to the plan approved by the 1993 Legislature.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Community Mental Health and State-Operated Services
 BUDGET ACTIVITY: Mental Health Programs
 MANAGEMENT ACTIVITY: State Mental Health Grant-Adults
 ITEM TITLE: Mental Illness Housing Crisis Assistance

PROGRAM OUTCOMES:

This proposal will help people with an acute episode of mental illness retain their home or apartment during hospitalization. The persons who receive the emergency housing assistance will be tracked to see if they do remain in their current housing after hospitalization. Their length of stay in the housing after hospital discharge will also be tracked to see if the assistance helps to maintain housing stability.

LONG-TERM IMPACT:

This proposal will allow for a less restrictive setting for individuals with a mental illness following hospitalization and should reduce reliance on more costly institutional services. The housing stability should reduce the need for more intensive services if housing was not maintained.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
State Mental Health Grants-Adults	\$50	\$50	\$50	\$50

Revenues: (\$000s):
 General Fund

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$50,000 in F.Y. 1996 and \$50,000 in F.Y. 1997. This program currently provides emergency housing assistance to persons who require short-term inpatient psychiatric care for stabilization. This program is presently administered by the Minnesota Housing Finance Agency (MHFA) at this funding level and only constitutes a transfer of funds to an agency experienced in dealing with persons who are mentally ill. (MHFA is requesting a corresponding decrease to its budget base.)

RATIONALE:

When a person suffers an acute episode of mental illness which requires inpatient psychiatric care, the person's housing can be in jeopardy because rent or housing payments may be delayed while the person is in the hospital. If the person loses their housing it often creates even more stress which can lead to a worsening of the illness. The loss of housing then often requires the county to spend additional time and resources to assist in finding other housing.

This proposal will provide for up to 90 days of housing assistance for persons with a diagnosis of mental illness who require psychiatric inpatient care for stabilization. The activity is limited to persons of low- and moderate-income. The funding for the program will be through grants to counties who will administer the program. The proposal has been developed in conjunction with the MHFA.

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Federal Mental Health Grants
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity includes a number of federal grants relating to community mental health services. Each grant is described separately below.

1. Federal Mental Health Block Grant

For F.F.Y. 1991-92, the federal mental health block grant was 8.18% of Minnesota's allocation under the Alcohol, Drug Abuse and Mental Health Services Block Grant. Beginning with F.F.Y. 1993, Congress established the mental health portion as a separate Community Mental Health Services Block Grant and increased the mental health share to 20.6% of the combined total.

Federal law states that these funds must be used to carry out the state's mental health plan, which must be submitted annually for federal approval. The federal law sets specific requirements that must be met by each state plan, including the establishment and implementation of an organized community-based system of care for adults with a serious mental illness and children with a serious emotional disturbance. For each of F.F.Y. 1993 and 1994, federal law required that at least 10% of the funds be used to increase funding for community mental health services for children with a serious emotional disturbance within an integrated system of social, educational, juvenile and health services. Federal law also allows these funds to be used to evaluate the programs and services carried out under the state plan, and to plan, administer and conduct educational activities relating to providing services under the state plan.

Federal law allows states to award these funds only to public and nonprofit private agencies; funds cannot be used for inpatient hospital services or for acquisition of land or construction. A number of other federal restrictions apply. Funds are available for obligation for a 2 year period commencing at the beginning of the federal fiscal year in which funds are appropriated. Minnesota usually spends its allocation in the state fiscal year which follows the first federal year.

State law (M.S. § 245.713) allocates these funds as follows:

- a. at least 25% for Indian mental health services and advisory committees for other minorities;
- b. at least 55% for statewide demonstration projects for services to children and underserved populations;
- c. not more than 15% for statewide planning and evaluation; and
- d. not more than 5% for state administration.

For F.Y. 1994-95, the department is keeping its administrative costs below 4%, thus freeing up additional funds for demonstration projects. The department has worked closely with the

State Mental Health Advisory Council (the federally required council which is appointed by the Governor) to develop its plan for use of block grant funds.

The 25% for Indian services funds 9 projects on Indian reservations and 4 in the Twin Cities Metropolitan Area. These projects provide culturally relevant mental health services. Coordination and linkages occur with the county community support programs and reservation social service programs. Services include outreach, crisis assistance, education/prevention and help in applying for government benefits. Mental health issues addressed are: suicide, depression and dual disability (particularly mental health/chemical dependency). As allowed by state law, this portion of the funding is also used for a multicultural advisory task force.

Most of the 55% for demonstration projects is used for projects which provide statewide leadership by demonstrating improved mental health services for children with severe emotional disturbance. This is consistent both with Department of Human Services (DHS) priorities and federal requirements to make increases in funding for children's mental health services. Beginning with calendar year 1994, federal block grant funds for children's mental health services were made available to counties on an formula allocation basis through combined application with Children's Rule 78 funds in the Community Social Services Act (CSSA)/Mental Health Plan. Further block grant funds were used to augment state appropriations for start-up of local children's mental health integrated fund collaboratives.

Other demonstration projects include: Adult coordinated care projects, crisis services, consumer empowerment and self-help projects, housing development, start-up funds for a rural psychiatry project, multicultural training, mental health training for emergency service personnel, and technical assistance workshops for counties, providers and others.

The 15% for planning and evaluation is used to fund staff to implement planning and evaluation requirements of both the federal law and the state Comprehensive Mental Health Act. Much of the recent development required to implement new services required by federal and state laws would have been impossible without this funding.

2. Projects for Assistance in Transition from Homelessness (PATH)

This activity utilizes federal McKinney Act homeless grant funds to help counties assess the need and develop appropriate specialized community based services for homeless persons with mental illness. Grants to counties are made in combination with state Rule 78 Community Support Program funds to assure linkage and ongoing provision of local services to homeless persons with serious and persistent mental illness. Specialized technical assistance and program consultation are being provided to the counties that receive these grants.

Goals for this activity include provision of grants to 8 counties having significant numbers of homeless persons in order to a) identify homeless persons with serious and persistent mental illness and dual diagnosis with substance abuse; b) through outreach, assess the nature and severity of the problems of identified persons; c) refer homeless persons with serious and persistent mental illness to appropriate community based services; and d) assist counties with ongoing funding support for the provision of community support program services for homeless persons with serious and persistent mental illness.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Federal Mental Health Grants
BUDGET ACTIVITY: Mental Health Programs
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)
 (Continuation)

Current federal allocations have not kept up with the initial funding for this program. If funding continues at the F.Y. 1995 level, these services will have to be terminated in at least 1 of the 8 counties.

3. Mental Health Statistics Improvement Project

The department was successful in obtaining 2 3-year competitive grants for mental health statistics improvement. The first grant was for 1989-93 and focused on installation of national data standards and use of these standards to serve local management decision-making. The second grant is for 1993-96 and focuses on development of data-based decision support systems in the state mental health authority and within local mental health organizations, including county-operated and county-contracted community mental health centers and freestanding community support programs. The objectives include implementing an *Enterprise Information System* of state-collected data, producing county profiles summarizing local activity, introducing performance evaluation within the division's infrastructure, and allowing key individuals to participate in information sharing forums. These funds support 1 professional and .5 clerical positions.

4. Human Resource Development

The Human Resource Development (HRD) Capacity Building Project aimed to increase the department's ability to address the human resource issues involved in implementing the Comprehensive Mental Health Act. The funding period for this grant ended 6-94. The grant supported DHS efforts to implement the Public Academic Liaison section of the Comprehensive Mental Health Act (M.S. § 245.4861) and other human resource development activities. Due to budget cuts, the Federal Center for Mental Health Services no longer offers HRD grants to individual states.

5. Child Adolescent Service System Program (CASSP)

The CASSP grant award was received 10-90 and ended 8-94. The grant funded technical assistance to support implementation of the children's mental health act and underwrote a large portion of the planning for the Children's Mental Health Integrated Fund.

6. Recruitment and Training of Consumers and Families

This grant was initially for 4-91 to 6-94. Most of these funds went to the League of Women Voters to assist local mental health advisory councils in recruiting and training consumers and families in the planning and evaluation of the mental health system of care.

In 5-94, the department applied for a 3 year renewal grant to fund expansion of consumer and family networks statewide. The project would increase consumer and family involvement in

implementation of the Comprehensive Mental Health Act, recommendations of the MN Adult Mental Health Task Force, and health care reform. A pilot project to involve consumers in quality improvement efforts is included. Extensive training and public information efforts would be enhanced by use of telecommunications technologies. Most of the funding would be for contracts with existing organizations, including the League of Women voters, the MN Statewide Consumer Network and the Alliance for the Mentally Ill.

7. Crisis Counseling for Victims of Presidentially Declared Disasters

In response to the severe flooding in the spring and summer of 1993, the division developed and administered the Minnesota Flood Support Services Program. The division successfully obtained over \$2.7 million (primarily federal funds) to provide short-term mental health counseling and support services for over 12,000 residents affected by the flood. The division allocated Federal Emergency Management Agency funds to 44 counties affected by the flood. The Crisis Counseling program goals are: to assist with the psychological aftermath of the disaster, mitigate stress and psychological harm, and promote the development of coping strategies to call upon in the future. This grant began 7-93 and continued through 11-94. In addition, the division obtained similar, but smaller, grants relating to tornadoes in F.Y. 1992 and F.Y. 1993.

8. Department of Education Integrated Identification and Intervention

In F.Y. 1993, the Department of Education awarded \$140,000 of its federal discretionary funds to DHS for a cooperative Integrated Identification and Intervention project. DHS combined these funds with federal mental health block grants to support local development of interagency agreements among counties, schools and other agencies to identify children's mental health problems and arrange for appropriate intervention. This project was the precursor to the current Children's Integrated Mental Health Fund project (see "State Mental Health Grants - Children" activity.)

Grants by Category

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
1. MH Block Grant	\$1,587	\$3,882	\$3,945	\$4,600	\$4,600
2. PATH Homeless	320	367	353	353	353
3. Statistics Improve.	100	67	107	107	107
4. Human Res. Dev.	39	36	11	0	0
5. CASSP	233	29	0	0	0
6. Consumers and Families	133	136	150	150	104
7. Crisis Counseling	85	2,027	789	0	0
8. Dept. of Education	140	0	0	0	0
TOTAL:	\$2,637	\$6,544	\$5,364	\$5,210	\$5,164

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: COMM MH & STATE OPERATED SERVICES
 ACTIVITY: MENTAL HEALTH PROGRAMS
 MACT: FEDERAL MENTAL HEALTH GRANTS

MACT SUMMARY	FY 1993			FY 1994			Est. FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:															
DETAIL BY CATEGORY:															
STATE OPERATIONS:															
PERSONAL SERVICES	491	568	666	673	673	673	673	673	673	673	673	673	673	673	673
EXPENSES/CONTRACTUAL SRVCS	95	278	329	298	298	298	298	298	298	298	298	298	298	298	298
MISC OPERATING EXPENSES	19	39	56	54	54	54	54	54	54	54	54	54	54	54	54
SUPPLIES/MATERIALS/PARTS	1	6	4	4	4	4	4	4	4	4	4	4	4	4	4
CAPITAL EQUIPMENT		26													
OTHER		5	151	151	151	151	151	151	151	151	151	151	151	151	151
SUBTOTAL STATE OPERATIONS	606	922	1,206	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
AIDS TO INDIVIDUALS	1														
LOCAL ASSISTANCE	2,030	5,622	4,158	4,049	4,049	4,049	4,002	4,002	4,002	4,002	4,002	4,002	4,002	4,002	4,002
TOTAL EXPENDITURES	2,637	6,544	5,364	5,229	5,229	5,229	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182
SOURCES OF FINANCING:															
STATUTORY APPROPRIATIONS:															
FEDERAL	2,637	6,544	5,364	5,229	5,229	5,229	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182
TOTAL FINANCING	2,637	6,544	5,364	5,229	5,229	5,229	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182	5,182
FTE BY EMPLOYMENT TYPE:															
REGULAR	9.1	9.6	9.6		8.1			8.1					8.1		
TEMP/SEAS/PART_TIME	2.0	3.3	3.3		2.8			2.8					2.8		
OVERTIME	.1	.1	.1		.1			.1					.1		
TOTAL FTE	11.2	13.0	13.0		11.0			11.0					11.0		11.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Residential Facilities Management
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Residential Facilities Management provide administrative and programmatic support for the 9 regional treatment facilities so uniform and effective management of human and fiscal resources, quality care, and active treatment are provided to individuals served by the residential facilities.

The major functions of this activity are to:

1. Support, monitor and evaluate the quality and appropriateness of client care and treatment in RTCs, through the Quality Assurance and Utilization Review mechanisms, to resolve problems as identified and assure active treatment.
2. Review, develop, and implement policies and procedures by which the residential facilities provide treatment and protect the rights, dignity, and physical and mental well being of the residents and clients.
3. Coordinate and maintain the development of information and communication technology for the residential facilities to enhance the delivery of quality health care services.
4. Prepare Legislatively required reports.
5. Assist residential facilities in meeting applicable accreditation, certification, and licensure requirements.
6. Plan, develop, and monitor the provision of care and active treatment to individuals who are mentally ill, developmentally disabled, chemically dependent, or geriatric clients with behavior problems, in coordination with other division, i.e., Developmental Disabilities, Mental Health, Chemical Dependency, and Long Term Care Divisions.
7. Coordinate the statutorily required Special Review Board function which governs the transfer, provisional discharge, or discharge of special category clients.
8. Coordinate preparation of biennial and capital improvement budgets, allocate and monitor operating expenditures to assure resources are efficiently and effectively utilized to meet programmatic and administrative functions.
9. Monitor staffing requirements, physical plant needs, forms management, and provide coordination for matters concerning the Jarvis litigation and the Memorandum of Understanding.
10. Prepare population census and other management reports pertinent to the operation of the residential facilities.

11. Facilitate the delivery of mutually beneficial and cost-effective services through shared service agreements.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except as may be identified on the RTC Systemwide budget page.

REVENUE:

Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL FACILITIES MANAGEMENT
MACT: RESIDENTIAL FACILITIES MANAGEMENT

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	929	638	1,007	1,007	1,046	1,046	1,007	1,046	1,046
EXPENSES/CONTRACTUAL SRVCS	396	327	313	313	551	551	313	551	551
MISC OPERATING EXPENSES	118	97	409	409	415	415	409	415	415
SUPPLIES/MATERIALS/PARTS	51	55	39	39	39	39	39	39	39
CAPITAL EQUIPMENT	98	83	207	7	7	7	7	7	7
SUBTOTAL STATE OPERATIONS	1,592	1,200	1,975	1,775	2,058	2,058	1,775	2,058	2,058
LOCAL ASSISTANCE		55							
TOTAL EXPENDITURES	1,592	1,255	1,975	1,775	2,058	2,058	1,775	2,058	2,058
AGENCY PLAN ITEMS:									
FUND									
MENTAL HEALTH COMMITMENT ACT			GEN		283			283	
TOTAL AGENCY PLAN ITEMS					283			283	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,589	1,232	1,975	1,775	2,058	2,058	1,775	2,058	2,058
STATUTORY APPROPRIATIONS:									
FEDERAL	3	23							
TOTAL FINANCING	1,592	1,255	1,975	1,775	2,058	2,058	1,775	2,058	2,058
FTE BY EMPLOYMENT TYPE:									
REGULAR	14.6	11.0	11.0		11.0			11.0	
TEMP/SEAS/PART_TIME	.9								
TOTAL FTE	15.5	11.0	11.0		11.0	11.0		11.0	11.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the management activities of the following:

Regional Treatment Centers Systemwide
Anoka Metro Regional Treatment Center (AMRTC)
Brainerd Regional Human Services Center (BRHSC)
Cambridge Regional Human Services Center (CRHSC)
Faribault Regional Center (FRC)
Fergus Falls Regional Treatment Center (FFRTC)
Moose Lake Regional Treatment Center (MLRTC)
Minnesota Psychopathic Center (MPC)
St. Peter Regional Treatment Center (SPRTC)
Minnesota Security Hospital (MSH)
Willmar Regional Treatment Center (WRTC)
Rochester State Hospital (RSH)
Ah-Gwah-Ching Center (AGCC)
Oak Terrace Nursing Home (OTNH)

The following pages contain descriptions of each management activity.

BUDGET ISSUES:

See Regional Treatment Centers Systemwide.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenue are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL

MANAGEMENT ACTIVITY ALLOCATION	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
RTC SYSTEMWIDE	3,200	462	9,767	7,444	<4,165>	<4,165>	7,444	<6,889>	<6,889>	7,444	<6,889>	<6,889>	7,444	<6,889>	<6,889>
ANOKA METRO RTC	24,285	24,360	25,789	25,722	25,722	25,722	25,642	25,642	25,642	25,642	25,642	25,642	25,642	25,642	25,642
BRAINERD RHSC	28,200	28,092	32,824	32,768	32,768	32,768	32,685	32,685	32,685	32,685	32,685	32,685	32,685	32,685	32,685
CAMBRIDGE RHSC	22,791	20,769	20,876	20,840	20,840	20,840	20,785	20,785	20,785	20,785	20,785	20,785	20,785	20,785	20,785
FARIBAULT RC	35,259	32,256	28,707	28,507	28,507	28,507	28,420	28,420	28,420	28,420	28,420	28,420	28,420	28,420	28,420
FERGUS FALLS RTC	23,226	23,278	24,900	24,852	24,852	24,852	24,786	24,786	24,786	24,786	24,786	24,786	24,786	24,786	24,786
MOOSE LAKE RTC	21,582	21,005	18,026	18,002	18,002	18,002	17,944	17,944	17,944	17,944	17,944	17,944	17,944	17,944	17,944
ST. PETER RTC	28,003	28,222	28,647	28,539	28,539	28,539	28,351	28,351	28,351	28,351	28,351	28,351	28,351	28,351	28,351
SECURITY HOSPITAL	11,842	13,507	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535	11,535
WILLMAR RTC	28,739	28,804	30,171	29,936	29,936	29,936	29,835	29,835	29,835	29,835	29,835	29,835	29,835	29,835	29,835
ROCHESTER STATE HOSPITAL	54	13	20	20	20	20	20	20	20	20	20	20	20	20	20
AH-GNAH-CHING NURSING HOME	14,139	14,130	15,575	15,563	15,563	15,563	15,478	15,478	15,478	15,478	15,478	15,478	15,478	15,478	15,478
OAK TERRACE NURSING HOME	247	113	100	100	100	100	100	100	100	100	100	100	100	100	100
TOTAL EXPENDITURES	241,567	235,011	246,937	243,828	232,219	232,219	243,025	228,692	228,692	243,025	228,692	228,692	243,025	228,692	228,692
AGENCY PLAN ITEMS:			FUND												
RTC DD DOWNSIZING			GEN		<15,626>			<21,291>							
FARIBAULT RC CLOSURE			GEN		14			<1,129>							
DEPARTMENTWIDE OPERATIONS			GEN		4,003			8,087							
TOTAL AGENCY PLAN ITEMS					<11,609>			<14,333>							
SOURCES OF FINANCING:															
DIRECT APPROPRIATIONS:															
GENERAL	220,552	210,538	210,758	207,677	196,068	196,068	206,874	192,541	192,541	206,874	192,541	192,541	206,874	192,541	192,541
STATUTORY APPROPRIATIONS:															
GENERAL	5,074	7,761	18,939	18,911	18,911	18,911	18,911	18,911	18,911	18,911	18,911	18,911	18,911	18,911	18,911
SPECIAL REVENUE	640	612	786	786	786	786	786	786	786	786	786	786	786	786	786
FEDERAL	152	149	174	174	174	174	174	174	174	174	174	174	174	174	174
AGENCY	4,491	4,611	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828	4,828
GIFTS AND DEPOSITS	43	25	58	58	58	58	58	58	58	58	58	58	58	58	58
ENDOWMENT	3	1	22	22	22	22	22	22	22	22	22	22	22	22	22
ENTERPRISE	10,612	11,314	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372	11,372

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL

MANAGEMENT ACTIVITY ALLOCATION	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TOTAL FINANCING	241,567	235,011	246,937	243,828	232,219	232,219	243,025	228,692	228,692
FTE BY EMPLOYMENT TYPE:									
REGULAR	4,862.5	4,719.8	4,492.2		4,041.2		4,041.2		
TEMP/SEAS/PART_TIME	53.1	53.0	51.6		51.6		51.6		
OVERTIME	87.1	92.2	88.7		81.1		81.1		
TOTAL FTE	5,002.7	4,865.0	4,632.5		4,173.9	4,173.9	4,173.9		4,173.9

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Regional Treatment Centers Systemwide
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This management activity is an aggregation of the management activities for the regional treatment centers:

- Anoka Metro-Regional Treatment Center (AMRTC)
- Brainerd Regional Human Services Center (BRHSC)
- Cambridge Regional Human Services Center (CRHSC)
- Faribault Regional Center (FRC)
- Fergus Falls Regional Treatment Center (FFRTC)
- Moose Lake Regional Treatment Center (MLRTC)
- Minnesota Psychopathic Center (MPC)
- St. Peter Regional Treatment Center (SPRTC)
- Minnesota Security Hospital (MSH)
- Willmar Regional Treatment Center (WRTC)
- Ah-Gwah-Ching Center (AGCC)
- * Oak Terrace Nursing Home (OTNH)
- * Rochester State Hospital (RSH)

* OTNH closed 6-30-91, and RSH closed 6-82, and these budget activities are limited to ongoing payments for workers' compensation claims.

BUDGET ISSUES:

The agency budget plan will result in the following:

- Continued downsizing of Regional Treatment Center (RTC) Developmental Disabilities (DD) Programs and transitioning the individuals into State-Operated Community Services (SOCS), residential and day training and habilitative (DT&H) services, supports the department's belief that individuals with DD are better served in community settings.
- The Departments of Correction and Human Services, the impacted collective bargaining units, and the Faribault Community Task Force have negotiated a plan for the closure of Faribault Regional Center (FRC) by 6-30-98, and conversion of the campus to a correctional facility. Implementation of the agreement requires legislative funding for the development of 10 additional SOCS homes, each serving 4 individuals, and the development of two DT&H programs during the 1996-97 biennium. Although FRC does not serve mentally ill individuals, the agreement requires DHS to request one-time funding to establish mental health services in Rice County. This agreement also supports the department's belief that individuals with DD are better served in community settings.

- The Minnesota Commitment Act (M.S. 253B), requires that the commissioner of Human Services establish a Special Review Board (SRB) to hear petitions and make recommendations to the commissioner regarding the transfer out of the Minnesota Security Hospital, provisional discharge, or discharge from commitment of persons civilly committed as mentally ill and dangerous, as a psychopathic personality, or as a sexually dangerous person. The commissioner establishes the fees for the SRB, and pays the administrative costs incurred. The Chief Judge of the Supreme Court Appeal Panel (SCAP) establishes the fees for the SCAP hearings, which are also paid by the commissioner. Historically, of the 100 petitions heard each year by the SRB, approximately 10 cases have been appealed to the SCAP. However, within the past 2 years, there has been a significant increase in the numbers of persons committed as a psychopathic personality. As a result, a significant increase in the number of SRB and SCAP hearings is anticipated.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: RTC SYSTEMWIDE

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,255		8,243	7,136	<4,713>	<4,713>	7,136	<7,365>	<7,365>
EXPENSES/CONTRACTUAL SRVCS	604	357	389	284	284	284	284	284	284
MISC OPERATING EXPENSES	29	34	150						
SUPPLIES/MATERIALS/PARTS	216	20	24	24	264	264	24	192	192
CAPITAL EQUIPMENT	94	49	961						
SUBTOTAL STATE OPERATIONS	3,198	460	9,767	7,444	<4,165>	<4,165>	7,444	<6,889>	<6,889>
AIDS TO INDIVIDUALS	2	2							
TOTAL EXPENDITURES	3,200	462	9,767	7,444	<4,165>	<4,165>	7,444	<6,889>	<6,889>
AGENCY PLAN ITEMS:									
			FUND						
RTC DD DOWNSIZING			GEN		<15,626>			<21,291>	
FARIBAULT RC CLOSURE			GEN		14			<1,129>	
DEPARTMENTWIDE OPERATIONS			GEN		4,003			8,087	
TOTAL AGENCY PLAN ITEMS					<11,609>			<14,333>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,182	439	9,743	7,420	<4,189>	<4,189>	7,420	<6,913>	<6,913>
STATUTORY APPROPRIATIONS:									
FEDERAL	18	23	24	24	24	24	24	24	24
TOTAL FINANCING	3,200	462	9,767	7,444	<4,165>	<4,165>	7,444	<6,889>	<6,889>
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Community Mental Health and State Operated Services
 BUDGET ACTIVITY: Residential Treatment Center Facilities
 MANAGEMENT ACTIVITY: Regional Treatment Centers Systemwide
 ITEM TITLE: Mental Health Commitment Act

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s):				
General Fund				
RTC Systemwide	\$283	\$283	\$283	\$283
MA Long Term Care Facilities	58	58	58	58
Net Total	\$341	\$341	\$341	\$341
Revenues: (\$000s):				
General Fund				
Collections	\$136	\$136	\$136	\$136

Requires Statutory Change? Yes ___ No X
 If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$341,000 in F.Y. 1996 and \$341,000 F.Y. 1997. This funding will be used for projected increases in the operation of the department's Special Review Board (SRB) and Supreme Court Appeal Panel (SCAP). The SRB hears petitions and makes recommendations to the commissioner regarding the transfer out of the Minnesota Security Hospital, provisional discharge, or discharge from commitment of persons civilly committed as mentally ill and dangerous, as a psychopathic personality, or as a sexually dangerous person. Commissioner's orders may be appealed to the SCAP.

RATIONALE:

The Minnesota Commitment Act, (M.S. 253B), requires that the commissioner of human services establish a SRB. The SRB is a 3-person board comprised of an attorney, a physician, and another mental health professional. The board meets approximately 45 times a year, and hears about 100 petitions regarding the transfer out of the Minnesota Security Hospital, provisional discharge, or discharge from commitment of persons civilly committed as mentally ill and dangerous, as a psychopathic personality, or as a sexually dangerous person. The board reviews each petition during an administrative review process, and makes a recommendation to the commissioner who then issues an order either granting or denying the petition. The Order of the commissioner may be appealed

to the SCAP, to the Court of Appeals, and then to the Supreme Court.

The commissioner establishes the fees for the SRB, and pays the administrative costs incurred. The Chief Judge of the SCAP establishes the fees for the SCAP hearings, which are also paid by the commissioner.

Historically, of the 100 petitions heard each year by the SRB, approximately 10 cases have been appealed to the SCAP. Within the past 2 years, there has been a significant increase in the number of persons committed as a psychopathic personality. Currently, there are 66 persons at the Minnesota Security Hospital under this commitment.

Patients may petition to appear before the special review board every 6 months. Persons committed as a psychopathic personality routinely appeal the SRB decision. Although current experience does not demonstrate that all the persons committed as a psychopathic personality will petition for discharge, based upon the current rate at which petitions are being filed, and the projected increased in commitments, it is anticipated that approximately 50 petitions will be heard in a year, and that all are likely to appeal any order denying discharge.

The Chief Judge of the SCAP has advised the department that he anticipates that hearings for the psychopathic personality commitments will raise significant legal issues, that hearings which in the past have been 1/2 day will now be full days, and that there will be significant increases in the total cost per hearing. Seven new judges have been appointed by the Chief Justice to assist with the anticipated increase in SCAP hearings.

PROGRAM OUTCOMES:

This proposed increase will allow the department to continue to provide the special review board procedure required by statute, and to pay for the projected increase in appeals to the SCAP.

LONG-TERM IMPACT:

It is difficult to predict the long-term impact on the SRB and the SCAP. Current petitions for discharge by patients committed as a psychopathic personality are likely to continue, and it is anticipated that commitments will continue under the newly passed sexually dangerous persons act which provides these persons with the same rights for hearings and appeals as the psychopathic personality patients.

The special review board process, and the SCAP procedure may be modified by future legislative change. Additionally, some of the cases currently under appeal are likely to be heard by the Supreme Court. Future decisions by the Court may impact on future appeals, either through increasing or decreasing appeals.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
 PROGRAM: Community Mental Health and State-Operated Services
 BUDGET ACTIVITY: Residential Treatment Center Facilities
 MANAGEMENT ACTIVITY: Regional Treatment Centers Systemwide
 ITEM TITLE: Faribault Regional Center Closure Activity

Dollars in Thousands
F.Y. 1996 F.Y. 1997 F.Y. 1998 F.Y. 1999

Expenditures: (\$000s):

General Fund				
RTC Systemwide	(\$226)	(\$1,626)	(\$3,122)	(\$3,227)
MA Long Term Care Facilities	(109)	(759)	(1,420)	(1,465)
RTC Systemwide (Start Up)	240	168	-0-	-0-
DD SOCS - Waiver Services	-0-	329	621	1,061
MA Long Term Care Services and Home Care	922	1,604	1,905	1,905
Group Residential Housing	103	308	406	406
DD Administration	162	37	30	-0-
State Mental Health Grants - Adult	200	-0-	-0-	-0-
 Net Totals:	 \$1,292	 \$61	 (\$1,580)	 (\$1,320)

Revenues: (\$000s):

General Fund	(\$257)	(\$1,790)	(\$3,351)	(\$3,456)
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Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,292,000 in F.Y. 1996 and \$61,000 in F.Y. 1997. This request is necessary to accomplish the closure of Faribault Regional Center (FRC) in accordance with the negotiated agreement.

RATIONALE:

During F.Y. 1994 the Department of Corrections, the Department of Human Services (DHS), the impacted collective bargaining units, and the Faribault Community Task Force negotiated a plan for the closure of the FRC by 6-30-98. The agreement included the F.Y. 1996 and F.Y. 1997 development of state operated community services (SOCS) residential and day training and habilitation (DT&H) services for persons with developmental disabilities (DD). In addition, one of the terms of the agreement requested by the Faribault Community Task Force was funding for

community mental health services. The department agreed to ask the legislature for this funding.

The regional treatment center (RTC) systemwide request is for start-up costs that include purchasing furnishings, equipment, and the first 3 months utilities for residential and DT&H programs. The medical assistance grant monies are needed to develop residential and transitional services funded by the home and community-based waiver. Group Residential Housing funds provide room and board for residential services. SOCS are operated through shared services contracts and are subject to collective bargaining unit agreements. Revenues generated through the shared service contracts are not adjusted to cover all negotiated cost-of-living increases. The DD SOCS waiver services funding is requested to cover the anticipated costs associated with cost-of-living increases negotiated into collective bargaining unit agreements that exceed revenues from shared services contracts. The DD Administration request provides funding to counties for placement costs. State Mental Health Grants money is needed to develop a multi-service crisis intervention center and supervise apartment living services for adults with serious and persistent mental illness as requested by the Faribault Community Task Force.

PROGRAM OUTCOMES:

This proposal provides for the downsizing to closure of the FRC consistent with the agreement between the Department of Corrections, DHS, the impacted collective bargaining units, and the Faribault Community Task Force. This agreement provides for the ultimate transfer of the FRC campus to the Department of Corrections, but no sooner than 7-1-98, unless otherwise negotiated with the Community Task Force and the exclusive representatives of the employees.

The RTC expenditure figures are affected by the cost of employee separations per the collective bargaining unit agreements.

LONG-TERM IMPACT:

Funding the proposal will allow the implementation of the negotiated agreement and result in the closure of the FRC.

F.Y. 1996 - 97 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Community Mental Health and State Operated Services
BUDGET ACTIVITY: Residential Treatment Center Facilities
MANAGEMENT ACTIVITY: Regional Treatment Centers Systemwide
ITEM TITLE: Residential Treatment Center Developmental Disabilities
Downsizing

anticipates the historical reduction trend experienced in recent years in the Brainerd, Cambridge, Faribault, Fergus Falls, St.Peter, and Willmar RTCs DD Programs.

Corresponding to the RTC population reduction is a reduced staffing need for direct care and general support positions. For F.Y. 1996, 171 full time equivalent positions (FTEs) can be reduced; an additional 150 FTEs can be reduced in F.Y. 1997.

The RTC expenditure figures are affected by the cost of employee separations per the collective bargaining agreements.

LONG-TERM IMPACT:

This proposal will accomplish the necessary program reductions in anticipation of continuing RTC DD program downsizing into the 1998-1999 biennium.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
RTC Systemwide	(\$15,626)	(\$21,291)	(\$26,153)	(\$26,411)
MA Grants	(7,616)	(10,433)	(12,760)	(12,869)
Net Total	(\$23,242)	(\$31,724)	(\$38,913)	(\$39,280)
 Revenues: (\$000s):				
General Fund	(\$17,968)	(\$24,615)	(\$30,105)	(\$30,362)

Requires Statutory Change? Yes No
If yes, statute affected: _____

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$23,242,000 in F.Y. 1996 and \$31,724,000 in F.Y. 1997. This decrease results from the ongoing downsizing in programs for persons with developmental disabilities (DD) operated by the regional treatment centers (RTCs).

RATIONALE:

This budget reduction can be accomplished without any reduction in services to clients of the RTCs. Since 1960, when the number of persons with DD cared for in state hospitals was in excess of 6,000 people, the population has steadily declined to an average daily population of 688 for 7-94. This downward trend is anticipated to continue through the 1996-1997 biennium resulting in an anticipated population of approximately 265 residents by 7-97.

PROGRAM OUTCOMES:

With the transition of the Moose Lake RTC DD Program to state-operated community services in F.Y. 1994, only 6 RTCs continue to operate on-campus DD Programs. This proposal

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Anoka Metro Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Anoka-Metro Regional Treatment Center (AMRTC) provides primarily inpatient care and related treatment, and rehabilitation services for mentally ill (MI) citizens of Anoka, Dakota, Hennepin, Ramsey, Sherburne, and Washington counties and inpatient and detoxification services for any chemically dependent (CD) person in Minnesota through a Host County contract with Anoka County Social Services.

AMRTC provides active treatment consistent with industry standards and state and federal regulations for persons with mental illness or chemical dependency in a therapeutic environment. This is accomplished by assisting individuals to make documented progress toward personal habilitative or rehabilitative goals that are necessary for their successful reintegration into normal community life.

Mental Health

The Mental Health Treatment Program includes 7 units designed to provide active psychiatric treatment through inter-disciplinary treatment teams. At present 98% of the clients are admitted to the program under court orders, primarily civil commitments. Almost all of the clients are admitted directly from community hospital mental health units where they have received acute care prior to court commitment.

All AMRTC hospital units take direct admissions to increase continuity of care and provide maximum use of available bed space. Individualized Treatment Plans are developed with each client based on their unique abilities and needs. A Centralized Service Program (CSP) provides a wide range of therapeutic opportunities to clients off of their treatment unit. The CSP is designed to permit clients to experience treatment in a manner that more closely resembles the delivery of treatment in the community.

AMRTC provides a number of specialized mental health treatment services to meet the unique needs of persons with dual diagnosis, persons who pose serious danger to others or themselves and persons who exhibit antisocial behavior. Outpatient services are also provided when deemed appropriate by the treatment team and county case manager that such services would assist in client transition and successful re-integration into the community.

In an effort to better meet the needs of the metropolitan area, AMRTC has established contractual relationships with 3 community psychiatric hospital programs to treat those persons whose treatment can be completed in under 45 days. This service provides greater continuity of care for patients and also provides the community and AMRTC the opportunity to pilot new relationships and partnerships in delivering treatment to persons with mental illness.

Chemical Dependency

The CD treatment programs provide a structured therapeutic environment for persons with CD, primarily alcoholism. Services consist of diagnostic and overall needs assessment; supportive health care services; group, individual and family counseling; education; aftercare planning; referrals and follow-up.

AMRTC is certified to provide CD treatment to clients who are on Methadone maintenance.

In 2-93, the CD unit established a 12 bed, sub-acute detoxification unit. The program serves the Anoka County area under a contractual agreement. Detox patients also receive education on CD, chemical assessments and information on AA meetings. Referrals are also made for housing assistance, Rule 25 assessment for CD treatment, mental health and medical services, and civil commitments.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: ANOKA METRO RTC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	20,555	20,947	21,509	21,509	21,509	21,509	21,509	21,509	21,509
EXPENSES/CONTRACTUAL SRVCS	580	500	750	664	664	664	664	664	664
MISC OPERATING EXPENSES	889	760	919	919	919	919	919	919	919
SUPPLIES/MATERIALS/PARTS	2,096	1,991	1,797	1,776	1,776	1,776	1,776	1,776	1,776
CAPITAL EQUIPMENT	35	43	229	269	269	269	189	189	189
OTHER	99	91	585	585	585	585	585	585	585
SUBTOTAL STATE OPERATIONS	24,254	24,332	25,789	25,722	25,722	25,722	25,642	25,642	25,642
AIDS TO INDIVIDUALS	31	28							
TOTAL EXPENDITURES	24,285	24,360	25,789	25,722	25,722	25,722	25,642	25,642	25,642
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	21,624	21,784	23,205	23,138	23,138	23,138	23,058	23,058	23,058
STATUTORY APPROPRIATIONS:									
GENERAL	380	332	488	488	488	488	488	488	488
SPECIAL REVENUE	8	12							
AGENCY	516	464	500	500	500	500	500	500	500
GIFTS AND DEPOSITS			2	2	2	2	2	2	2
ENTERPRISE	1,757	1,768	1,594	1,594	1,594	1,594	1,594	1,594	1,594
TOTAL FINANCING	24,285	24,360	25,789	25,722	25,722	25,722	25,642	25,642	25,642
FTE BY EMPLOYMENT TYPE:									
REGULAR	448.4	451.6	464.9		464.9			464.9	
TEMP/SEAS/PART_TIME	15.2	17.5	17.5		17.5			17.5	
OVERTIME	10.7	11.9	11.9		11.9			11.9	
TOTAL FTE	474.3	481.0	494.3		494.3	494.3		494.3	494.3

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Brainerd Regional Human Services Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Brainerd Regional Human Services Center (BRHSC) provides inpatient services to the mentally ill (MI), chemically dependent (CD), developmentally disabled (DD) and geriatric clients (NF) of the 12 counties of north central Minnesota. The Center works with county social services and area mental health centers in developing programs to meet the needs of the consumer public. BRHSC offers special programs for MI adolescents, a CD program for adult Native Americans based on cultural beliefs, and a program for individuals diagnosed as both MI and DD.

BRHSC staff provide active treatment toward maximizing individual self-dependence, growth, and development. Whenever possible the goal is to return clients to the community with the ability to cope with their disabilities and to successfully function in society.

Mental Health

The Timberland Mental Health Programs include 3 units designed to provide active psychiatric treatment through a multi-disciplinary team approach. The program's service area for adult clients consists of a 12-county catchment area in north central Minnesota. The adolescent program serves the entire state. The programs have a total of 124 licensed and 105 utilized beds. The occupancy rate averages 93% for the adult program.

All new adult clients are initially assigned to a locked admissions unit for a period of observation, assessment, and stabilization. Although some clients may only require a brief stay prior to discharge from the facility, others may be transferred to the Rehabilitation Unit for a longer length of stay. In F.Y. 92, 347 clients were admitted, 193 on a 72-hour emergency hold order. Clients with severe and persistent mental illness receive behavioral and vocational treatment. Clients admitted to the Rehabilitation Unit have frequently experienced multiple attempts to live in the community and lack the capacity to function without daily supervision.

The Adolescent Unit serves a population who are 5 to 17 years of age and reside in the State of Minnesota, are emotionally disturbed and are in need of inpatient psychiatric treatment. Those admitted to this unit have typically been involved in lengthy mental health treatment prior to admission. The average length of stay is 94 days.

Developmental Disabilities

The BRHSC Developmental Disabilities Service currently provides residential and medical services and habilitation training to 101 persons. The area of service consists of an 18-county area in north central Minnesota. This includes 4 counties previously in the Moose Lake Regional Treatment Center catchment area. The majority of admissions are for temporary crisis care up to 90 days in length.

Lakes Area Residential Communities (LARC), the on-campus residential portion of services, is located in 3 residential buildings, consisting of 8 living areas, and licensed for 16 clients each. The number of persons with mental retardation LARC served has declined over the years as community development continues. During this time, the percentage of individuals suffering from serious chronic medical conditions or behavior problems has increased. The gradual change in the LARC population has resulted in a rough division between clients who present challenging behavior and clients who are medically involved. Residential areas of LARC are dedicated to dually diagnosed persons: mentally retarded and mentally ill; elderly retarded; medically involved or fragile; as well as several living areas that serve clients who suffer from a mix of these disabilities.

The number of individuals with mild mental retardation who also experience psychiatric disabilities has remained steady for the past several years despite efforts to intensify community services. This group accounts for 90% of the current admissions, and receives specialized care in the areas of psychotropic medication, behavioral programming and counseling, work training, and sexuality training. The Northwoods Dual Diagnosis Program served 43 persons during the past 12 months, representing 24% of all clients served during that period. During the last year, the average length of stay for discharged clients for this program was 2.84 years compared with 17.21 years for the remainder of the LARC Program.

Nursing Facility

In response to a growing need for services to meet the needs of the rapidly expanding elderly population, a nursing facility, Woodhaven Senior Community, was opened on BRHSC's campus 8-18-89.

Woodhaven Senior Community (WSC) is a 28-bed nursing home licensed by the Minnesota Department of Health, certified as a Medicare and Medicaid provider and accredited by the Joint Commission on Accreditation of Healthcare Organizations. Admission criteria provide for admission of elderly persons who are medically fragile and exhibit severe or challenging behaviors or require treatment for an underlying mental illness.

All applicants for admission must be screened prior to admission by the county in which they are living. This screening includes special procedures for persons with mental illness or those who are developmentally disabled and applying for nursing home admission.

Woodhaven Senior Community is a health care resource for elderly persons with disruptive behaviors which, in combination with health care needs, make them undesirable candidates for admission to private nursing homes. Ages range from 64 to 94 with an average age of 76.8 years.

Woodhaven Senior Community provides 24 hour licensed nursing care and rehabilitation services in a supportive environment. Specialized professional services are provided by BRHSC specialists.

Chemical Dependency

All chemical dependency services are housed in the Peterson Building. Two chemically dependent treatment units operate specialized treatment programs which are designed to meet the treatment needs of their clients. The Aurora Unit provides 28-day residential primary treatment, 96-hour outpatient primary treatment, 60-day extended care residential treatment, and 48-hour outpatient extended care treatment. In addition the Aurora Unit provides chemical abuse/chemical dependency services to Crow Wing County Jail inmates. The Four Winds Lodge Unit provides specialty

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Brainerd Regional Human Services Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

(Continuation)

primary residential and extended care residential treatment to meet the unique cultural needs of Native Americans. This program has been recognized for outstanding contributions made to Minnesota's Native Americans. BRHSC also operates an outpatient program located on the Ojibwa Indian Reservation.

Approximately 93% of the clients admitted to the programs are placed as public pay clients. Over 50% of the clients have been incarcerated during the last 6 months preceding admission to treatment. Nearly all north central counties utilize the programs to provide affordable and accessible services for the "most difficult to place" segments of the population. The treatment programs and staff members reflect the experience in serving a population where only 25% of clients are living with a spouse/partner and children, 60% of clients are unemployed, and 65% of the clients have less than a high school education. Many clients, particularly those in the residential extended care treatment programs, are individuals in the advanced stages of chemical dependency. These individuals are likely to have secondary deterioration conditions in most areas of their lives. Most of the clients have exhausted community hospitals and are also medically indigent.

Traumatic Brain Injury

Laws of 1993, First Special Session authorizes the commissioner to develop 15 beds at BRHSC for persons with traumatic brain injury, including patients relocated from the Moose Lake Regional Treatment Center. This unit is tentatively scheduled to open 1-2-95.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to Regional Treatment Center (RTC) Systemwide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the RTCs. RTC revenues are collected by the Reimbursement Division activity and are dedicated to the Medical Assistance account by statute. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: BRAINERD RHSC

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	23,994	23,894	28,014	28,014	28,014	28,014	28,014	28,014	28,014
EXPENSES/CONTRACTUAL SRVCS	830	1,047	881	783	783	783	783	783	783
MISC OPERATING EXPENSES	849	892	961	961	961	961	961	961	961
SUPPLIES/MATERIALS/PARTS	2,067	1,914	2,330	2,309	2,309	2,309	2,309	2,309	2,309
CAPITAL EQUIPMENT	347	222	123	186	186	186	103	103	103
OTHER	90	109	511	511	511	511	511	511	511
SUBTOTAL STATE OPERATIONS	28,177	28,078	32,820	32,764	32,764	32,764	32,681	32,681	32,681
AIDS TO INDIVIDUALS	23	14	4	4	4	4	4	4	4
TOTAL EXPENDITURES	28,200	28,092	32,824	32,768	32,768	32,768	32,685	32,685	32,685
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	25,507	24,603	27,938	27,882	27,882	27,882	27,799	27,799	27,799
STATUTORY APPROPRIATIONS:									
GENERAL	469	1,217	2,484	2,484	2,484	2,484	2,484	2,484	2,484
SPECIAL REVENUE	245	121	129	129	129	129	129	129	129
FEDERAL	48	51	43	43	43	43	43	43	43
AGENCY	503	550	550	550	550	550	550	550	550
ENTERPRISE	1,428	1,550	1,680	1,680	1,680	1,680	1,680	1,680	1,680
TOTAL FINANCING	28,200	28,092	32,824	32,768	32,768	32,768	32,685	32,685	32,685
FTE BY EMPLOYMENT TYPE:									
REGULAR	564.9	554.4	559.1		604.1			604.1	
TEMP/SEAS/PART_TIME	4.5	4.4	4.4		4.4			4.4	
OVERTIME	9.7	9.9	9.9		9.9			9.9	
TOTAL FTE	579.1	568.7	573.4		618.4	618.4		618.4	618.4

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Cambridge Regional Human Services Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Cambridge Regional Human Services Center (CRHSC) provides residential, habilitative, therapeutic and health care services for developmentally disabled citizens of East Central Minnesota. CRHSC operates specialized residential and day training programs on and off campus for severely and profoundly mentally retarded persons who have additional functional problems such as physical disabilities or significant health problems, and for mildly to moderately retarded persons who have challenging behaviors or exhibit significant signs of mental illness. A significant number of admissions to CRHSC are committed through the judicial process. CRHSC operates 3 State-Operated Community Services (SOCS) Waivered Services homes and two ICF/MR SOCS homes for clients who have been discharged from the regional human services center. Plans are currently underway to open additional waiver homes in the metropolitan area. A Community Support Services team from CRHSC assists community facilities to serve difficult clients and prevent admission from a community facility to a regional center. CRHSC has also developed a short-term crisis admissions unit to provide a more appropriate alternative to community acute psychiatric units for persons with developmental disabilities.

In carrying out this activity, CRHSC focuses on locally established needs within the service area. Services are delivered in a manner which ensures the least restrictive environment, minimizes the likelihood of physical harm to self or others, and reinforces resident self-sufficiency goals by maximizing individual resident potential for return to a more normal community environment.

State-Operated Community Services

CRHSC has operated and managed 3 Title XIX waived services homes since 1986. Each home provides services for 4 adults. The home located in Isanti County was designed to serve individuals with physical handicaps. The 2 homes in Ramsey County provide services to individuals who exhibit challenging behaviors. Nursing services have been provided on a consultative basis from CRHSC. Each home has been successful in obtaining a wide range of generic support services for its clients.

The 1989 Legislature authorized CRHSC to develop additional SOCS homes. These homes were designated to be ICF/MRs (intermediate care facility for mentally retarded clients) serving 6 clients each. Staff from the regional center worked closely with various county social services staff in the planning and development of these homes. A SOCS for Pine County was constructed in Pine City, Minnesota, and began operation in 7-91. The Anoka County SOCS, located in Blaine, Minnesota, opened in 9-92. Both homes are in compliance with Department of Human Services (DHS) Rule 34 and federal ICF/MR standards.

Community Health Clinic Pilot Project

The 1989 Legislature authorized DHS to expand the number and type of SOCS it provides within a region. In order to identify alternative approaches for supporting community placement within a decentralized system and to test the delivery of services, the department initiated a Community Health Clinic Pilot Project at CRHSC. The clinic was designed to provide direct services such as primary and specialized physician, dental, diagnostic, rehabilitative and psychological services to support clients with developmental disabilities in SOCS, or other public or private programs, who may otherwise not have access to such services. The clinic supports the use of existing health services wherever available and appropriate, and provides training to community health and clinical service providers to improve existing community services. The clinic also provides a means of intervening at early stages to maintain and support community placements, and minimize the need for clients to be returned to a regional treatment center (RTC).

Community Support Services Project

In 3-90 CRHSC began the operation of a pilot program initially called the Pre-Admission Evaluation Project. In 1992 the project was re-named the Community Support Services Project. This program was designed to evaluate persons at risk of admission to an RTC developmental disability program. When indicated, the project team members also provide crisis intervention for clients in order to retain their community placements and avoid admission or return to an RTC. The team is comprised of a licensed psychologist and 4 behavior analysts. The services consist chiefly of consultation to a client's interdisciplinary team, which includes diagnosis, evaluation, and the development and implementation of individualized program plans.

Short-Term Admission Services

In 2-92 CRHSC began offering a service for individuals in need of short-term crisis services. These services are available to persons who have a primary diagnosis of mental retardation or related condition, who are currently residing in the community, and whose behavior puts them at risk of commitment to an RTC or admission to community psychiatric inpatient treatment, as determined by their county social services agency. Short-term admission services are coordinated by staff from the Community Support Services Project.

The basic services provided in the 6-bed assessment unit include multi-disciplinary assessments, development of comprehensive intervention plans, and transition services. Transition services consist of on-site consultation, program development, staff training, follow-up services and referral to appropriate community agencies.

The targeted length of stay on the short-term admission unit is less than 42 days.

Day Program Services

The vocationally-based day program at CRHSC offers evaluation, program development and employment options to clients. The principal goal of the day program is to assist each client to achieve the highest level of personal, economic and social independence possible through quality training and habilitation services.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Cambridge Regional Human Services Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

(Continuation)

One component of CRHSC's day program is the Rum River Ornamental Products and Services business, located in the industrial park area in Isanti, Minnesota. This vocational operation provides prime product manufacturing and community-supported employment using entrepreneurial, mobile crew and single placement models. Rum River Ornamental Products and Services is licensed to serve 40 clients. Client wages are paid through the sale of products and services. The average biweekly payroll is \$1,300.

In 6-89 the Rum River program received a separate license under DHS Rule 38. It has also been incorporated as a non-profit business and is operated by a board of directors. Board members consist of professionals and business persons from the surrounding community.

The Four Star Products vocational program was developed at CRHSC to employ clients who are physically and developmentally disabled. Some clients require staff assistance to perform tasks, while others are able to perform using special adaptive jigs or other equipment. Clients in this program make hand-crafted items, complete packaging projects and perform some office services, such as stapling and shredding paper. Funds raised facilitate the purchase of additional program supplies and equipment and expanded employment for the clients.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the RTCs. RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: CAMBRIDGE RHSC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	20,346	18,444	18,029	18,029	18,029	18,029	18,029	18,029	18,029
EXPENSES/CONTRACTUAL SRVCS	544	404	528	508	508	508	508	508	508
MISC OPERATING EXPENSES	635	663	703	703	703	703	703	703	703
SUPPLIES/MATERIALS/PARTS	1,234	1,227	1,503	1,485	1,485	1,485	1,485	1,485	1,485
CAPITAL EQUIPMENT	18	24	113	115	115	115	60	60	60
SUBTOTAL STATE OPERATIONS	22,777	20,762	20,876	20,840	20,840	20,840	20,785	20,785	20,785
AIDS TO INDIVIDUALS	14	7							
TOTAL EXPENDITURES	22,791	20,769	20,876	20,840	20,840	20,840	20,785	20,785	20,785
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	21,522	19,402	17,194	17,186	17,186	17,186	17,131	17,131	17,131
STATUTORY APPROPRIATIONS:									
GENERAL	968	1,071	3,320	3,292	3,292	3,292	3,292	3,292	3,292
SPECIAL REVENUE	15	21	36	36	36	36	36	36	36
AGENCY	272	258	298	298	298	298	298	298	298
GIFTS AND DEPOSITS	14	17	28	28	28	28	28	28	28
TOTAL FINANCING	22,791	20,769	20,876	20,840	20,840	20,840	20,785	20,785	20,785
FTE BY EMPLOYMENT TYPE:									
REGULAR	482.1	445.1	389.7		324.1			324.1	
TEMP/SEAS/PART_TIME	3.9	2.9	2.9		2.9			2.9	
OVERTIME	10.4	9.1	9.1		9.1			9.1	
TOTAL FTE	496.4	457.1	401.7		336.1	336.1		336.1	336.1

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Faribault Regional Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The Faribault Regional Center (FRC) provides residential and day habilitation training for developmentally disabled (DD) persons from a 13-county area of southeastern Minnesota which includes Hennepin, Dakota, and Olmsted counties. Services are provided to meet identified needs of individual clients and include behavior control, treatment of physically handicapping conditions, activities of daily independent living, supportive employment, vocational training, recreation, socialization, communication and health services all within a basic framework of community integration and natural environment.

In carrying out this activity, FRC focuses on established needs of persons within the service area through program directions established by the Department of Human Services (DHS), and the development of client self-sufficiency skills. Services are delivered in a manner which maximizes individual potential for return to a less restrictive environment, reinforces client self-sufficiency goals and minimizes the likelihood of physical harm to self or others within a less restrictive environment.

Residential Programs

Fifty-nine percent of FRC's clients are profoundly retarded, 31% severely retarded, and 10% are moderately or mildly retarded. Fifty percent of FRC clients are also physically handicapped. FRC is licensed by the Minnesota Departments of Health and Human Services for 341 beds as an ICF/MR (intermediate care facility for the mentally retarded). FRC is also certified by the U.S. Department of Health and Human Services and by the Commission on Accreditation of Rehabilitation Facilities.

Community-Based Programs

FRC is significantly enhancing its regional service component to assist clients living in natural homes and a variety of community provider facilities. The development of these community-based, training and habilitation services has become increasingly important in meeting the needs of persons with developmental disabilities.

In meeting the community needs of clients, FRC operates: waiver service homes; community ICF/MR homes; community day habilitation and training programs; community supported employment programs; vocational opportunities for more than 200 of the 260 persons residing at the facility; community crisis support; behavioral programming expertise; assistive technology programs; integration programs; and a community health clinic.

FRC has established 3 licensed off-campus day program sites in the City of Faribault which serve 80 clients. Currently clients are involved in light manufacturing, hog farming, motel cleaning, automated car washing, city park maintenance, auto repair and various services involving local businesses and individuals.

FRC is currently operating 9 ICF/MR, 6-bed homes in the cities of Lakeville (x2), Farmington, Austin, Kasson, Faribault, Bloomington and Eden Prairie (x2). These homes are in addition to the 4 waiver services group homes FRC operates in Rochester, Dodge Center, Farmington and Faribault. FRC is scheduled to open a total of 16 additional waiver homes in the counties of Dakota, Hennepin and Rice in F.Y. 1995.

FRC is committed to transitioning itself from a localized program dependent on "bricks and mortar" to a valued supplier of services within the community it serves.

Day Programs

In the day habilitation program, clients are assisted in developing skills associated with self-care, domestic living, social interaction, vocational skills and other skills necessary for community integrated living. The day program has a strong vocational training emphasis and currently provides work opportunities for clients regardless of the client's functional level and/or degree of handicapping condition. Those services include work activity on campus and in three workshops located in the Faribault community providing supported work sites located in businesses. Clients participate in the day programs each weekday, and some supported employment assignments include weekend and evening work.

Special programs and services for persons with hearing or visual impairments are provided through a cooperative effort with the State Academies for the Deaf and Blind which are also located in Faribault. Five FRC clients participate in the Faribault School District's Trainable Mentally Handicapped (CARL) program.

Community Health Clinic

The 1989 Legislature authorized DHS to expand the number and types of state-operated community services it provides within a region. In order to identify alternative approaches for supporting community placement within a decentralized system and to test the delivery of services, the department initiated a Community Health Clinic Pilot Project at FRC. The Clinic was designed to provide direct services such as primary and specialized physician, dental, diagnostic, rehabilitative and psychological services to support clients with developmental disabilities in SOCS, or other public or private programs, who may otherwise not have access to such services. The Clinic supports the use of existing health services whenever available and appropriate, and provides training to community health and clinical service providers to improve existing community services. The Clinic also provides a means of intervening at early stages to maintain and support community placements, and minimize the need for clients to be returned to a regional treatment center (RTC).

BUDGET ISSUES:

An extension of the current level funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the RTC. RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: FARIBAULT RC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	31,013	28,375	23,585	23,585	23,585	23,585	23,585	23,585	23,585
EXPENSES/CONTRACTUAL SRVCS	803	815	1,523	1,447	1,447	1,447	1,447	1,447	1,447
MISC OPERATING EXPENSES	760	752	1,082	1,082	1,082	1,082	1,082	1,082	1,082
SUPPLIES/MATERIALS/PARTS	2,473	2,162	1,958	1,943	1,943	1,943	1,943	1,943	1,943
CAPITAL EQUIPMENT	186	137	558	449	449	449	362	362	362
SUBTOTAL STATE OPERATIONS	35,235	32,241	28,706	28,506	28,506	28,506	28,419	28,419	28,419
AIDS TO INDIVIDUALS	24	15	1	1	1	1	1	1	1
TOTAL EXPENDITURES	35,259	32,256	28,707	28,507	28,507	28,507	28,420	28,420	28,420
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	32,478	29,543	21,559	21,359	21,359	21,359	21,272	21,272	21,272
STATUTORY APPROPRIATIONS:									
GENERAL	2,089	2,179	6,502	6,502	6,502	6,502	6,502	6,502	6,502
SPECIAL REVENUE	221	173	257	257	257	257	257	257	257
FEDERAL	1								
AGENCY	451	360	378	378	378	378	378	378	378
GIFTS AND DEPOSITS	19	1	11	11	11	11	11	11	11
TOTAL FINANCING	35,259	32,256	28,707	28,507	28,507	28,507	28,420	28,420	28,420
FTE BY EMPLOYMENT TYPE:									
REGULAR	776.5	693.0	625.6		402.0			402.0	
TEMP/SEAS/PART_TIME	11.5	11.8	11.4		11.4			11.4	
OVERTIME	12.1	8.3	8.3		8.3			8.3	
TOTAL FTE	800.1	713.1	645.3		421.7	421.7		421.7	421.7

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Fergus Falls Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION: The Fergus Falls Regional Treatment Center (FFRTC) provides inpatient and outpatient care, treatment, rehabilitation, and habilitation services to mentally ill (MI), chemically dependent (CD), and developmentally disabled (DD) clients. The majority of residents are from 17 northwest counties of Minnesota, although client referrals are from throughout the state. The objective is to complement program alternatives in the service area by assisting individuals in the least restrictive setting and the shortest length of stay possible, to make documented progress toward personal habilitative and rehabilitative goals which are necessary for their successful reintegration into normal community life.

FFRTC provides a range of acute and extended care inpatient services and outpatient CD services. Other treatment opportunities are developed by contractual and shared service agreements with community human services agencies. Such agreements are designed to extend the services of state staff into the community to enhance community programs, are needed to expand opportunity for client treatment choice, and improve the availability and cost effectiveness of services for residents of northwestern Minnesota.

Mental Health. The Mental Health Division (MHD) of FFRTC assists people to cope with stress in their lives and to find mental health through a program of individualized professional psychiatric treatment services. MHD serves clients who are 18 years of age or older and operates 5 treatment programs designed to meet the needs of a diverse clientele.

The Admission and Crisis Center serve as the admissions unit for the division and also provide crisis intervention treatment services for clients experiencing an acute psychiatric episode. The Gateway and Hursh Units serve clients whose mental illness is serious and persistent. Often treatment of these clients is complicated by problems associated with chemical dependency or chemical abuse.

Many clients are unable to cope with severe stress and they often exhibit significant behavior management problems. The Sporre Unit provides active psychiatric treatment services to a psychogeriatric population. These services are designed to meet the treatment needs of clients who have behavioral problems which are complicated by medical problems and physical disabilities associated with the aging process. The Youngdahl Unit serves seriously and persistently mentally ill adults with significant cognitive impairments and behavioral problems which frequently make community placement more difficult.

The MHD emphasizes a holistic treatment approach which fosters development in all areas of the clients' life: physical, psychological, social, spiritual and emotional. Work with the families of clients is an essential element of the treatment process. The treatment techniques utilized by the division include individual psychotherapy, crisis intervention, a wide range of group therapy learning opportunities, family therapy and medication therapy.

Developmental Disabilities. The State Regional Residential Center (SRRC) of FFRTC provides high quality habilitative services to persons with developmental disabilities. Services are based upon individualized assessments directed by an interdisciplinary team. Residential services include training in self-care skills, socialization and leisure/recreation. The Vocational Services Program provides for a variety of vocational training experiences. These experiences combine light assembly work, janitorial, grounds keeping and supported opportunities. Both programs provide employment

opportunities for participation in community integration activities. Behavioral consultation/training is provided to aid community-based providers in maintaining individuals in their programs.

Specialty services that are available to clients include medical services, nursing services, speech and hearing services, physical therapy, occupational therapy, psychological services, social work, dietary services and chaplaincy services.

Chemical Dependency. The Drug Dependency Rehabilitation Center (DDRC) assists people to develop a healthy life style free from chemical dependency through a program of individualized professional treatment, counseling and rehabilitation services. DDRC serves both adolescent and adults in its outpatient, primary and extended care programs. These services are flexible and can be modified to meet the changing needs of clients and growing market demands. Chemical dependency treatment services are provided to DDRC clients by applying the principles of Alcoholics Anonymous to a comprehensive program of physical, mental, social and spiritual rehabilitation.

DDRC operates 5 chemical dependency treatment programs. The Primary Program is a short-term program for adult and adolescent males and females. The Extended Care Program treats adult males and females who have prior treatment experience and who may have secondary mental illness problems. An additional extended care program is the Halt Program, a locked unit for individuals with a history of elopement from treatment. The New Life Outpatient Program consists of 4 weeks of treatment followed by 12 weeks of aftercare services. The Family Program is a 2 1/2-day, live-in program to educate family members and significant others about chemical dependency and its impact on the individual and the family.

DDRC is also involved in a cooperative arrangement with Clay County Social Services in the joint operation of an outpatient chemical dependency treatment program at Moorhead, Minnesota. DDRC also provides counseling programs to area schools in Pelican Rapids and Barnesville, Minnesota.

Accredited Academic Programs. FFRTC's Chaplaincy Department offers a Clinical Pastoral Education Program (CPE) in conjunction with the Association for CPE. The Student Live-In Program, in conjunction with the Fergus Falls Community College, provides dormitory space and meals for college students. In return, the students spend 20 hours per week working in supervised assignments throughout the hospital and earn college credits in sociology. FFRTC also offers various professional student internships in conjunction with area colleges and universities.

BUDGET ISSUES: An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE: This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: FERGUS FALLS RTC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	20,113	19,889	20,459	20,459	20,459	20,459	20,459	20,459	20,459
EXPENSES/CONTRACTUAL SRVCS	362	458	673	612	612	612	612	612	612
MISC OPERATING EXPENSES	1,185	1,314	714	714	714	714	714	714	714
SUPPLIES/MATERIALS/PARTS	1,337	1,341	1,852	1,836	1,836	1,836	1,836	1,836	1,836
CAPITAL EQUIPMENT	97	143	141	170	170	170	104	104	104
OTHER	110	123	1,058	1,058	1,058	1,058	1,058	1,058	1,058
SUBTOTAL STATE OPERATIONS	23,204	23,268	24,897	24,849	24,849	24,849	24,783	24,783	24,783
AIDS TO INDIVIDUALS	22	10	3	3	3	3	3	3	3
TOTAL EXPENDITURES	23,226	23,278	24,900	24,852	24,852	24,852	24,786	24,786	24,786

SOURCES OF FINANCING:

DIRECT APPROPRIATIONS:									
GENERAL	19,739	19,091	20,150	20,102	20,102	20,102	20,036	20,036	20,036
STATUTORY APPROPRIATIONS:									
GENERAL	735	918	1,125	1,125	1,125	1,125	1,125	1,125	1,125
SPECIAL REVENUE	37	42	44	44	44	44	44	44	44
AGENCY	388	497	463	463	463	463	463	463	463
ENTERPRISE	2,327	2,730	3,118	3,118	3,118	3,118	3,118	3,118	3,118
TOTAL FINANCING	23,226	23,278	24,900	24,852	24,852	24,852	24,786	24,786	24,786

FTE BY EMPLOYMENT TYPE:

REGULAR	462.5	454.1	445.7		424.2			424.2	
TEMP/SEAS/PART_TIME	3.4	3.2	3.2		3.2			3.2	
OVERTIME	7.9	8.9	8.9		8.9			8.9	
TOTAL FTE	473.8	466.2	457.8		436.3	436.3		436.3	436.3

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Moose Lake Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION: Moose Lake Regional Treatment Center (MLRTC) serves mentally ill (MI), chemically dependent (CD) and developmentally disabled (DD) individuals in Northeastern Minnesota. In each of the listed disabilities, programs have been developed in response to the type of individuals coming to the center. All of the individuals admitted for treatment have acute or chronic disabilities exacerbated by 1 or more additional problems. The MI program includes a large number of older adults for whom short-term intensive treatment is not clinically indicated and therefore the median length of stay is skewed. Alternate treatments have been ineffective or unavailable. MLRTC provides a full range of community support services including technical assistance, crisis intervention, state-operated residential and day program services, supported employment, consultation and training.

MLRTC is scheduled to close effective 7-95. The transition includes the following:

1. Conversion of existing campus to a 600-bed medium security prison to be operated by the Department of Corrections.
2. Construction of a new hospital and development of programs for 100 patients committed as psychopathic personality.
3. Relocation of the men's Extended Care Chemical Dependency (CD) Program and the women's specialized CD program.
4. Placement of all developmentally disabled residents to community based programs, both state operated and privately operated.
5. Development of community alternative for the serious and persistently mentally ill including state-operated services.

Mental Health - Mental health community alternatives include an enhancement of community based programs and services such as case management, community support programs (CSP), mental health center programs, acute psychiatric hospital programs and residential programs (Rule 36). Legislation provided for an increased capacity at the Brainerd Regional Human Services Center for 60 psychiatric beds and a 15 bed specialized program for persons with traumatic brain injuries.

Other state-operated services being develop include a 15-bed acute care psychiatric unit and a combination of residential and mobile crisis teams. The program focus of the hospital unit will be for persons who are treatment resistant and require hospitalization for longer than 45 to 60 days. The other residential program will provide services to persons 1) who do not require hospitalization but need evaluation and/or stabilization; or 2) to shorten the length of hospital stay by providing a structured transition program until the person is ready to return to independent living. The crisis team will work in collaboration with other providers and law enforcement to assist the person during crisis and, if appropriate, maintain that person in their present living environment (whether it is independent, residential, skilled nursing facility or other). This crisis team will also work directly with persons who have a history of chronic recidivism and are frequently returned to the hospital. The latter group should be differentiated from the serious and persistently mentally ill persons who are doing well with services from CSP and other resources.

Developmental Disabilities - The MLRTC DD Program role as a provider of residential and day training and habilitation (DT&H) services in a regional treatment center setting has changed to

providing these services in state-operated community-based settings. Currently, services for persons with developmental disabilities in Northeastern Minnesota provided by MLRTC occur across 15 work-sites located in Moose Lake (1 ICF/MR; 1 DT&H), Virginia (1 ICF/MR; 1 DT&H), Cloquet (1 Adult Foster Home), Esko (1 Adult Foster Home) and Duluth (1 ICF/MR; 2 DT&Hs; 4 Adult Foster Homes and 2 Adult Foster Crisis Homes).

In the 9 group homes identified above, a wide array of services are provided. Persons with developmental disabilities in these group homes are functionally integrated into daily living situations aimed at enhancing their independence and increasing their quality of life. Specifically, these individuals participate in purchasing groceries, making their own meals, maintenance of the home and community integration.

The DD Program also provides crisis services to persons with developmental disabilities within 2 4-bed Adult Foster Homes. The role of these 2 work sites is to provide both residential and outreach technical assistance to community-based persons with developmental disabilities in an effort to help keep people from being institutionalized.

The 4 state-operated DT&Hs operated by the MLRTC DD Program currently serve 57 individuals from both state-operated residential and private provider sites. A major component of the DT&Hs involves supported employment situated at work sites in the community involving lawn mowing, janitorial, can collection and service work. Work projects are also contracted for in house work and include packaging, assembly, painting, paper shredding, stocking caps and clerical.

Chemical Dependency - The CD Program is designed to serve specialized clients not readily served in the private sector. The program offers 2 types of extended care for men: the Stabilization Model designed for the "fragile" CD clients who have long-term withdrawal issues, cognitive deficits, and/or need monitoring/evaluation to stabilize appropriate medication for mental disorders; and the Relapse Model designed to help the male client who has not maintained sobriety after primary treatment. This program has been relocated onto the campus of the Cambridge Regional Human Services Center to facilitate the closure of MLRTC.

The Liberalis Program is designed for CD women who are vulnerable due to gender specific issues. All professional and direct-care staff are women which is an important factor in creating a safer, more trusting treatment climate. The programming focuses on recovery needs and self-learning behavioral changes with emphasis on self-strengths and independence. The educational component gives information on a variety of concerns a woman may encounter within her recovery including the development of healthy relationships, setting boundaries, assertiveness skills, eating disorders, grief and sexuality issues. An aftercare component helps clients increase independence by learning how to mobilize personal and community resources. Liberalis offers primary and extended-care programming with varying lengths of stay. This program has been re-located onto the premises of the Cloquet Memorial Community Hospital in Cloquet, Minnesota to facilitate the closure of MLRTC.

BUDGET ISSUES: An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals. This continuation will provide the transitional and operational funding to operate that portion of the Minnesota Psychopathic Center offered on the Moose Lake campus. Please see the Minnesota Psychopathic Center management activity for a further program description.

REVENUE: This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the RTCs. RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: MOOSE LAKE RTC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	18,446	17,388	14,551	14,551	14,551	14,551	14,551	14,551	14,551
EXPENSES/CONTRACTUAL SRVCS	740	1,053	1,535	1,482	1,482	1,482	1,482	1,482	1,482
MISC OPERATING EXPENSES	692	803	623	623	623	623	621	621	621
SUPPLIES/MATERIALS/PARTS	1,552	1,597	1,094	1,085	1,085	1,085	1,085	1,085	1,085
CAPITAL EQUIPMENT	11	21	31	69	69	69	13	13	13
OTHER	127	129	192	192	192	192	192	192	192
SUBTOTAL STATE OPERATIONS	21,568	20,991	18,026	18,002	18,002	18,002	17,944	17,944	17,944
AIDS TO INDIVIDUALS	14	14							
TOTAL EXPENDITURES	21,582	21,005	18,026	18,002	18,002	18,002	17,944	17,944	17,944
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	18,990	16,844	12,562	12,538	12,538	12,538	12,480	12,480	12,480
STATUTORY APPROPRIATIONS:									
GENERAL		1,404	3,366	3,366	3,366	3,366	3,366	3,366	3,366
SPECIAL REVENUE	14	31	5	5	5	5	5	5	5
AGENCY	409	329	219	219	219	219	219	219	219
ENTERPRISE	2,169	2,397	1,874	1,874	1,874	1,874	1,874	1,874	1,874
TOTAL FINANCING	21,582	21,005	18,026	18,002	18,002	18,002	17,944	17,944	17,944
FTE BY EMPLOYMENT TYPE:									
REGULAR	433.7	406.2	302.5		226.7			226.7	
TEMP/SEAS/PART_TIME	4.1	3.0	2.0		2.0			2.0	
OVERTIME	10.7	16.0	12.5		5.7			5.7	
TOTAL FTE	448.5	425.2	317.0		234.4	234.4		234.4	234.4

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by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

MANAGEMENT ACTIVITY: Minnesota Psychopathic Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Following several well-publicized sex crimes, involving the rape and deaths of several women and children, the courts have been more willing to use the Psychopathic Personality (PP) Statute for repetitive sex offenders. As a result, the Minnesota Security Hospital (MSH) has seen a dramatic rise in admissions in the past few years of men committed under this statute. Therefore, the state has responded by creating a special facility for this population in Moose Lake.

During F.Y. 1995 activities will be concentrated on building construction and program development in order to facilitate opening of the Minnesota Psychopathic Center in 9-95.

Building construction began in 7-94 with the structure scheduled for substantial completion on 8-15-95. The 100-bed facility is being constructed on a portion of the present grounds of the Moose Lake Regional Treatment Center (MLRTC). The Department of Human Services staff have worked with architects and engineers to design a facility which will meet the treatment and security needs of the patient population. The facility will offer many self-contained services in order to promote patient security.

Concurrent with building construction is the development of the treatment programming which will be provided to the patients. MLRTC staff are working closely with the staff from the MSH on program development. MSH will also have a 50-bed addition designed to serve a similar patient population. Because of the experience of MSH staff in providing Sex Offender Treatment, they have taken the lead in developing the multi-disciplinary treatment approach for PP patients.

The legislature has decided to offer a single PP program at 2 sites, Moose Lake and St. Peter, with individual modification as necessary at each site due to subtle changes in the patient population. The programming at Moose Lake includes sex offender therapy, and will concentrate on educational, industrial, and recreational aspects of treatment. During F.Y. 1995, the process of filling the staff positions and providing those selected to work in the facility necessary training will also occur.

BUDGET ISSUES:

Transition and operations funding for that portion the Minnesota Psychopathic Center program offered on the Moose Lake campus is included in the agency plan as a continuation of funding in the Moose Lake management activity. Continued operational funding for that portion of the program offered by the Minnesota Security Hospital is contained in the management activity for the Security Hospital.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected

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MANAGEMENT ACTIVITY: St. Peter Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION: The Mental Illness (MI), Chemical Dependency (CD), and Developmentally Disabled (DD) Divisions of St. Peter Regional Treatment Center (SPRTC) provide inpatient care, treatment, rehabilitation, and habilitation services to mentally ill, chemically dependent, and developmentally disabled clients. The objective is to complement program alternatives in the service area by assisting individuals in the least restrictive setting and shortest length of stay possible, to make documented progress toward personal habilitative or rehabilitative goals which are necessary for their successful reintegration into normal community life.

The MI Division has 5 treatment units offering a continuum of care to adults suffering from acute and chronic major mental illness. The division also offers specialized treatment services to clients who are hearing impaired and mentally ill. The CD Division offers both inpatient and outpatient treatment services. Specialized programs for women and individuals with both CD and psychiatric problems are also available. The DD Division operates a Day Activity Program, as well as excellent vocational training program, which is focussed on facilitating community integration.

In carrying out these activities, SPRTC is developing local relationships with the community, and meeting identified needs within the service area. All programs deliver quality care to clients in the least restrictive environment.

Mental Health The Mental Health Division (MHD) provides high quality, comprehensive mental health services to adults in south central and southeastern Minnesota. There are several processes through which individuals are admitted. They may be legally committed by a county court, voluntarily seek treatment by requesting admission, or be transferred from other state facilities. Four mental health units in Pexton Hall specialize in treating individuals with serious and/or persistent mental illness; they provide a continuum of psychiatric care. Clients are assigned to these units based on assessed needs for structured care and treatment. Bartlett Hall I South provides treatment primarily to psychogeriatric clients with mental and physical problems and minimal self-care abilities. The MHD also offers comprehensive inpatient psychiatric and psychological services to clients who are mentally ill and hearing impaired. A large number of direct care staff have been trained in sign language, allowing clients to be placed on most units within the MHD, as the need arises.

Overall, the MHD provides modern, comprehensive psychiatric, psychological, and rehabilitative services to clients who are unable to be treated with existing community resources. The MHD is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations, licensed under the Department of Human Services' Rule 36, and certified by Health Care Financing Administration and the U.S. Department of Health and Human Services for Title XVIII and XIX.

Developmental Disabilities The DD Division is an integral part of Minnesota's developmental disabilities service delivery system. The DD Division serves individuals who have a primary diagnosis of mental retardation and whose service needs are frequently complicated by additional physical, behavioral, and/or mental health disabilities. Staff also work with other human services

agencies and community vendors to facilitate transition to community living, and prevent re-admission to the DD Division.

For the past several years, the DD Division, like other state-operated facilities for the developmentally disabled, has been downsizing. This is being accomplished through the emergence of community-based treatment and residential options, and aggressive community placement efforts. The facility adheres to the highest regulatory and accrediting standards. The DD Division is accredited by the Joint Commission on Accreditation of Healthcare Organizations, certified by the Health Care Financing Agency, and licensed by the Minnesota Departments of Health and Human Services' Rules 34 and 38.

Chemical Dependency Johnson Chemical Dependency Center (JCDC) offers an Alcoholics Anonymous-based CD treatment program for men and women 18 and older. It has a licensed bed capacity of 58. Several treatment options are available.

The 28-day primary program offers 3 phases of treatment: acceptance, family, and re-entry, in a flexible format. A client may enter or exit at the beginning or end of any phase depending upon their needs. The program also offers a 2 x 4 component that provides a combination of inpatient and outpatient treatment. A multi-disciplinary treatment team assists clients in identifying, recognizing, and accepting their substance abuse problems. Although the inpatient program specializes in treatment of multi-diagnosed and behavior disordered clients, it is open to all who desire sobriety and health. Specialized program components include: a Women's Program which includes inpatient, outpatient or extended care options; a Dual Diagnosis Program for clients who have mental health (MH) and CD problems; an Outpatient Program which provides individualized treatment services for those who are in need of intensive CD treatment, but who are able to continue living in the community; an Extended Care Program which is available for individuals who have been unable to maintain lasting sobriety; a Family Program which provides education and support to a client's family members and significant others; Aftercare Services to all clients who have completed treatment; and a Relapse Program for clients who have completed treatment within the last 12 months, but were unable to maintain sobriety.

JCDC offers a wider array of CD and MH Programs than any other CD treatment program in Southern Minnesota. In the past decade it has admitted and treated nearly 4,000 people. JCDC is fully accredited by the Joint Commission on Accreditation of Healthcare Organizations, and licensed under the Department of Human Services' Rules 35 and 43.

BUDGET ISSUES: An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE: This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: ST. PETER RTC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	22,275	22,068	22,003	22,003	22,003	22,003	22,003	22,003	22,003
EXPENSES/CONTRACTUAL SRVCS	1,125	1,229	1,106	967	967	967	967	967	967
MISC OPERATING EXPENSES	1,633	1,746	1,912	1,912	1,912	1,912	1,912	1,912	1,912
SUPPLIES/MATERIALS/PARTS	2,750	2,977	3,296	3,255	3,255	3,255	3,155	3,155	3,155
CAPITAL EQUIPMENT	116	108	16	88	88	88			
OTHER	64	67	312	312	312	312	312	312	312
SUBTOTAL STATE OPERATIONS	27,963	28,195	28,645	28,537	28,537	28,537	28,349	28,349	28,349
AIDS TO INDIVIDUALS	40	27	2	2	2	2	2	2	2
TOTAL EXPENDITURES	28,003	28,222	28,647	28,539	28,539	28,539	28,351	28,351	28,351
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	25,907	25,858	25,843	25,735	25,735	25,735	25,547	25,547	25,547
STATUTORY APPROPRIATIONS:									
GENERAL	41	49	176	176	176	176	176	176	176
SPECIAL REVENUE	70	192	282	282	282	282	282	282	282
FEDERAL	16	1	9	9	9	9	9	9	9
AGENCY	888	965	1,100	1,100	1,100	1,100	1,100	1,100	1,100
GIFTS AND DEPOSITS	3								
ENDOWMENT	1	1	10	10	10	10	10	10	10
ENTERPRISE	1,077	1,156	1,227	1,227	1,227	1,227	1,227	1,227	1,227
TOTAL FINANCING	28,003	28,222	28,647	28,539	28,539	28,539	28,351	28,351	28,351
FTE BY EMPLOYMENT TYPE:									
REGULAR	524.8	513.8	491.0		475.8		475.8		
TEMP/SEAS/PART_TIME	2.8	2.5	2.5		2.5		2.5		

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: COMM MH & STATE OPERATED SERVICES
 ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
 MACT: ST. PETER RTC

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	8.9	8.6	8.6	8.6			8.6		
TOTAL FTE	536.5	524.9	502.1	486.9	486.9		486.9	486.9	

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MANAGEMENT ACTIVITY: Minnesota Security Hospital
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Minnesota Security Hospital (MSH) provides multi-disciplinary forensic evaluation and therapy services in a 266-bed, secure setting located at the St. Peter Regional Treatment Center. This facility serves adults from all 87 counties of Minnesota, who are admitted pursuant to judicial or other lawful orders for assessment and/or treatment of acute and chronic major mental disorders. Included within this population are individuals who have been committed under the Psychopathic Personality statute. These disorders may manifest in severely sexually aggressive behaviors, which presents an imminent danger of grave harm to others. The need for appropriate protection of society from such aggressive and dangerous individuals is a recognized function of our mission.

The MSH has been praised by outside reviewers as one of the finest forensic hospitals in the U.S. MSH has a licensed bed capacity of 296. It provides comprehensive court-ordered forensic psychiatric evaluations, including competency to stand trial, the insanity defense and pre-sentence and sex offender evaluations. MSH evaluates and treats clients who are mentally ill, mentally ill and dangerous, and those committed under the psychopathic personalities statute.

A multi-disciplinary approach (psychiatric, medical, psychological, social, nursing, behavior analysis, vocational, educational, and activity therapy services) is used to treat mental illness and modify behavior. The goal of treatment is to improve the functioning of individuals in order that they may return to society. MSH also serves as a resource for individuals who need long-term care and a secure setting due to the chronicity and intractability of their illness, and persistence of their dangerousness.

In addition to evaluation services, MSH has intensive treatment programs for aggressive clients and accepts transfers within the Department of Human Services from other Regional Treatment Centers (RTC) for evaluation and treatment. Clients from the Department of Corrections may be accepted by transfer or on parole status. In F.Y. 1994, MSH admitted 174 people and had an average daily census of 260. It provides a full range of psychiatric, psychological, nursing and social work services.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to RTC Statewide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the RTC. RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: SECURITY HOSPITAL

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	11,830	13,498	11,511	11,511	11,511	11,511	11,511	11,511	11,511
EXPENSES/CONTRACTUAL SRVCS			2	2	2	2	2	2	2
MISC OPERATING EXPENSES	1		3	3	3	3	3	3	3
SUPPLIES/MATERIALS/PARTS	18	14	19	19	19	19	19	19	19
CAPITAL EQUIPMENT	1	1							
OTHER	<8>	<6>							
SUBTOTAL STATE OPERATIONS	11,842	13,507	11,535	11,535	11,535	11,535	11,535	11,535	11,535
TOTAL EXPENDITURES	11,842	13,507	11,535	11,535	11,535	11,535	11,535	11,535	11,535
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	11,818	13,490	11,506	11,506	11,506	11,506	11,506	11,506	11,506
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	24	17	29	29	29	29	29	29	29
TOTAL FINANCING	11,842	13,507	11,535	11,535	11,535	11,535	11,535	11,535	11,535
FTE BY EMPLOYMENT TYPE:									
REGULAR	281.9	326.4	340.4		267.0			267.0	
OVERTIME	3.8	3.8	3.8		3.0			3.0	
TOTAL FTE	285.7	330.2	344.2		270.0	270.0		270.0	270.0

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Willmar Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Willmar Regional Treatment Center (WRTC) provides specialty health services including inpatient treatment, rehabilitation, developmental services, community-based transitional services, community-based residential and day program services, outpatient services, and crisis services for consumers primarily of central/southwestern Minnesota (statewide programs noted below). WRTC serves as the primary public agency in providing these services for problems associated with adult mental illness, adolescent mental illness (MI), chemical dependency (CD) and developmental disabilities. Specialized statewide programs include: 1) adolescent treatment, 2) a protective component unit for severely disturbed male adolescents, 3) Methadone detoxification and treatment, and 4) MI/CD dual disability treatment (a 5-county consortium also operates a statewide juvenile detention program on our campus).

As a leader in customer-centered, cost effective specialty health services, WRTC strives to be a valued partner in improving and building a comprehensive mental health care system in our service area. We center our efforts on improving the mental health of those who use our services, enabling them to achieve greater independence and improved quality of life in their communities.

Mental Health

The Mental Health Treatment Program includes 10 units designed to provide active psychiatric treatment through multi-disciplinary teams. Early assessment and diagnosis occurs in the Admission/Observation Unit. Fifteen percent of those admitted are discharged from this unit after a stay of less than 10 days. Adult mentally ill patients are transferred to other units with patients of similar diagnosis and treatment needs to maximize hospital resources in completing treatment in the shortest period of time. These special treatment units include: the Stabilization Unit for persons needing short term, high intensity treatment; Transition Services for patients on the threshold of chronic mental illness; Geriatrics for elderly patients and others who have organic and physiological illnesses which require significant additional medical and nursing care; Behavior Therapy Program for persons with serious and persistent mental illness who have serious self control and coping skills deficits; Psychiatric Rehabilitation Unit for persons who have regressive behavioral and vocational skills deficits; and, Medallion and MI/CD Unit this is CD milieu based with MI programming for dually diagnosed patients.

The Adolescent Mental Health Program operates 3 co-educational treatment units. The program serves 12 to 18 year old adolescents in 2 units and maintains a 6-bed locked protective unit for severely disturbed adolescent boys. The programs specialize in adolescents who have multiple treatment failures in community-based treatment programs using a comprehensive multi-disciplinary approach individualized for each adolescent. The treatment programs are integrated with education programs provided by the local school district, both on and off the campus. The unit serves persons from the entire state of Minnesota with the Protective Unit being the only public program of its kind. The program will celebrate its 30th anniversary in 1995.

Gaps in community-based services as defined by our customers is an important and new hospital focus. Transition Services are in place for the majority of the 23 counties served by WRTC. These services work with county case managers, community mental health center support programs, private providers, etc., to ensure patient follow up during the critical weeks following discharge. This program ensures solid hospital discharge and prevents premature return by working with community support systems and the patients in their home communities. Crisis Services are in place in 2 counties having gaps in these programs. WRTC staff are on call for in-home crisis as determined by the county case manager. The intent is to provide the services in the citizen's home to prevent admission to WRTC. WRTC psychiatrists are also participating in outreach and outpatient programs with community mental health centers and private providers to bring this seriously critical skill to community-based programs.

The Mental Health Programs have a total of 263 utilized beds averaging over 90% occupancy. Admissions have consistently increased over the last 5 years and totalled almost 1,000 in F.Y. 1994. Included in this number is 115 admissions from the metropolitan area in our role as backup to Anoka Metro Regional Treatment Center.

Developmental Disabilities

Glacial Ridge Training Center (GRTC) is a home-like residential and training center for nearly 40 developmentally disabled and mentally retarded men and women. The program's goal is to teach residents skills they need to live as independently as possible and to provide experiences that will enrich their lives. The Center consists of 2 residential living units on campus and 2 day-training and habilitation programs (DT&H). One DT&H program is located on campus and 1 is located off campus in the community. In 1991 GRTC opened a 6-bed ICF/MR (intermediate care facility for the mentally retarded) offering state-operated community services in Redwood Falls. GRTC is in the process of developing and operating 4-bed community-based waiver homes in and around the Willmar area (1 opened 6-94). The off campus DT&H Program (Crossroads) serves both public and private clients. All campus and off campus programs, as well as private providers and school programs in the region are served by the GRTC crisis team. This team brings specialized behavioral and psychological services to assist with discharges from the GRTC and maintain discharges in public and private community-based program.

Chemical Dependency

WRTC has provided treatment to persons with chemical dependency for 80 years. The Bradley Center houses WRTC's inpatient programs and offers an array of intensive treatment programs for persons suffering addiction disorders. The Primary Residential Treatment Program uses a combination of individual and group therapy, and education and spiritual services to assist clients move to sobriety. The average length of stay in this program is 30 days. For clients who are prone to relapse and require a fully structured environment, the Extended Care Program deals with barriers to recovery and develops coping techniques to improve daily living skills. Clients stay an average of 3 months in extended care.

The Bradley Center has the State's only public Cocaine/Opiate Withdrawal and Treatment Program that consists of up to 30 days of medically managed withdrawal. The second phase of this program involves a minimum of 30 to 60 days of primary treatment. The Bradley Center also offers a halfway house for men and women transitioning back into the community.

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Willmar Regional Treatment Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)
(Continuation)

The Cardinal Recovery Center operates a Primary Outpatient Treatment Program for adults who can maintain sobriety during treatment. Clients receive an average of 60 hours of treatment. A combination program is also available with 2 weeks of intensive inpatient treatment prior to transferring to the outpatient component. The Center operates a Women's Day Treatment Program which is designed to be sensitive to the special needs of chemically dependent women. The program averages 5 weeks in length with an additional 12 weeks of aftercare. An outpatient program for adolescents, The Youth Program, is designed to guide young drug and alcohol abusers, aged thirteen to 18, to an understanding of their relationship with their chemical of choice. The Youth Program is a 10-week course of treatment averaging 150 hours per client. Cardinal's Prairie Youth Program is an adolescent program for adjudicated youths housed at Prairie Lakes Detention Center. The program is offered to male and female youth on a concurrent basis with their correctional program.

A flexible program for relapse-prone clients is offered at both the Bradley Center and Cardinal Recovery Center.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division. Detail on RTC revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: WILLMAR RTC

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	24,904	24,999	25,130	25,130	25,130	25,130	25,130	25,130	25,130
EXPENSES/CONTRACTUAL SRVCS	725	595	1,091	851	851	851	851	851	851
MISC OPERATING EXPENSES	901	1,038	1,116	1,116	1,116	1,116	1,116	1,116	1,116
SUPPLIES/MATERIALS/PARTS	1,946	1,967	2,403	2,379	2,379	2,379	2,379	2,379	2,379
CAPITAL EQUIPMENT	172	140	119	148	148	148	47	47	47
OTHER	62	50	308	308	308	308	308	308	308
SUBTOTAL STATE OPERATIONS	28,710	28,789	30,167	29,932	29,932	29,932	29,831	29,831	29,831
AIDS TO INDIVIDUALS	29	15	4	4	4	4	4	4	4
TOTAL EXPENDITURES	28,739	28,804	30,171	29,936	29,936	29,936	29,835	29,835	29,835
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	26,307	26,173	26,363	26,128	26,128	26,128	26,027	26,027	26,027
STATUTORY APPROPRIATIONS:									
GENERAL	339	490	1,443	1,443	1,443	1,443	1,443	1,443	1,443
SPECIAL REVENUE	6	2	4	4	4	4	4	4	4
FEDERAL	61	66	90	90	90	90	90	90	90
AGENCY	774	934	1,020	1,020	1,020	1,020	1,020	1,020	1,020
ENTERPRISE	1,252	1,139	1,251	1,251	1,251	1,251	1,251	1,251	1,251
TOTAL FINANCING	28,739	28,804	30,171	29,936	29,936	29,936	29,835	29,835	29,835
FTE BY EMPLOYMENT TYPE:									
REGULAR	587.7	578.6	564.4		543.5		543.5		
TEMP/SEAS/PART_TIME	7.3	7.5	7.5		7.5		7.5		
OVERTIME	7.3	8.0	8.0		8.0		8.0		
TOTAL FTE	602.3	594.1	579.9		559.0	559.0	559.0	559.0	559.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Rochester State Hospital
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Rochester State Hospital, which closed on 6-30-82, provided treatment and evaluations for mentally ill, developmentally disabled, and chemically dependent individuals.

BUDGET ISSUES:

The state must provide payments, as mandated by the Workers Compensation Act, to former employees of Rochester State Hospital.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: ROCHESTER STATE HOSPITAL

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	54	13	20	20	20	20	20	20	20
SUBTOTAL STATE OPERATIONS	54	13	20	20	20	20	20	20	20
TOTAL EXPENDITURES	54	13	20	20	20	20	20	20	20
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	54	13	20	20	20	20	20	20	20
TOTAL FINANCING	54	13	20	20	20	20	20	20	20
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Ah-Gwah-Ching Center
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the regional treatment centers (RTC). RTC revenues are collected by the Reimbursement Division activity. Detail on RTC revenues is found on the Reimbursement Division budget page.

ACTIVITY DESCRIPTION:

Ah-Gwah-Ching Center (AGCC) is a 343-bed nursing home facility which also has 40 Rule 35 chemical dependency beds. It provides services for the geriatric and chronic chemically dependent populations of the entire state. The behavior problems which clients show include physical and verbal assaultiveness, sexually inappropriate behavior, socially inappropriate behavior, and chronic chemical dependency. The services provided include behavior management, rehabilitation, and nursing home care for the elderly and treatment for the chronic, long-term chemically dependent. The objective is to complement program alternatives in the service area by assisting individuals to make documented progress toward personal habilitative or rehabilitative goals which are necessary to facilitate their return to less restrictive community settings.

Nursing Facility

AGCC is specifically structured to give nursing home care to elderly persons with behavior problems. For that reason, AGCC is designated as a nursing facility with Institution of Mental Diseases (IMD) status. An IMD is defined as "an institution that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services." AGCC historically has served as a back-up resource to community nursing homes for residents with severe behavior problems which cannot be handled in another setting. In addition to inpatient services, the Center provides education, training and consulting services to many long-term care and other providers who need assistance in the area of behavior management. As an IMD, AGCC is in a better position to continue to provide back-up service for residents 65 and over with mental illness. AGCC is a vital link providing an uninterrupted continuum of care for the geriatric population in Minnesota.

Chemical Dependency

Lakeside Chemical Dependency Treatment Center was opened in 1983. It is a 40-bed, Rule 35 chemical dependency treatment center located in a free-standing unit on the AGCC campus. This program provides both inpatient and outpatient treatment for the chronically chemically dependent. Its goal is to help chemically dependent clients who have been unsuccessful in previous treatment programs.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except for changes due to RTC Systemwide proposals.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: AH-GWAH-CHING NURSING HOME

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	11,882	11,870	12,839	12,839	12,839	12,839	12,839	12,839	12,839
EXPENSES/CONTRACTUAL SRVCS	401	372	493	472	472	472	472	472	472
MISC OPERATING EXPENSES	469	429	480	480	480	480	480	480	480
SUPPLIES/MATERIALS/PARTS	1,228	1,284	1,438	1,416	1,416	1,416	1,416	1,416	1,416
CAPITAL EQUIPMENT	95	119	109	140	140	140	55	55	55
OTHER	51	50	216	216	216	216	216	216	216
SUBTOTAL STATE OPERATIONS	14,126	14,124	15,575	15,563	15,563	15,563	15,478	15,478	15,478
AIDS TO INDIVIDUALS	13	6							
TOTAL EXPENDITURES	14,139	14,130	15,575	15,563	15,563	15,563	15,478	15,478	15,478
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	13,177	13,185	14,575	14,563	14,563	14,563	14,478	14,478	14,478
STATUTORY APPROPRIATIONS:									
GENERAL	53	101	35	35	35	35	35	35	35
SPECIAL REVENUE		1							
FEDERAL	8	8	8	8	8	8	8	8	8
AGENCY	290	254	300	300	300	300	300	300	300
GIFTS AND DEPOSITS	7	7	17	17	17	17	17	17	17
ENDOWMENT	2		12	12	12	12	12	12	12
ENTERPRISE	602	574	628	628	628	628	628	628	628
TOTAL FINANCING	14,139	14,130	15,575	15,563	15,563	15,563	15,478	15,478	15,478
FTE BY EMPLOYMENT TYPE:									
REGULAR	300.0	296.6	308.9		308.9			308.9	
TEMP/SEAS/PART_TIME	.4	.2	.2		.2			.2	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
 PROGRAM: COMM MH & STATE OPERATED SERVICES
 ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
 MACT: AH-GWAH-CHING NURSING HOME

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	5.6	7.7	7.7		7.7			7.7	
TOTAL FTE	306.0	304.5	316.8		316.8	316.8		316.8	316.8

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1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Oak Terrace Nursing Home
BUDGET ACTIVITY: Residential Treatment Center Facilities
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

Oak Terrace Nursing Home, which closed on 6-30-91, provided skilled nursing care and mental health services to elderly persons with behavioral disabilities and complex medical conditions.

BUDGET ISSUES:

The state must provide payments, as mandated by the Workers Compensation Act, to former employees of Oak Terrace Nursing Home.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: RESIDENTIAL TREATMENT CENTER FACIL
MACT: OAK TERRACE NURSING HOME

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	245	113	100	100	100	100	100	100	100
MISC OPERATING EXPENSES	2								
SUBTOTAL STATE OPERATIONS	247	113	100	100	100	100	100	100	100
TOTAL EXPENDITURES	247	113	100	100	100	100	100	100	100
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	247	113	100	100	100	100	100	100	100
TOTAL FINANCING	247	113	100	100	100	100	100	100	100
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

BUDGET ACTIVITY: Developmentally Disabled State-Operated Community Services
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the management activities of the following:

- Developmental Disabilities State Operated Community Services (DD-SOCS) - Intermediate Care Facilities for the Mentally Retarded
- DD-SOCS - Day Training and Habilitation Programs
- DD-SOCS - Waiver Services

The following pages contain descriptions of each management activity.

BUDGET ISSUES:

See the following management activities pages for detail.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the developmental disabilities state-operated community services (DD SOCS). DD-SOCS revenues are collected by the Reimbursement Division activity. Detail on DD SOCS revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: DD SOCS

MANAGEMENT ACTIVITY ALLOCATION				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DD SOCS ICF/MR	5,280	6,732	7,595	7,595	7,739	7,739	7,595	7,907	7,907
DD SOCS - DT & H PROGRAMS	898	1,203	1,268	1,268	1,268	1,268	1,268	1,268	1,268
DD SOCS - WAIVER SERVICES					<3,395>	<3,395>		<2,334>	<2,334>
TOTAL EXPENDITURES	6,178	7,935	8,863	8,863	5,612	5,612	8,863	6,841	6,841
AGENCY PLAN ITEMS:				FUND					
DD WAIVER ALTERN ALLOCATION STRUCTURE				GEN					
DEPARTMENTWIDE OPERATIONS				GEN					
TOTAL AGENCY PLAN ITEMS				<3,251>					
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	6,168	7,912	8,799	8,799	5,548	5,548	8,799	6,777	6,777
STATUTORY APPROPRIATIONS:									
GENERAL	10	6	40	40	40	40	40	40	40
SPECIAL REVENUE		17	24	24	24	24	24	24	24
TOTAL FINANCING	6,178	7,935	8,863	8,863	5,612	5,612	8,863	6,841	6,841
FTE BY EMPLOYMENT TYPE:									
REGULAR	133.0	193.6	178.6		178.6			178.6	
OVERTIME	4.8	7.4	7.4		7.4			7.4	
TOTAL FTE	137.8	201.0	186.0		186.0	186.0		186.0	186.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Developmental Disabilities State Operated Community Services
-Intermediate Care Facilities for the Mentally Retarded
BUDGET ACTIVITY: Developmental Disabilities State Operated Community Services
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity supports the transition out of the Regional Treatment Centers into community base services for persons with developmental disabilities (DD). It consists of 15 6-bed community-based residences certified as Intermediate Care Facilities for the Mentally Retarded (ICF/MRs). Each program provides active treatment to 6 individuals who have been discharged from the RTCs. The services include assisting the individual's participation in activities of daily living, nursing care, and ancillary support services.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the developmental disabilities state-operated community services (DD SOCS). DD SOCS revenues are collected by the Reimbursement Division activity. Detail on DD SOCS revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: DD SOCS
MACT: DD SOCS ICF/MR

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,923	5,735	5,883	5,883	6,027	6,027	5,883	6,195	6,195
EXPENSES/CONTRACTUAL SRVCS	262	297	323	323	323	323	323	323	323
MISC OPERATING EXPENSES	74	108	126	126	126	126	126	126	126
SUPPLIES/MATERIALS/PARTS	598	530	1,259	1,259	1,259	1,259	1,259	1,259	1,259
CAPITAL EQUIPMENT	416	53	4	4	4	4	4	4	4
OTHER	7	9							
SUBTOTAL STATE OPERATIONS	5,280	6,732	7,595	7,595	7,739	7,739	7,595	7,907	7,907
TOTAL EXPENDITURES	5,280	6,732	7,595	7,595	7,739	7,739	7,595	7,907	7,907
AGENCY PLAN ITEMS:									
DEPARTMENTWIDE OPERATIONS									
TOTAL AGENCY PLAN ITEMS									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	5,280	6,732	7,595	7,595	7,739	7,739	7,595	7,907	7,907
TOTAL FINANCING	5,280	6,732	7,595	7,595	7,739	7,739	7,595	7,907	7,907
FTE BY EMPLOYMENT TYPE:									
REGULAR	114.2	164.8	152.3		152.3			152.3	
OVERTIME	4.6	7.0	7.0		7.0			7.0	
TOTAL FTE	118.8	171.8	159.3		159.3	159.3		159.3	159.3

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Developmental Disabilities State Operated Community Services
-Day Training and Habilitation Programs
BUDGET ACTIVITY: Developmental Disabilities State Operated Community Services
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity supports the transition out of the Regional Treatment Centers into community based services for persons with developmental disabilities (DD). There are 5 day training and habilitation (DT&H) programs serving from 6 to 20 individuals. They are located in community settings and provide vocational support services which includes vocational evaluation, vocational training and supportive employment.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity generates dedicated and non-dedicated revenue. Expenditures for this activity are included in rates calculated for the developmental disabilities state-operated community services (DD SOCS). DD SOCS revenues are collected by the Reimbursement Division activity. Detail on DD SOCS revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: DD SOCS
MACT: DD SOCS - DT & H PROGRAMS

MACT SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	624	1,035	1,084	1,084	1,084	1,084	1,084	1,084	1,084
EXPENSES/CONTRACTUAL SRVCS	63	100	96	96	96	96	96	96	96
MISC OPERATING EXPENSES	16	13	15	15	15	15	15	15	15
SUPPLIES/MATERIALS/PARTS	72	43	73	73	73	73	73	73	73
CAPITAL EQUIPMENT	119	12							
OTHER	4								
SUBTOTAL STATE OPERATIONS	898	1,203	1,268	1,268	1,268	1,268	1,268	1,268	1,268
TOTAL EXPENDITURES	898	1,203	1,268	1,268	1,268	1,268	1,268	1,268	1,268
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	888	1,180	1,204	1,204	1,204	1,204	1,204	1,204	1,204
STATUTORY APPROPRIATIONS:									
GENERAL	10	6	40	40	40	40	40	40	40
SPECIAL REVENUE		17	24	24	24	24	24	24	24
TOTAL FINANCING	898	1,203	1,268	1,268	1,268	1,268	1,268	1,268	1,268
FTE BY EMPLOYMENT TYPE:									
REGULAR	18.8	28.8	26.3		26.3			26.3	
OVERTIME	.2	.4	.4		.4			.4	
TOTAL FTE	19.0	29.2	26.7		26.7	26.7		26.7	26.7

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Developmental Disabilities State Operated Community Services
- Waiver Services
BUDGET ACTIVITY: Developmental Disabilities State Operated Community Services
PROGRAM: Community Mental Health and State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This activity supports the transition out of the Regional Treatment Centers (RTCs) into community residences for persons with developmental disabilities (DD). At the end of the 1994-1995 biennium there will be approximately 47 residential sites and 12 day training and habilitation (DT&H) sites. The residential sites provide the necessary supports to enable individuals with DD to live in a community residence. The services include assisting the individual in activities of daily living, nursing care, and ancillary support services. The DT&H programs provide vocational support services which includes vocational evaluation, vocational training and supportive employment.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity, except as identified under Faribault Regional Center closure activity.

REVENUE:

This activity generates dedicated and non-dedicated revenue. These programs operate under the authority of shared services contracts which requires that they operate on receipts from those contracts. The primary source of these funds is the home and community based waiver for persons with DD. Revenues for waiver services are collected by the Reimbursement Division. Detail on waiver service revenues is found on the Reimbursement Division budget page.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: DD SOCS
MACT: DD SOCS - WAIVER SERVICES

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES					<3,395>	<3,395>		<2,334>	<2,334>
SUBTOTAL STATE OPERATIONS					<3,395>	<3,395>		<2,334>	<2,334>
TOTAL EXPENDITURES					<3,395>	<3,395>		<2,334>	<2,334>
AGENCY PLAN ITEMS:			FUND						
DD WAIVER ALTERN ALLOCATION STRUCTURE			GEN		<3,395>			<2,334>	
TOTAL AGENCY PLAN ITEMS					<3,395>			<2,334>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL					<3,395>	<3,395>		<2,334>	<2,334>
TOTAL FINANCING					<3,395>	<3,395>		<2,334>	<2,334>
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

BUDGET ACTIVITY: Mental Illness State-Operated Community Services
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

This budget activity consists of the following management activities:

1. Mental Illness (MI) Inpatient State-Operated Community Service (SOCS)
2. MI Residential and Outpatient SOCS

The following pages contain descriptions of each of these management activities.

BUDGET ISSUES:

See the following management activity pages for detail.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MI SOCS

MANAGEMENT ACTIVITY ALLOCATION	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MI INPATIENT SOCS			1,064	1,064	1,791	1,791	1,064	1,791	1,791
MI RESIDENTIAL AND OUTPATIENT SOCS			1,220	1,220	2,195	2,195	1,220	2,195	2,195
TOTAL EXPENDITURES			2,284	2,284	3,986	3,986	2,284	3,986	3,986
AGENCY PLAN ITEMS:				FUND					
					727			727	
MOOSE LAKE MI SOCS					975			975	
TOTAL AGENCY PLAN ITEMS					1,702			1,702	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			2,284	2,284	3,986	3,986	2,284	3,986	3,986
TOTAL FINANCING			2,284	2,284	3,986	3,986	2,284	3,986	3,986
FTE BY EMPLOYMENT TYPE:									
REGULAR			29.0		29.0			29.0	
TOTAL FTE			29.0		29.0	29.0		29.0	29.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Mental Illness Inpatient State-Operated Community Services
BUDGET ACTIVITY: Mental Illness - State-Operated Community Services
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION:

The 1993 Legislature required development of 15 state-operated inpatient beds as part of a comprehensive package of alternatives to Moose Lake Regional Treatment Center (MLRTC). F.Y. 1993 funding for these 15 beds is \$1,439,000 for 9 months of operation. The 1993 Legislature also approved funding in a number of other budget activities, including 24 state-operated community service (SOCS) "slots", 25 contracted acute inpatient beds in Medical Assistance, flexible funding for counties as part of state mental health grants and additional beds at Brainerd in the RTC budget.

BUDGET ISSUES:

The level of state funding provided for these services needs to be increased for 3 reasons:

- a. The budget assumed that salaries of staff employed in these services would be the same as the current average salary in RTC MI units; in fact, the mix of staff on a small self-contained unit differs greatly from typical RTC MI units.
- b. The budget for F.Y. 1995 is for 9 months of operation; the budget for the coming biennium needs to be adjusted to reflect annualization of these new services.
- c. The budget did not include costs associated with leasing of space.

In addition, an increase in the budget base is requested for Moose Lake area mental illness state-operated services.

REVENUE:

This activity is budgeted similar to RTC inpatient beds, with the Legislature approving an upfront appropriation for 100% of the projected cost and then all collections deposited in the general fund.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MI SOCS
MACT: MI INPATIENT SOCS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomn.	Current Spending	Agency Plan	Governor Recomn.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			973	973	1,521	1,521	973	1,521	1,521
EXPENSES/CONTRACTUAL SRVCS					141	141		141	141
SUPPLIES/MATERIALS/PARTS			91	91	129	129	91	129	129
SUBTOTAL STATE OPERATIONS			1,064	1,064	1,791	1,791	1,064	1,791	1,791
TOTAL EXPENDITURES			1,064	1,064	1,791	1,791	1,064	1,791	1,791
AGENCY PLAN ITEMS:									
MOOSE LAKE MI SOCS					727			727	
TOTAL AGENCY PLAN ITEMS					727			727	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			1,064	1,064	1,791	1,791	1,064	1,791	1,791
TOTAL FINANCING			1,064	1,064	1,791	1,791	1,064	1,791	1,791
FTE BY EMPLOYMENT TYPE:									
REGULAR			29.0		29.0			29.0	
TOTAL FTE			29.0		29.0	29.0		29.0	29.0

1996-97 Biennial Budget

MANAGEMENT ACTIVITY: Mental Illness - Residential and Outpatient State-Operated Community Services
BUDGET ACTIVITY: Mental Illness - State-Operated Community Services
PROGRAM: Community Mental Health and State-Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY DESCRIPTION: The 1993 Legislature required development of 24 state-operated community service (SOCS) "slots" as part of a comprehensive package of alternatives to Moose Lake Regional Treatment Center (MLRTC) F.Y. 1993 funding for these 24 slots is \$1,220,000, with an additional 10% expected to come from area counties. F.Y. 1993 funding is for 7 months of operation. The 1993 Legislature also approved funding in a number of other budget activities, including 15 beds in mentally ill (MI) Inpatient SOCS, 25 contracted acute inpatient beds in Medical Assistance (MA), flexible funding for counties as part of state mental health grants and additional beds at Brainerd in the regional treatment center (RTC) budget. Based on extensive consultation with counties and others regarding the area's service needs, the 24 slots include the following crisis and residential services:

MOBILE CRISIS TEAM (EVELETH) This small scale crisis team will be co-located with the 15 bed inpatient unit and will be responsible for responding to off-hours (evenings and weekend) crisis calls. As many interventions as possible will be made by phone contact. However, staff will also provide on-site assistance within a radius of 1 hour driving time.

This team will serve former patients of the 15 bed inpatient unit, and former patients of MLRTC that have been identified by the case manager as potentially at risk. Meetings with the staff of Mesabi Medical Center's psychiatric unit, the 15 bed state-operated unit, Range Mental Health Center and county case managers will occur on a regular basis to identify clients who are potentially at risk or have been served by the crisis team. Consultation to area nursing facilities will be provided within 24 business hours of a request from the nursing facility.

12 BED TRANSITIONAL FACILITY, INCLUDING 8 STABILIZATION BEDS AND 4 CRISIS BEDS

The 8 bed stabilization unit is being designed to serve those individuals who no longer need active treatment or do not need to be hospitalized but still require the level of services and supervision that would fall between a hospital setting and a Rule 36. It could also serve clients who can be discharged on a commitment. An additional 4 beds will be available as crisis beds. Referrals would include patients from the contract beds in Duluth and the 15 bed unit in Eveleth, as well as patients seen by the crisis team in need of crisis/respite care. Admissions would be jointly approved by the unit's program manager and the county case manager. Coordination with the case manager would be ongoing.

The goal of this facility is to assist clients with developing skills that would prepare them for discharge to a less restrictive setting. Services would include:

1. Helping clients develop skills with activities of daily living (ADLs), budgeting, compliance with meds, accessing transportation, etc. The approach would be teaching and not "doing for" clients. Examples include taking clients shopping, assisting/teaching with meal preparation, cleaning, self-medications, accessing transportation, etc. Groups would be focused upon practical living skills not therapy groups.

2. Accompanying and initially remaining with clients, if needed, as they become involved with mental health services in the community, i.e., day treatment, social activities, DRS, etc.
3. In collaboration with the case manager and the crisis team, developing a crisis plan describing how the crisis team will handle crisis situations, if they occur, for these clients.

MOBILE CRISIS TEAM (DULUTH) This would be similar to the Eveleth program but services would be provided on a 24 hour, seven day a week schedule within a radius of 1 hour during time from Duluth.

In addition to the mobile crisis team, the program will also provide:

1. Psychiatrist and RN consultation to identified target population in Lake and Cook Counties- i.e., one day per month medication management 'clinic'.
2. Consultation to area nursing facilities for behavioral management; this could become part of the Miller Dwan and St. Louis County (Duluth) psychogeriatric team.
3. A psychiatrist who would conduct examinations for persons who are being committed to the Miller Dwan contract beds.

Clients to be served are similar to those identified for the Eveleth crisis team.

CRISIS/TRANSITIONAL SERVICES (REGION 7E) Region 7E includes the counties in the southern half of the MLRTC catchment area. A crisis/transitional services team will deliver individualized wrap-around services to prevent decompensation and avert hospitalization for the 12-15 Region 7E clients who have used MLRTC extensively in the past. These services would be coordinated with the case manager, CSP and psychiatrist. Services include, but are not limited to, teaching daily living skills to clients in their homes; accompanying clients to medical/dental appointments, crisis planning, medication monitoring, accompanying clients to community-based services (ie day treatment, social/recreational activities). In addition, crisis services will be provided to this caseload. Services will be delivered in the community or, if clinically indicated, the client will be transported to the appropriate setting.

BUDGET ISSUES: The level of state funding provided for these services needs to be increased for two reasons:

- a. The budget assumed that salaries of staff employed in these services would be the same as the current average salary in RTC MI units; in fact, as a result of the union contract and the complexity of the program's design developed in partnership with the counties, a different mix of employees than originally planned is required.
- b. The budget for F.Y. 1995 is for 7 months of operation; the budget for the coming biennium needs to be adjusted to reflect annualization of these new services.

In addition, an increase in the budget base is requested for Moose Lake area mental illness state-operated services.

REVENUE: Since this activity operates under a shared service agreement with the counties, any county revenue that is generated is retained by the program to provide the services agreed to by the counties. The most significant revenue is expected to be the 10% county share.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: COMM MH & STATE OPERATED SERVICES
ACTIVITY: MI SOCS
MACT: MI RESIDENTIAL AND OUTPATIENT SOCS

MACT SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE			1,220	1,220	2,195	2,195	1,220	2,195	2,195
TOTAL EXPENDITURES			1,220	1,220	2,195	2,195	1,220	2,195	2,195
AGENCY PLAN ITEMS:									
MOOSE LAKE MI SOCS					975			975	
TOTAL AGENCY PLAN ITEMS					975			975	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			1,220	1,220	2,195	2,195	1,220	2,195	2,195
TOTAL FINANCING			1,220	1,220	2,195	2,195	1,220	2,195	2,195
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996 - 97 DHS BIENNIAL BUDGET DECISION PAGE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Community Mental Health and State-Operated Services
BUDGET ACTIVITY: Mental Illness State-Operated Community Services
MANAGEMENT ACTIVITY: MI Residential and Outpatient SOCS
DECISION ITEM TITLE: Moose Lake Area Mental Illness State-Operated Services

PROGRAM IMPACT:

This proposal will enable full implementation of the MI-SOCS authorized by the 1993 Legislature in the Moose Lake area.

LONG-TERM IMPACT:

This proposal supports community-based services for persons with MI as an alternative to institutional care and provides for the continued operation of MI-SOCS.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s):				
General Fund				
MI Residential and Outpatient SOCS	\$975	\$975	\$975	\$975
MI Inpatient SOCS	727	727	727	727
MA RTC Facilities	<u>167</u>	<u>167</u>	<u>167</u>	<u>167</u>
Net Total	\$1,869	\$1,869	\$1,869	\$1,869
Revenues: (\$000s):				
General Fund	\$400	\$400	\$400	\$400

Requires Statutory Change? Yes ___ No X

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,869,000 in F.Y. 1996 and \$1,869,000 in F.Y. 1997. These funds are necessary to cover additional costs of state-operated community services (SOCS) for persons with mental illness (MI). Increases result from annualizing costs of programs which were to begin in F.Y. 1995 and unanticipated operating expenses.

RATIONALE:

This proposal will allow a full 12 months of funding for new MI-SOCS started in F.Y. 1995 as part of the services authorized by the 1993 Legislature to replace the mental health program at Moose Lake Regional Treatment Center. The F.Y. 1995 appropriation for MI Residential and Outpatient SOCS represented 7 months of operations. The appropriation for MI Inpatient SOCS represented 9 months of operations. This proposal also funds operating costs which were not anticipated in the original budget for these programs, including rent for the inpatient unit, evening and weekend medical coverage for the inpatient unit and administrative/technical support and clinical support for both types of MI SOCS.

1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: HEALTH, DEPARTMENT OF (MDH)

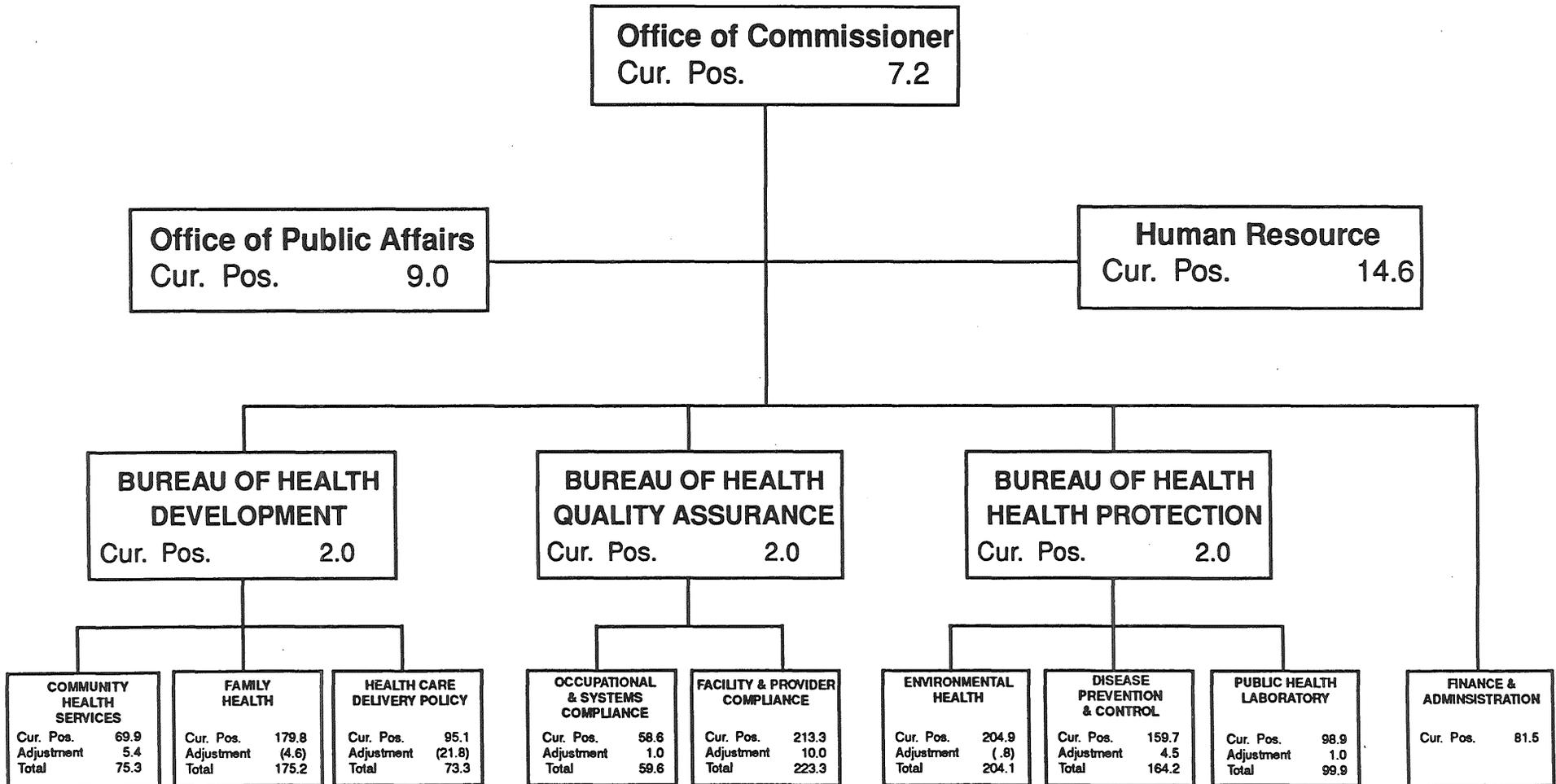
<u>PROGRAM</u>	<u>PAGE</u>
HEALTH SYSTEMS DEVELOPMENT	C-436
Community Health Services Family Health Health Care Delivery Policy	
HEALTH QUALITY ASSURANCE	C-469
Occupational and Systems Compliance Facility and Provider Compliance	
HEALTH PROTECTION	C-487
Environmental Health Disease Prevention and Control Public Health Laboratory	
MANAGEMENT AND SUPPORT SERVICES	C-508
Finance and Administration Management Support	

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Department of Health Organization Chart

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**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$38,343	\$38,343	\$76,686
<u>BASE ADJUSTMENT:</u>			
One-Time Appropriations	(230)	(230)	(460)
Appropriations Carried Forward	(266)	(266)	(532)
Non-Recurring Expenditures	(150)	(150)	(300)
Documented Rent/Lease Increase/Decrease	6	123	129
Special Legislative Adjustments	35	35	70
Attorney General Costs	<u>129</u>	<u>129</u>	<u>258</u>
<u>CURRENT SPENDING</u>	\$37,867	\$37,984	\$75,851
<u>AGENCY DECISION ITEMS:</u>			
Vital Statistics Redesign and Elec. Birth Cert.	<u>355</u>	<u>235</u>	<u>590</u>
<u>AGENCY PLAN</u>	\$38,222	\$38,219	\$76,441
<u>GOVERNOR'S INITIATIVES:</u>			
Transfer to Department of Children	-0-	(597)	(597)
Women's Health Initiative	<u>300</u>	<u>300</u>	<u>600</u>
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$38,522	\$37,922	\$76,444

Brief Explanation of Agency Plan:

Recently, management staff of the agency reviewed all current activities carried out by the department in preparing a reorganization plan and a special report to the 1995 legislature on core public health activities. This work was also beneficial in determining the budget strategy for the 1996-97 biennial budget. Decisions reached after the review of activities were to:

- request \$590,000 for the biennium to reengineer the state's vital records system, including the expansion of the electronic birth certificate;

- fund current grants to local agencies at the current level, approximately 65%, of the agency's General Fund budget;
- fund current operations at the current level; and
- maintain a 4% vacancy rate to cover the cost of unfunded salary obligation including workers' and unemployment compensations, overtime, parttime and seasonal positions.

The budget also includes funding for the partnership agreement between the department and the Attorney General's (AG) Office. This agreement provides for the department to purchase services from the AG Office and to reimburse the AG Office for the full cost of services.

Revenue Summary:

There is no impact on revenues of the General Fund included in this plan.

Affected Statutes:

There are no statutory changes that need to be made to adopt this plan. However, the department will be reviewing the use of advisory bodies to the Commissioner and proposing to streamline this process, this review may affect those statutes pertaining to advisory bodies.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends a biennial general fund appropriation of \$76,441,000 for the agency plan which includes funding for reengineering the state's Vital Records System, including the expansion of the Electronic Birth Certificate System.

The Governor recommends the establishment of a Department of Children and Education Services to improve coordination and integration of services, and to achieve improved outcomes for children and their families. \$597,000 is recommended to transfer to the new department in F.Y. 1997. It is also the intent of the Governor to transfer the Women, Infant, Children (WIC) funding and the Maternal Child Health (MCH) funding. This will be done after Congress approves the Department of Children and Education Services as the designated agency to receive such funds or the federal government changes the nature of federal funding and allows states flexibility with block grant monies.

The Governor recommends funding of \$600,000 to establish a women's health center to promote and improve the health status of women of all ages and to provide a focal point for women's health advocacy, research and dissemination of information.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: State Government Special Revenue

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$14,814	\$14,814	\$29,628
<u>BASE ADJUSTMENT:</u>			
Attorney General Costs	<u>218</u>	<u>218</u>	<u>436</u>
<u>CURRENT SPENDING</u>	\$15,032	\$15,032	\$30,064
<u>AGENCY DECISION ITEMS:</u>			
Non-Dedicated Fee Spending (up to 3%)	178	349	527
Health Facilities Licensure Program	300	644	944
Home Care Licensure Program Increase	115	125	240
Laboratory Certification Program	<u>58</u>	<u>58</u>	<u>116</u>
<u>AGENCY PLAN</u>	\$15,683	\$16,208	\$31,891
GOVERNOR'S RECOMMENDATIONS	\$15,683	\$16,208	\$31,891

Brief Explanation of Agency Plan:

The department reviewed all of the activities funded from this fund when preparing the most recent Departmental Earnings Report. This review indicated a need to allocate additional resources to several programs. The management team of the department reviewed all requests and only those requests that currently generated sufficient revenue to support the increase were approved to be included in the budget. Those program increases submitted as part of this plan include Health Care Facilities Licensure, Home Care Licensure, and Laboratory Certification. Additional information pertaining to these requests can be found next to the activity narrative within the budget document. The department also included an increase in supplies and expense of 3% per year for all revenue generating programs to cover inflation for the next 2 years.

Revenue Summary:

In 1995, the department will generate approximately \$18,650,000 through license and user fees. There are 3 decision items included in this plan that will affect this total. The first item is to decrease the current fees charged to hospitals and nursing homes for state licensure. This will be

done because the past under-recovery of costs has now been collected and the fees can be returned to a level more in line with the current level of services. This will result in a reduction of \$2,755,000 in F.Y. 1996 and \$3,758,000 in F.Y. 1997. The second item is an increase in fees for the Food, Beverage and Lodging Program to collect revenue to recover past under-recovered cost. The current shortfall is about \$900,000 and the department will need to increase fees about \$175,000 per year for the next 4 years. The third item, packaged as part of the Reengineering of the Vital Records System, is to eliminate all exemptions to the vital record copying charge. Currently, some state agencies, local agencies, and armed services agencies are exempt from paying the \$11 fee. By eliminating this exemption, an additional \$33,000 per year will be collected for this fund.

Affected Statutes:

- M.S. 144.53 and M.S. 144A.07 will have to be changed to allow the decrease in the nursing home and hospital license fees. In addition, M.S. 144.226 will have to be changed to allow the elimination of the exemption for the vital record fee.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$31,891,000 which includes a decrease in the fees charged to hospitals and nursing homes for licensure and an increase in the fees supporting the Food, Beverage, and Lodging Inspection Program to recover its operating deficit.

The Governor concurs with the agency plan regarding proposed appropriation increases for state licensed home care, licensed health care facilities, and laboratory certification. Current revenue from these fee generating activities is sufficient to cover the increases.

The Governor concurs with the agency plan to allow nonsalary inflation increases where existing revenue is sufficient to cover the increased costs in the nongeneral fund fee related activities.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Health Care Access

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$9,977	\$9,977	\$19,954
<u>BASE ADJUSTMENT:</u>			
One-Time Appropriations	(325)	(325)	(650)
Appropriations Carried Forward	(699)	(766)	(1,465)
Non-Recurring Expenditure	(1,440)	(1,682)	(3,122)
Sunset Program/Agency	-0-	(616)	(616)
Special Legislative Adjustments	-0-	77	77
Attorney General Costs	<u>50</u>	<u>50</u>	<u>100</u>
<u>CURRENT SPENDING</u>	\$7,563	\$6,715	\$14,278
<u>AGENCY DECISION ITEMS:</u>			
Suspension of RAPO Enforcement Activities	<u>(348)</u>	<u>(356)</u>	<u>(704)</u>
<u>AGENCY PLAN</u>	\$7,215	\$6,359	\$13,574
GOVERNOR'S RECOMMENDATIONS	\$7,215	\$6,359	\$13,574

Brief Explanation of Agency Plan:

The department, in preparing the plan for this fund, followed the tracking sheet prepared by legislative staff pertaining to the MinnesotaCare legislation of 1993 and 1994. Adjustments were made for start-up costs for work stations, computer equipment, and temporary positions or contracted services to prepare reports. Other adjustments were made for the sunseting of the Health Care Commission, on 6-30-96, and its related activities such as the Regional Coordinating Board. In addition to these adjustments, the agency has decided to suspend the activities related to the implementation and enforcement of the Regulated All-Payer Option (RAPO) System. This action reduces the need for resources from this fund by \$704,000 for the biennium.

Revenue Summary:

There is no impact on revenue of this fund as a result of this plan.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Trunk Highway

Summary of Agency Actions:

Brief Explanation of Agency Plan:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$1,513	\$1,513	\$3,026
 <u>CURRENT SPENDING</u>	 \$1,513	 \$1,513	 \$3,026
 <u>AGENCY PLAN</u>	 \$1,513	 \$1,513	 \$3,026
 <u>GOVERNOR'S RECOMMENDATIONS</u>	 \$1,513	 \$1,513	 \$3,026

The agency proposes no changes in the use of these funds that support the Emergency Medical Services (EMS) activities of the department. These activities include regulation of ambulance services, training and testing of ambulance drivers, and continued support of the EMS regional systems.

Revenue Summary:

There is no impact on the revenue for this fund. The department will continue to charge ambulance services a licensing fee which generates approximately \$64,000 for the biennium.

Affected Statutes:

There are no statutory changes that need to be made to adopt this plan. However, the department will be reviewing the use of advisory bodies to the Commissioner and proposing to streamline this process. This may effect M.S. 144.8097.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Metro Landfill Contingency Trust

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$248	\$248	\$496
<u>BASE ADJUSTMENT:</u>			
Appropriations Carried Forward	(43)	(43)	(86)
Special Legislative Adjustments	<u>(12)</u>	<u>(12)</u>	<u>(24)</u>
<u>CURRENT SPENDING</u>	\$193	\$193	\$386
<u>AGENCY PLAN</u>	\$193	\$193	\$386
GOVERNOR'S RECOMMENDATIONS	\$193	\$193	\$386

Brief Explanation of Agency Plan:

The agency will continue to do all activities funded from this fund despite a reduction of \$12,000 per year due to restructuring of the fund as it relates to the Sanitary Landfill Clean-up Fund.

Revenue Summary:

There is no impact on revenues of this fund included in this plan.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY: Health, Department of (MDH)

AGENCY DESCRIPTION:

The mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of the citizens of Minnesota under M.S. 144.

To achieve this end, the MDH conducts public health studies and investigations; collects and analyzes health and vital data; identifies and describes health problems; designs, implements and supports programs and services for reducing morbidity and mortality; establishes and enforces health standards; provides education and technical assistance; coordinates local, state and federal health programs and services; assesses and evaluates the effectiveness of health service systems and public health program efforts; and advises the Governor and the legislature on matters relating to the public's health.

The responsibilities of MDH have grown significantly over the past several years with the designation of the department as the lead agency in health care reform. These activities have, in turn, led to corollary responsibilities for defining and facilitating the achievement of new roles for public health in a reformed health system.

During 1994 a major agency reorganization was accomplished which resulted in a better integration of health care reform activities with other systems development activities within the department and the establishment of a health care policy focus within the agency. Programmatic areas within the department are: 1) Health Protection; 2) Health Systems Development; 3) Health Quality Assurance; and, 4) Health Support Services.

AGENCY CHALLENGES:

The department's dual responsibility for health care reform and public health provides an opportunity to develop a health system which builds on the strengths of both the health care and the public health sectors. Two primary challenges of health care reform are to contain the rising costs of health care and improve citizens access to quality care. Geographic access to health services has also emerged as a critical issue in rural areas of Minnesota. Minnesota is moving to meet these challenges through insurance reform and the implementation of MinnesotaCare laws. Reform of the health care system will continue to be a major focus of department activity in the upcoming biennium.

As Minnesota moves forward with health care reform, it is anticipated that health plans will provide a more comprehensive set of services to a greater number of people. This will allow the public health system to place a greater emphasis on core public health activities which serve to protect and improve the health of all Minnesotans. The department, in collaboration with a variety of partners and stakeholders, is working to complete the Public Health System Development report required by the 1994 MinnesotaCare Act. As directed by the legislature, this report will articulate both the ongoing and newly evolving responsibilities of public health in the context of health reform and estimate resource needs for meeting those requirements.

AGENCY STRATEGIES:

The agency budget plan is constructed to achieve the following outcomes:

- to develop strategies for improving local capacity to fulfill public health responsibilities;
- to prevent and control the transmission of communicable disease in Minnesota;
- to reduce the occurrence and severity of acute and chronic disease;
- to reduce the occurrence of disease and conditions that are environmentally induced, occupationally induced, and influenced by lifestyle choices and cultural norms;
- to safeguard and promote the health and safety of persons receiving services from health care providers;
- to assure efficient and effective coordination of health related activities and services from health care providers;
- to improve decision making and health related planning and research at all levels of government and in the public sector; and
- to reduce the rate of increase in health care expenditures in Minnesota.

The annual Performance Report, dated September 1994 describes agency results and outcomes.

Public health strategies focus on the core functions of assessment; policy development and planning; and assurance.

Assessment consists of regularly and systematically collecting, assembling, and analyzing information on the health of populations, factors affecting people's health, and the health system itself.

Policy Development & Planning involves leading communities in the development of public health priorities and collaborative strategies to improve population health, and assisting in the development of sound, comprehensive policies in matters related to health.

Assurance entails working both independently and with partners to assure that the appropriate activities to protect and improve public health are carried out. This has often involved the direct delivery of services to individuals not served by the private health care providers.

Supporting MDH programs and local public health agencies in health assessment and policy development is an important agency priority at this time. Although many public health activities represent long-standing government responsibilities, health reform provides new opportunities and makes new demands on MDH and local public health agencies. Strengthening state and local government capacity to perform the core functions is a prerequisite to true reform of the health system. For example, assessment activities such as surveillance, assessment of health status, and outcomes monitoring, undertaken on a population-wide basis, are essential to the development and implementation of sufficient and appropriate policies and services to protect and improve the public's health. The information obtained through assessment activities is used in the development of local and statewide public health priorities as well as programs and strategies to address health problems. Both the assessment and policy development functions are essential in guiding the efforts of health plans, community organizations and others interested in creating healthy communities.

AGENCY: Health, Department of (MDH)
(Continuation)

REVENUE SUMMARY:

Revenue generated through fees and charges by the department are deposited in the state Government Special Revenue Fund, are estimated to be \$14.8 million in 1995 and represent about 8% of the total budget. The department has numerous inter-agency agreements for the delivery of various services such as certification of long term care facilities and the provision of laboratory services for the Pollution Control Agency. Revenues from these sources are deposited in the Special Revenue Fund and represent 13% of the agency's resources. The department very actively seeks grants from the federal government for public health activities. We are awarded an estimated 40 separate grants totalling over \$100 million annually which represents an estimated 52% of the total budget. The General Fund appropriation to the department is an estimated 19.8% or \$38.3 million.

This budget proposes numerous changes in revenue in order to fully support licensing and other fee supported activities. It also proposes a major decrease in fee charges for licensing of health care facilities.

SUMMARY OF BUDGET REQUEST:

The budget plan includes a request for:

- additional General Fund appropriations of \$590,000 to plan a complete re-design of the state's vital records system,
- fee supported State Government Special Revenue Funds of \$116,000 to improve Environmental Laboratory Proficiency testing,
- fee supported State Government Special Revenue Funds of \$240,000 for increased home care regulation,
- fee supported State Government Special Revenue Funds of \$944,000 for expansion of the health facility license program and a reduction in fees for licensed health care facilities,
- a 3% increase to fee supported activities of \$527,000 for inflation increases for nonsalary items.
- a decrease of \$704,000 related to suspension of activities surrounding RAPO.

The 1994 legislature created a new system for funding legal services provided by the Attorney General's Office. The plan also includes a base adjustment of \$258,000 from the General Fund, \$436,000 from the state Government Special Revenue Fund, and \$100,000 from the Health Care Access Fund for Attorney General Office support.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund biennial appropriation of \$76,441,000 for the agency plan which includes funding for reengineering the state's Vital Records System, including the expansion of the Electronic Birth Certificate System.

The Governor recommends the establishment of a Department of Children and Education Services to improve coordination and integration of services, and to achieve improved outcomes for children and their families. \$597,000 is recommended to transfer to the new department in F.Y. 1997. It is the intent of the Governor to transfer the Women, Infant, Children (WIC) funding and the Maternal Child Health (MCH) funding. This will be done after Congress approves the Department of Children and Education Services as the designated agency to receive such funds or the federal government changes the nature of federal funding and allows states flexibility with block grant monies.

The Governor recommends funding of \$600,000 to establish a women's health center to promote and improve the health status of women of all ages and to provide a focal point for women's health advocacy, research and dissemination of information.

The Governor recommends a decrease in the fees charged to hospitals and nursing homes for licensure and an increase in the fees supporting the Food, Beverage, and Lodging Inspection Program to recover its operating deficit.

The Governor recommends appropriation increases for state licensed home care, licensed health care facilities, and laboratory certification. Current revenue from these fee generating activities is sufficient to cover the increases.

The Governor concurs with the agency plan to allow nonsalary inflation increases where existing revenue is sufficient to cover the increased costs in the nongeneral fund fee related activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
HEALTH SYSTEMS DEVELOPMENT	88,485	98,787	110,965	108,442	108,450	108,750	107,669	107,550	107,253
HEALTH QUALITY ASSURANCE	18,999	19,660	23,725	23,399	23,827	23,827	23,407	24,197	24,197
HEALTH PROTECTION	29,989	33,860	38,537	39,084	39,263	39,263	39,019	39,317	39,317
MANAGEMENT AND SUPPORT SERVICES	13,544	17,286	19,093	19,063	19,106	19,106	19,119	19,205	19,205
TOTAL EXPENDITURES BY PROGRAM	151,017	169,593	192,320	189,988	190,646	190,946	189,214	190,269	189,972
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	47,515	37,571	38,343	37,867	38,222	38,522	37,984	38,219	37,922
STATE GOVT SPEC REV	523	13,812	14,814	15,032	15,683	15,683	15,032	16,208	16,208
HEALTH CARE ACCESS	2,210	4,695	9,977	7,563	7,215	7,215	6,715	6,359	6,359
SPECIAL REVENUE			8	8	8	8	8	8	8
TRUNK HIGHWAY	1,478	1,477	1,513	1,513	1,513	1,513	1,513	1,513	1,513
METRO LANDFILL CONTN	115	140	248	193	193	193	193	193	193
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	5	6							
STATUTORY APPROPRIATIONS:									
GENERAL	1,161	487	682	682	682	682	682	682	682
STATE GOVT SPEC REV		50	50	50	50	50	50	50	50
HEALTH CARE ACCESS		1							
SPECIAL REVENUE	15,728	23,614	25,495	25,495	25,495	25,495	25,495	25,495	25,495
FEDERAL	81,146	87,096	99,795	100,190	100,190	100,190	100,147	100,147	100,147
AGENCY	377	22							
GIFTS AND DEPOSITS	759	622	1,395	1,395	1,395	1,395	1,395	1,395	1,395
TOTAL FINANCING	151,017	169,593	192,320	189,988	190,646	190,946	189,214	190,269	189,972
FTE BY EMPLOYMENT TYPE:									
REGULAR	887.1	912.2	1,150.3		1,148.0			1,143.9	
TEMP/SEAS/PART_TIME	75.3	94.3	47.9		49.0			49.0	
OVERTIME	1.1	1.7	.3		.3			.3	
TOTAL FTE	963.5	1,008.2	1,198.5		1,197.3	1,200.8		1,193.2	1,192.7

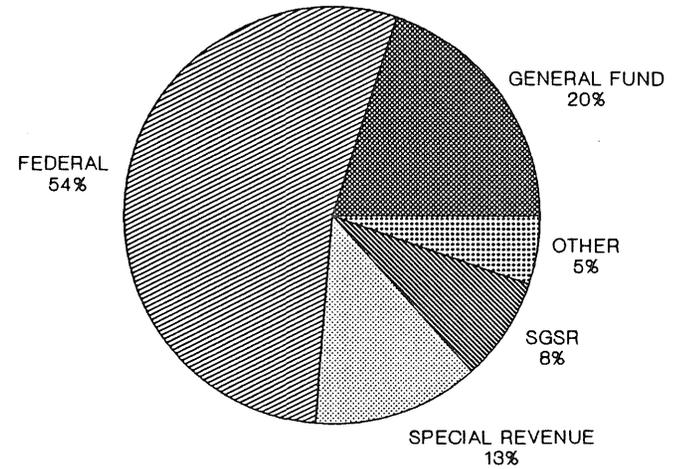
STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: HEALTH, DEPT OF

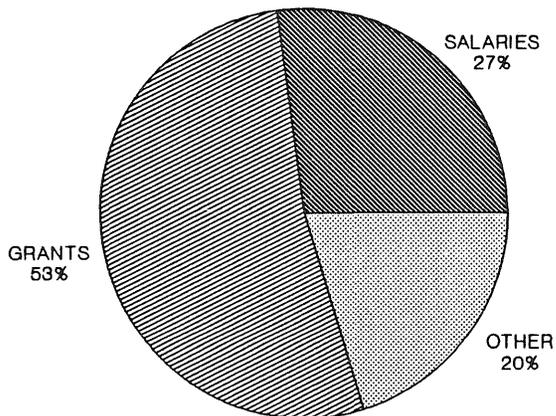
	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	192,312	192,302	39,025	39,025	53,500	53,500	99,787	99,777
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<555>	<555>	<230>	<230>	<325>	<325>		
APPROPRIATIONS CARRIED FWD	<1,008>	<1,075>	<266>	<266>	<742>	<809>		
NON-RECURRING EXPENDITURES	<1,640>	<1,882>	<150>	<150>	<1,440>	<1,682>	<50>	<50>
SUNSET PROGRAM/AGENCY		<616>				<616>		
DOCUMENTED RENT/LEASE INC/DEC	6	123	6	123				
SPECIAL LEGIS. ADJUSTMENTS	23	100	35	35	<12>	65		
FEDERAL RECEIPTS	453	420					453	420
ATTORNEY GENERAL COSTS	397	397	129	129	268	268		
SUBTOTAL BASE ADJ.	<2,324>	<3,088>	<476>	<359>	<2,251>	<3,099>	403	370
CURRENT SPENDING	189,988	189,214	38,549	38,666	51,249	50,401	100,190	100,147

Minnesota Department of Health Fiscal Summary - Agency Total F.Y. 1996 Agency Plan

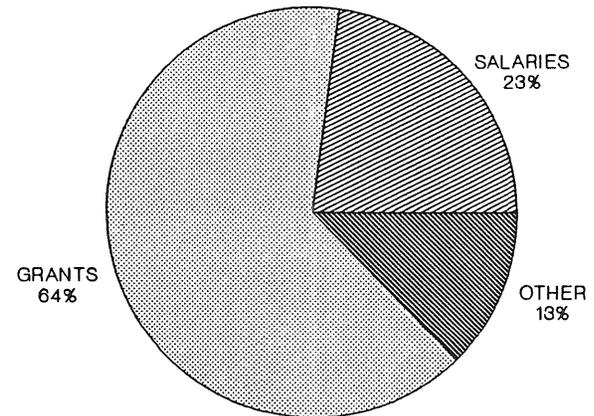
Resources \$190.6 million



Total Expenditures
\$190.6 million



General Fund Expenditures
\$39.2 million



SGSR = State Govt Special Revenue

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1996-97 Biennial Budget

PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

Community Health Services, Family Health, and Health Care Delivery Policy are the activities of this program.

The issues associated with these activities are:

- Health reform in Minnesota is having a significant influence on state and local responsibilities. The health department, in collaboration with other health reform stakeholders, is completing the public health "systems development" recommendations (required by Article 7 of the 1994 MinnesotaCare Act). The department will need to translate the core public health functions of "assessment, policy development and planning, and assurance" into operational terms and estimate the funding needs of meeting these operational requirements. It must also develop and implement strategies for improving local capacity for meeting those requirements and further develop strategies for ensuring future financing and delivery of personal care services.
- Insuring optimal options for children, families, and communities is of paramount importance to Minnesotans. The MDH carries out its responsibilities through the promotion and protection of the health of individuals, especially women and children by preventing chronic disease, injury and other adverse health outcomes through community health and individual approaches, as well as comprehensive, coordinated, and family centered systems of care.
- The lack of congressional action on health care reform makes it imperative that Minnesota continue with its current efforts relating to cost containment and improving access to quality health care while carefully examining which activities assigned to the department are most effective in achieving the goals of access, quality and cost containment. Experience gained in Minnesota, as well as other states proceeding with health care reform initiatives, will provide direction for future attempts at national reform and enable Minnesota to continue to positively impact the health status of all individuals.

PROGRAM STATUS:

The mission of this bureau is to promote optimal health outcomes for all Minnesotans through the development of a comprehensive and integrated health system. This health system is based on policy analysis and development, data analysis, and health planning, all of which are the basis of the state's health care reform efforts.

Minnesota's health care reform efforts must be consistent with the proven effective state and local cooperative partnership. That partnership ensures that Minnesota's communities and local governments are able to meet their public health responsibilities under state law, that Minnesota's communities and local governments systematically assess health status and establish plans in order to improve public health, that Minnesota supports cooperative partnerships with cities, counties and local health organizations, and that Minnesota supports joint state and local disease prevention, health promotion and health service delivery programs and strategies addressing not only the general

population, but also the specific gap in health status between minorities and non-minorities.

The agency budget plan recognizes that in view of a reforming health system, there will be a greater emphasis on public accountability for new activities that impact all segments of our population. Funding is requested to support the reengineering of the vital records system (a key building block in public health surveillance and assessment) in order to better provide information and data related to core public health functions.

The importance of lifestyle factors, such as diet, physical activity, non-smoking, elimination or moderation of chemical use, and appropriate utilization of health services are recognized to reduce premature mortality and morbidity. Increased interest in and knowledge of how lifestyle choices affect overall health and well being and recognition of effective prevention strategies allow programs targeted at high risk populations to effectively improve the health status of Minnesotans.

The goals of Minnesota's health care reform efforts include: controlling the rate of growth of health care spending; improving the quality of health care services; and improving access to health care services. Many of the activities within this program are specifically designed to work toward the achievement of our state health care reform goals. These program activities must continue at requested funding levels if Minnesota's health care reform efforts are to proceed on schedule.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Report to be accomplished or accelerated as follows:

- Strengthen and support a system of cooperative partnerships among local, regional, and state organizations committed to protecting and promoting the health of the general population (by providing increased capacity for agencies to provide core public health functions). This shift in emphasis will be reflected in level or declining numbers of local agency home care and family health visits.
- Implementing public health reform in a manner consistent with Minnesota's health care reform efforts, particularly as those efforts relate to core public health functions.
- By the end of F.Y. 1997, adult smoking rates will be reduced to 17.5%. Currently, approximately 22% of adults in Minnesota smoke. Smoking related diseases, which account for more than 6,000 deaths each year, represent the leading cause of preventable mortality in Minnesota. The department will continue activity directed at smoking cessation.
- Women who have early, continuous, risk appropriate prenatal care as a group have better pregnancy outcomes than those who do not. Currently, 82% of pregnant women begin prenatal care during the first trimester of pregnancy. The department will continue activities to increase the number of pregnant women receiving early and appropriate care.
- By the end of F.Y. 1997, the annual rate of growth of health care costs will be reduced to 6.7%. This performance measure is consistent with the annual performance report and requires a decrease in the rate of growth of health care costs by 10% per year in order to reach the 1997 target.
- By the end of F.Y. 1997, 8 additional community health centers and outreach projects will be established in medically underserved areas of the state. This performance measure is consistent with the annual performance report and assumes continued base funding levels for grants to community health centers and rural health outreach programs.

PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)
(Continuation)

Department of Children and Education Services as the designated agency to receive such funds or the federal government changes the nature of federal funding and allows states flexibility with block grant monies.

The Governor recommends funding of \$600,000 to establish a women's health center to promote and improve the health status of women of all ages and to provide a focal point for women's health advocacy, research and dissemination of information.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- The agency plan includes requested funding for planning the complete reengineering of the statewide vital records system, including the continued expansion of the Electronic Birth Certificate (EBC), a system by which hospitals provided computerized birth certificates directly to the department.
- Several reports with fiscal impact are called for by the 1994 MinnesotaCare Act. Article 7 (Minn. Laws 1994, Ch. 625, Art. 7, §1) requires a report by 1-15-95, to include recommendations on: implementing and financing local government public health functions and a series of other recommendations culminating in a recommended level of "dedicated funding" for local public health.
- The department is requesting a review of the distribution of funds currently available to the MDH and to the Department of Human Services for the Traumatic Brain and Spinal Cord Injury (TBI/SCI) fund to assure continued support for the TBI/SCI surveillance and service registry.
- The Family Health activity must respond to the need for a balanced budget for F.Y. 1996 and F.Y. 1997. The resulting reductions will affect the program's ability to respond to the needs of children and their families and to fully participate in children's systems and health care reform initiatives.
- The agency plan includes a base reduction in the health care access fund in F.Y. 1997 because the statutory authority for the Health Care Commission and the Regional Coordinating Boards will expire at the end of the F.Y. 1996.
- The agency plan includes a 3% inflation increase for each year of the biennium for all fee generating activities within this program for nonsalary items.
- The agency plan includes a suspension of regulated all payor option systems activities related to rate setting systems.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$590,000 for reengineering the state's Vital Records System, including the expansion of the Electronic Birth Certificate System. Release of the F.Y. 1997 funding should be contingent upon receipt by IPO of the required planning tasks identified in its 1996-97 Information Systems Funding Recommendations.

The Governor recommends the establishment of a Department of Children and Education Services to improve coordination and integration of services, and to achieve improved outcomes for children and their families. \$597,000 is recommended to transfer to the new department in F.Y. 1997. This transfer includes the Home Visiting Program, the School Health Program, and the Dental Health Program. It is the intent of the Governor to transfer the Women, Infant, Children (WIC) funding and the Maternal Child Health (MCH) funding. This will be done after Congress approves the

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1993			FY 1994			FY 1995			FY 1996			FY 1997		
	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
COMMUNITY HEALTH SERVICES	17,111	17,213	17,663	17,605	17,961	17,961	17,605	17,842	17,842	17,605	17,842	17,842	17,605	17,842	17,842
FAMILY HEALTH	68,955	76,902	83,997	83,653	83,653	83,953	83,653	83,653	83,356	83,653	83,653	83,356	83,653	83,653	83,356
HEALTH CARE DELIVERY POLICY	2,419	4,672	9,305	7,184	6,836	6,836	6,411	6,055	6,055	6,411	6,055	6,055	6,411	6,055	6,055
TOTAL EXPENDITURES BY ACTIVITY	88,485	98,787	110,965	108,442	108,450	108,750	107,669	107,550	107,253	107,669	107,550	107,253	107,669	107,550	107,253
AGENCY PLAN ITEMS:	FUND														
NON-DEDICATED FEE SPENDING(UP TO 3%)	SGS														
VITAL STATISTICS REDESIGN AND EBC	GEN														
SUSPENSION OF RAPO ENFORCEMENT ACTIVITY	HCA														
TOTAL AGENCY PLAN ITEMS	8														
GOV'S INITIATIVES:	FUND														
(A) WOMEN'S HEALTH INITIATIVE	GEN														
(P) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES	GEN														
TOTAL GOV'S INITIATIVES	300														
SOURCES OF FINANCING:	FUND														
DIRECT APPROPRIATIONS:	GENERAL														
STATE GOVT SPEC REV	HEALTH CARE ACCESS														
STATUTORY APPROPRIATIONS:	GENERAL														
HEALTH CARE ACCESS	SPECIAL REVENUE														
FEDERAL	GIFTS AND DEPOSITS														
TOTAL FINANCING	88,485	98,787	110,965	108,442	108,450	108,750	107,669	107,550	107,253	107,669	107,550	107,253	107,669	107,550	107,253

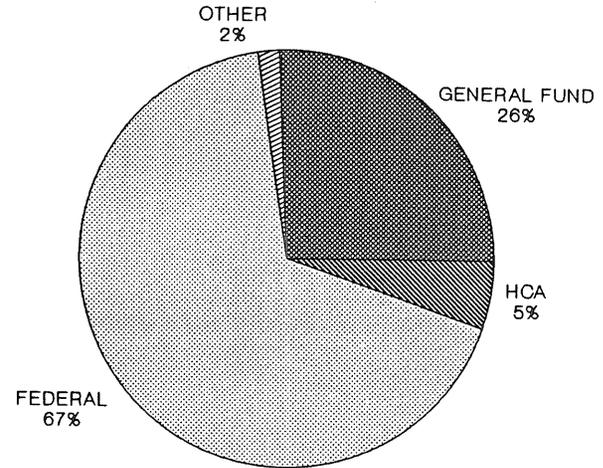
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT

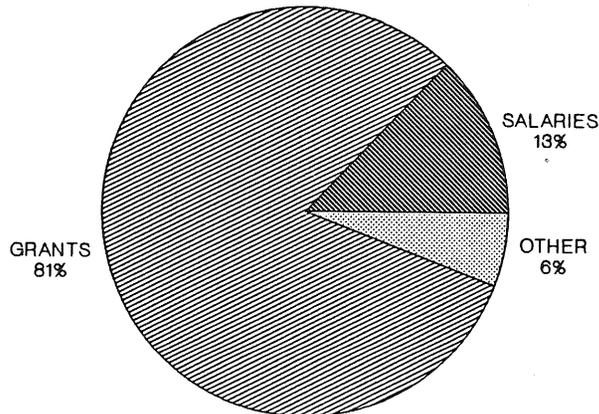
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
REGULAR	183.7	207.7	317.4		303.1		294.0		
TEMP/SEAS/PART_TIME	27.9	45.4	27.3		29.7		29.7		
OVERTIME	.4	.4	.1		.1		.1		
TOTAL FTE	212.0	253.5	344.8		332.9	336.4	323.8	323.3	

**Minnesota Department of Health
Fiscal Summary
Health Systems Development Program
F.Y. 1996 Agency Plan**

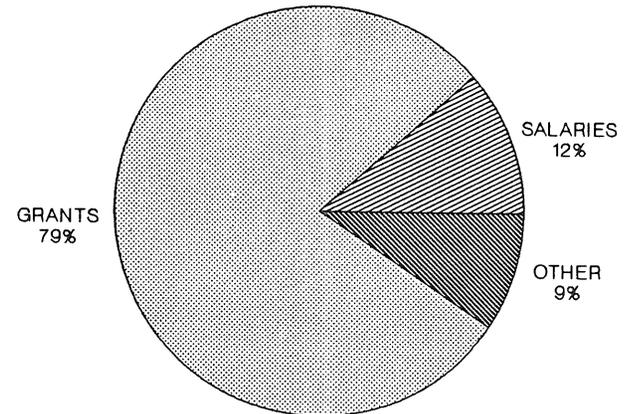
Resources \$108.5 million



**Total Expenditures
\$108.5 million**



**General Fund Expenditures
\$28.2 million**



HCA = Health Care Access

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1996-97 Biennial Budget

BUDGET ACTIVITY: Community Health Services
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Community Health Services (CHS) activity is the primary activity ensuring that Minnesota's communities and local governments are able to meet their public health responsibilities under state law. The mission of the activity is to develop and support a system of cooperative partnerships among state and local governmental organizations committed to protecting and promoting the health of the general population. During this biennium and over the next few years, health reform will alter substantially public health activities, particularly at the local level.

The department anticipates that state and local public health agencies will increasingly emphasize the core governmental functions of public health: community assessment, policy development and planning, and assurance. These core governmental functions are critical components of health reform, providing information that supports rational planning for, and evaluation of, critical systems changes. For example, improved disease surveillance and health status monitoring for the entire population are essential to assisting health plan companies taking a more active part in prevention and in making important contributions to improving the health status of all Minnesotans. A concerted effort is being made to develop and maintain the technical and fiscal capacity, both statewide and locally, to more accurately assess public health needs as well as to assure that those needs are comprehensively addressed. Part of this effort has included restructuring and changing responsibilities within the Public Health Nursing Section, the division's primary consultants to local public health agencies, in order to better focus division and department efforts to improve local capacity to fulfill public health responsibilities.

BUDGET ISSUES:

One of the fundamental building blocks in public health status surveillance and assessment is the state's vital statistics system: birth, death, marriage and divorce records. These records not only provide citizens with necessary documentation to prove rights exist and to qualify for services but, in combination with other available data, e.g., census and selected morbidity studies, are the critical underpinning for assessing communities' health status and measuring cumulative efficacy of efforts to improve that status. Minnesota's vital statistics system uses a paper and limited microfilm-based records system, neither of which has had any major technology upgrade in the past 25 years. The department is proposing a reengineering of the system incorporating current technologies of computer networks and possibly optical disk storage in order to support public health information requirements, to further support health reform efforts, and to provide better service to citizens.

- The department requests funding for planning the complete reengineering of the statewide vital records system, including the continued expansion of the Electronic Birth Certificate (EBC), a system by which hospitals provide computerized birth certificates directly to the department. Also, in order to ensure that the existing system is fully supported by fees, the department is recommending that the current statutory exceptions to fee payment applied to certain government agencies be repealed.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 494	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	519	540	550	560
Dedicated - Special	434	392	322	322	322
Dedicated - Federal	506	719	1,331	1,331	1,331
Total	\$1,434	\$1,630	\$2,193	\$2,203	\$2,213

GRANTS:

1. Community Health Services Subsidy

A. Statutory Reference: M.S. 145A.13

- B. Purpose: The subsidy provides funds "to develop and maintain a system of community health services under local administration within a system of state guidelines and standards" (M.S. 145A.09). It ensures that state and local governments exercise their public health responsibilities through joint planning, priority setting, and assuring that public health priorities are being met. The subsidy supports efforts to protect and improve the people's health by preventing disease, injury, disability and preventable death within a community health service area. Joint state-local efforts: prevent or control communicable diseases; protect the health of persons suffering a medical emergency; achieve an environment conducive to human health, comfort, safety and well being; promote optimum health outcomes related to human reproduction and child growth and development; reduce risk conditions or behaviors to prevent chronic disease and achieve other advances in health status; and reduce the ill effects and complications of existing disease and provide suitable alternatives to inpatient care in a health facility.
- C. Identify Recipients: Recipients are 49 Community Health Boards (county, multi-county and 5 eligible cities) which meet statutory population and organization criteria.
- D. Define Eligibility Criteria: M.S. 145A.09 to 145A.13 sets eligibility criteria; a Community Health Board must be county-based (except for 5 cities eligible by statute), must have a minimum population of 30,000, or be composed of at least 3 contiguous counties or be a human services board which assumes the responsibilities of a board of health. A one-to-one dollar match is required of the community health boards. The current match is approximately \$6.50 of local expenditure for each dollar of subsidy.
- E. Formula Factors: The subsidy statute was originally passed in 1976 and contained a formula based on income, property values and local level of effort. It also contained small incentives for multi-county boards and for areas containing at least 50,000 people. In 1985 the formula was revised to reflect a per capita basis. As part of that revision, "hold harmless" language that did not take away the small incentives keeps some very minor distortions in an otherwise purely capitation formula.

1996-97 Biennial Budget

BUDGET ACTIVITY: Community Health Services
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of (MDH)
 (Continuation)

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$ 14,112	\$14,112	\$14,112	\$14,112	\$14,112

2. Migrant Health Grants

- A. Statutory Reference: M.S. 145A.14, Subd. 1
- B. Purpose: The Migrant Health Special Project Grant provides primary health services to families of migrant agricultural workers. The grant is intended to establish, operate, or subsidize clinic facilities and services to furnish health services for migrant agricultural workers and their families in areas of the state where significant numbers of migrant workers have seasonal employment.
- C. Identify Recipients: Since 1981, the Migrant Health Service, Inc. (MHSI) has been the sole recipient of this grant. MHSI, a non-profit corporation headquartered in Moorhead, supports a Mobile Health Unit, which operates in southern Minnesota, and maintains an extensive network of health service providers in local communities who provide migrant health services on a contract basis.
- D. Define Eligibility Criteria: The department issues a Request for Proposal (RFP) for services on a biennial basis; MHSI has been the sole respondent during this time. Eligibility criteria includes an applicant's ability to provide services and its ability to reach the migrant population in the state.

Although Minnesota's migrant agricultural population is culturally diverse, the majority are of Mexican/American origin. MHSI's Mobile Health Unit features a bilingual (English/Spanish) nurse practitioner who provides health screening and referral services.

- E. Formula Factors: There is no formula for distribution of the funds. Legislative appropriations for this grant have remained essentially fixed since a 1983 reduction. Grant funds are distributed on a contract basis.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$104	\$104	\$104	\$104	\$104

3. Indian Health Grants

- A. Statutory Reference: M.S. 145A.14, Subd. 2
- B. Purpose: The Indian Health Grants establish, operate or subsidize clinic facilities and services to furnish health services for Indians who reside off reservation. Current grants provide varying levels of community outreach, primary care and referrals for American Indians in Hennepin, Ramsey, Beltrami and St. Louis Counties.
- C. Identify Recipients: By statute, grant recipients are Community Health Boards (CHBs). At the present time, board recipients are the Hennepin CHB, the St. Paul CHB, the North Country CHB (Beltrami-Clearwater-Hubbard-Lake of the Woods counties) and the Carlton-Cook-Lake-St. Louis CHB.
- D. Define Eligibility Criteria: The department issues a biennial statewide RFP. Eligibility criteria for the grant include the applicant and provider's ability to provide the services proposed and to reach the Indian population in the applicant's service area. As part of the contract with the Minnesota Department of Health (MDH), the boards indicate what services will be provided in their community and what organization will provide those services.

Because the needs of the Indian communities in various parts of the state are different, the Indian Health grants reflect those differences. The Hennepin County Community Health Board (CHB) grant provides for extensive medical services in primary care facilities -- the 2 providers concentrate on positive pregnancy outcomes for pregnant Indian women (Community University Health Center) and on primary and preventive health care services for Indian Children (Indian Health Board of Minneapolis). The St. Paul CHB grant provider, the American Indian Health Clinic, provides extensive outreach, screening and education services in order to address: high-risk births among American Indian women, chronic diseases common to American Indians, and breast and cervical cancer among American Indian women. The North Country CHB grant provider, Leech Lake Reservation, operates a nurse-managed clinic in Bemidji which concentrates on preventive health care including: child and teen check-up examinations, immunizations, diabetes-related preventive education and services, tobacco and alcohol-use reduction, and preventive gynecologic, mammography, and family planning services. The Carlton-Cook-Lake-St. Louis Counties CHB grant provider, the Fond du Lac Reservation Human Services Center, provides extensive health risk appraisal, outreach, education, and referral services to address chronic disease and to promote health as well as to make appropriate referrals within the medical care system.

- E. Formula Factors: There is no formula for distribution of the funds. Legislative appropriations for this grant have remained fixed since 1985. Grant funds are distributed on a competitive contract basis as are other MDH grants.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$177	\$177	\$177	\$177	\$177

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: COMMUNITY HEALTH SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,164	2,446	2,545	2,520	2,790	2,790	2,520	2,730	2,730
EXPENSES/CONTRACTUAL SRVCS	307	153	167	167	182	182	167	182	182
MISC OPERATING EXPENSES	120	139	218	218	219	219	218	220	220
SUPPLIES/MATERIALS/PARTS	48	43	320	287	357	357	287	297	297
CAPITAL EQUIPMENT	69	39	20	20	20	20	20	20	20
OTHER	10								
SUBTOTAL STATE OPERATIONS	2,718	2,820	3,270	3,212	3,568	3,568	3,212	3,449	3,449
LOCAL ASSISTANCE	14,393	14,393	14,393	14,393	14,393	14,393	14,393	14,393	14,393
TOTAL EXPENDITURES	17,111	17,213	17,663	17,605	17,961	17,961	17,605	17,842	17,842
AGENCY PLAN ITEMS:									
NON-DEDICATED FEE SPENDING (UP TO 3%)						1		2	
VITAL STATISTICS REDESIGN AND EBC						355		235	
TOTAL AGENCY PLAN ITEMS						356		237	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	16,171	15,606	15,555	15,522	15,877	15,877	15,522	15,757	15,757
STATE GOVT SPEC REV		478	428	428	429	429	428	430	430
HEALTH CARE ACCESS			25						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	434	392	322	322	322	322	322	322	322
FEDERAL	506	719	1,331	1,331	1,331	1,331	1,331	1,331	1,331
GIFTS AND DEPOSITS		18	2	2	2	2	2	2	2
TOTAL FINANCING	17,111	17,213	17,663	17,605	17,961	17,961	17,605	17,842	17,842

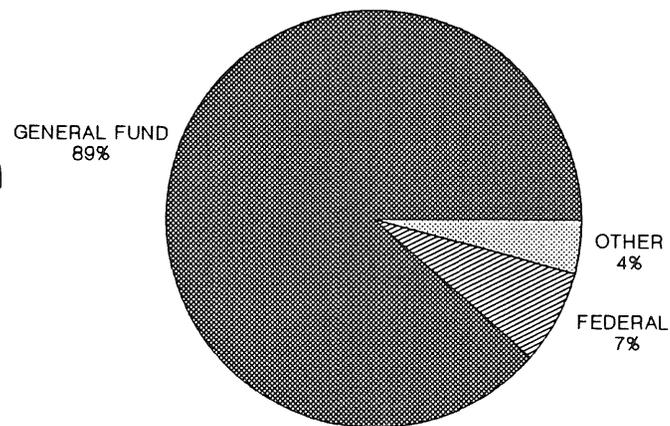
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: COMMUNITY HEALTH SERVICES

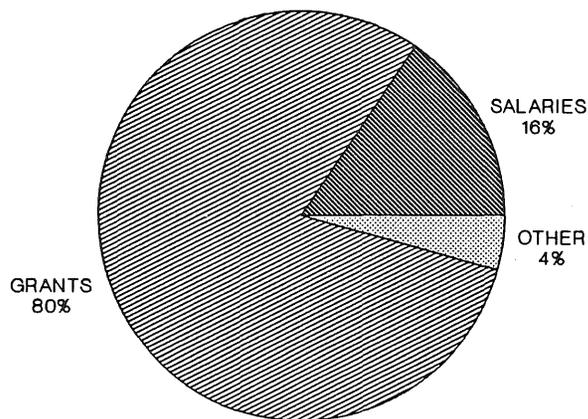
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	49.1	53.0	68.0		74.6		73.5		
TEMP/SEAS/PART_TIME	3.4	5.1	1.9		1.8		1.8		
OVERTIME	.1	.2							
TOTAL FTE	52.6	58.3	69.9		76.4	76.4	75.3	75.3	

**Minnesota Department of Health
Fiscal Summary
Community Health Srvc Activity
F.Y. 1996 Agency Plan**

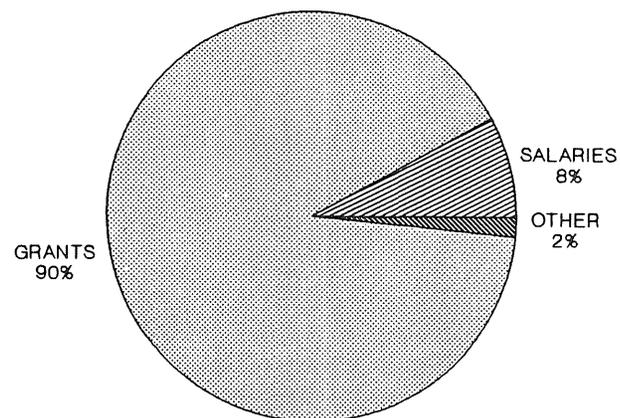
Resources \$18.0 million



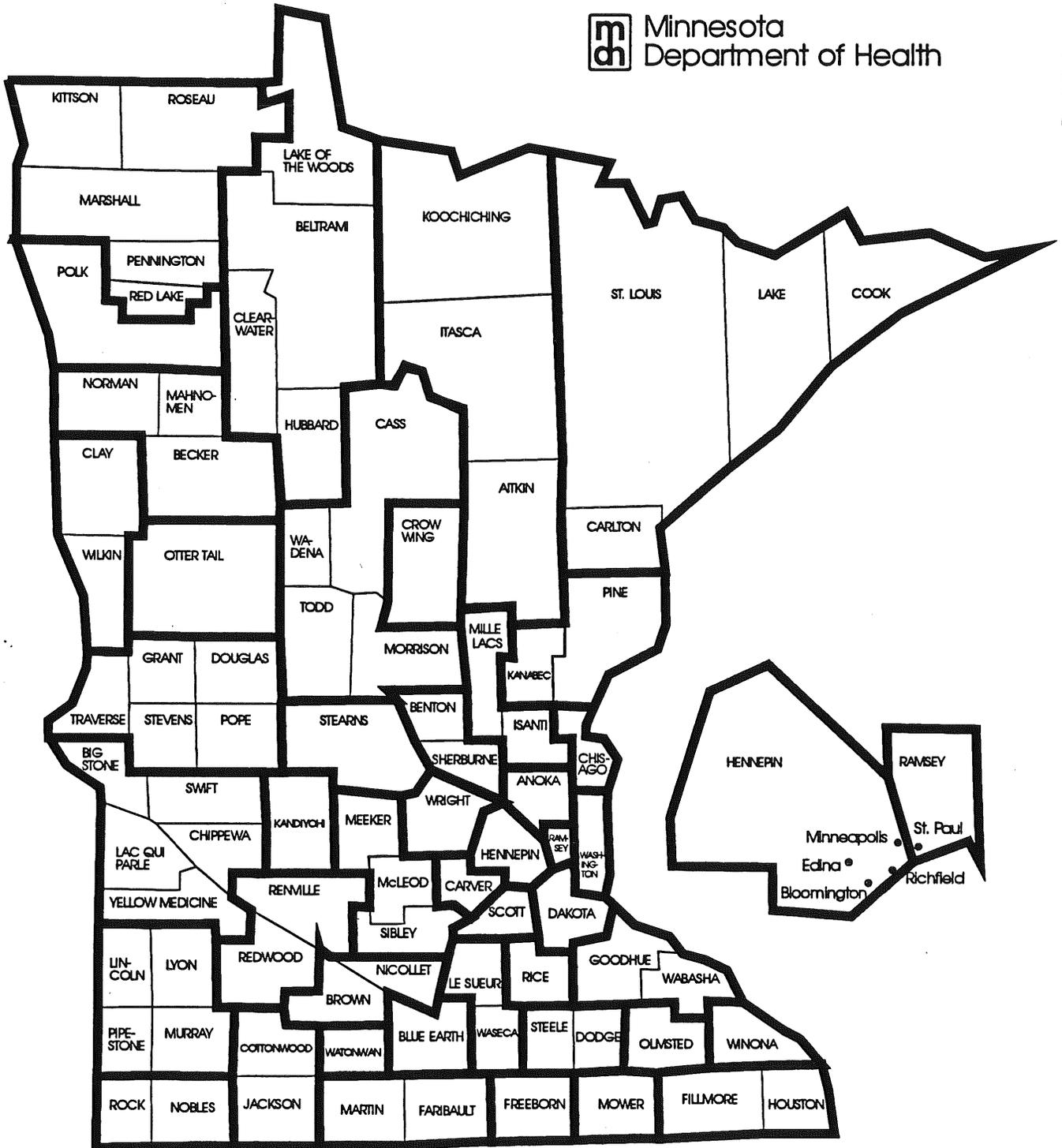
**Total Expenditures
\$18.0 million**



**General Fund Expenditures
\$15.9 million**



Community Health Boards in Minnesota



F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Delivery System
ACTIVITY: Community Health Services

ITEM TITLE: Reengineering of the Vital Records System

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$355	\$235	\$-0-	\$-0-
Revenues: (\$000s)				
State Government				
Special Revenue	\$33	\$33	\$33	\$33

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 144.226

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$590,000 for the 1996-97 biennium for reengineering the state's Vital Records System, including the expansion of the Electronic Birth Certificate (EBC), a system by which hospitals provide computerized birth certificates directly to the department.

The Governor also recommends that release of F. Y. 1997 funding be contingent upon receipt by IPO of the required planning tasks identified in its 1996-97 Information Systems Funding Recommendations.

RATIONALE:

This is a major opportunity for efficiency, customer service, and support of health reform activities through the development of computer network systems for vital statistics. Minnesota's vital statistics system uses a paper and (limited) microfilm-based records system, neither of which has had any major technology upgrade in the past 25 years. The department is proposing a reengineering of the system incorporating current technologies of computer networks and (possibly) optical disk storage in order to support public health information requirements, to further support health reform efforts, and to provide better service to citizens. There are 3 interrelated components to this reengineering.

- A clear need exists to automate the entry, storage, retrieval and copying of vital statistics records. In updating and automating this system, the statewide structure supporting the system (87 county and 7 municipal local registrars) must be accommodated in order that the redesigned system will provide better, quicker and more accessible records without loss of data during

system implementation. A county and state advisory work group has recommended that an intense planning process be undertaken to complete a comprehensive plan for the automation of the vital records system, including establishing the structure, equipment and personnel needs for implementing the system. Part of this planning process will be aimed at establishing consensus among counties, provider groups, state agencies and other interested parties who are necessary to ongoing support of the vital statistics system. During the next year, an implementation plan will be completed and presented to the 1997 legislature for budget consideration. The plan will include financing options for sustaining the reengineered system.

- The Vital Records Section in the department is funded through fees from copying and making alterations to birth and death records. A statutory exception to these fees exists for a number of services related to other governmental agencies: other state agencies, local governments, armed forces, certain federal agencies, and the Veteran's Administration. The vital Record Section is approximately \$33,000 short in its revenue obligations to the Special Revenue Fund, directly reflecting the costs of these statutory exceptions. The department proposes changing M.S. 144.226 to eliminate these exceptions. Raising fees for those not exempted in order to cover these costs raises equity questions; moreover, the vital statistics redesign described above will likely result in a fee increase in F. Y. 1998 to finance the automation.
- The Electronic Birth Certificate (EBC) is a system by which hospitals provide computerized birth certificate data directly to the department. The 2 year pilot study involving 10 hospitals has shown the EBC system is highly cost-effective administratively and the 1 week turn-around time (versus 6 - 8 weeks using current paper processes) will increase the effectiveness of other state programs such as child support enforcement, child immunizations, and high risk birth assessment and follow-up. The department proposes to implement the EBC in the state's 60 largest hospitals, accounting for over 90% of the state's births.

PROGRAM OUTCOMES:

- A better, quicker, more accessible, more flexible and more secure vital records system which can provide records rapidly and without loss or compromise of data. Local governments will have further data available for use in their public health efforts related to family health, disease prevention and control, and health care delivery policy.
- User fees will fully fund a fee-based system and fees will be more uniformly allocated among the users of the system.
- Implementing the EBC will increase child support collections, positively affecting the Department of Human Services, local social services agencies, and the courts. It should also positively affect local governments, which use these data in their public health efforts.

LONG-TERM IMPACT:

Health reform efforts will be supported with accessible, current, population-wide data which are useable for systems planning and evaluation. Health care providers will be able to use population-wide data to design and evaluate the services and activities provided to their members and will be able to make limited comparisons of the health status of their members with that of the general population. Public health agencies responsible for core public health functions will have useable population-wide data for assessing communities' health status, for meeting planning and health assurance core responsibilities and for measuring the effectiveness of public and private health efforts in communities.

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Family Health activity is responsible for ensuring optimal health outcomes for children, families and communities. Activity objectives include:

- to provide statewide leadership on family and community health issues;
- to promote coordination of family and community health activities;
- to promote optimal birth outcomes;
- to promote the healthy growth and development of children;
- to assure adequate nutrition for pregnant women, new mothers, infants and children under 5;
- to promote a comprehensive system of care for children with special health care needs;
- to assure coordinated comprehensive health care services for children with special health needs;
- to promote optimal health and prevent diseases that are influenced by lifestyle choices;
- to prevent intentional and unintentional injuries, especially among children;
- to reduce the serious medical complications of diabetes;
- to reduce the misuse of alcohol and other drugs;
- to promote optimal dental health.

Overall objectives are accomplished by: 1) statewide assessment and analysis of maternal, child, family, and community health status; 2) providing technical support to communities relating to maternal, child, and community health; 3) developing public policies related to maternal, child, and community health issues; 4) developing and implementing statewide health promotion and health education activities targeted at mothers, children, families, and communities; 5) identifying appropriate intervention strategies, and developing and implementing programs targeted at vulnerable populations; 6) providing grants to community health services agencies to support programs for high risk and low-income individuals in the areas of family planning, pregnancy, care of infants and children with special health care needs, and childhood injury prevention; 7) providing grants to local public health, private nonprofit agencies, and Indian reservations to operate supplemental food programs; 9) providing community grants to promote appropriate dental health practices, initiate injury prevention programs, promote preventive practices around secondary complications of diabetes and for smoking cessation; 10) supporting a bone marrow registry program; 11) surveillance activities targeted at traumatic brain and spinal cord injury and fetal alcohol syndrome; 12) assuring access to necessary services through direct service delivery to families or communities when local capacity is not sufficient to meet their needs.

BUDGET ISSUES:

- Prior to C.Y. 1986, the department utilized approximately 1/2 of the Maternal and Child Health (MCH) Block Grant for its direct program activities including Minnesota Children with Special Health Needs, Family Planning and MCH Special Project grants administration, and technical support for local MCH projects. During the 1985 Special Session of the legislature, a provision was enacted to limit the department's share of the MCH Block Grant to 1/3. In addition, federal funding has not kept pace with increased costs over the years and will actually decrease in federal F.Y. 1995.

Program efficiencies, carry over authority, and increased funding to local agencies have allowed the program over subsequent years to mitigate the effects of these 1985 actions. However, in order to fully recognize these shortfalls and plan for a balanced budget in F.Y. 1996 and F.Y. 1997 the department must take action. The elimination of positions will be required to effect a balanced budget and it is anticipated that up to 18 positions may be involved.

While preparations were made in the existing program for the eventual shortfall, these efforts did little to assist the program in responding to changes occurring in the external environment. Both health care reform and the various systems design initiatives relating to children significantly impact the population the program is responsible for serving. It is critical that the program renew its emphasis on core public health responsibilities in assessing and monitoring the health status and needs of the population of children with chronic illness and disability. Without this emphasis, the program cannot provide the necessary leadership to assure that policies and programs are in place and are effective in responding to the needs of these children. The loss of these positions, occurring at such a critical time, will seriously jeopardize the ability of the program to engage in necessary systems redesign initiatives while still remaining responsive to families, providers and communities.

- The Special Supplemental Food Program for Women, Infants, and Children (WIC) is not an entitlement program and federal funds fail to meet total needs. It is estimated that Minnesota is serving 68% of the eligible population and an anticipated increase in federal funding will expand the caseload served. In response, both the state and community agencies will need to direct their attention to an increase in caseloads and outreach to families who have traditionally been hard to reach. New outreach strategies and changes in program administration will need to be implemented to facilitate caseload increases.
- Nationally, the percentage of births to unmarried woman of all races has increased in almost a straight-line fashion from 10% in 1970 to 30% in 1991; for African American births, the rate is 70%. Minnesota has not escaped this trend. Reduction in unintended pregnancies, promotion of male responsibility in pregnancy and parenthood, and support to children in single-parent families will require the development of innovative strategies.
- Poverty has a significant effect on the health and well-being of children. Visible outcomes include inadequate nutrition, poor school performance, lack of access to appropriate health care, unsafe neighborhoods, and increased child abuse and neglect. The percentage of children living in poverty has increased almost 22% between 1980 and 1990, with over 45% of children of color living in poverty. Minnesota is committed to redesigning how services are delivered to children and their families to assure that the system is easily accessible, comprehensive in nature, and does not result in duplicative activities. Effective strategies must be developed to adequately support children and their families, especially those that effectively reach communities of color.

1996-97 Biennial Budget

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)
 (Continuation)

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	310	358	569	569	569
Dedicated - Federal	<u>59,891</u>	<u>64,824</u>	<u>71,202</u>	<u>71,194</u>	<u>71,194</u>
Total	\$60,201	\$65,182	\$71,771	\$71,763	\$71,763

GRANTS:

1. *Maternal and Child Health*

A. Statutory references: Title V, Social Security Act, Sec. 501-509; M.S. 145.88-145.889

B. Purpose of grant: To provide services to women and children through programs for improving pregnancy outcome, providing services to young children at risk for handicapping conditions and chronic disease, family planning services, and reduction of childhood injury. Grants to Minneapolis, St. Paul and Goodhue-Wabasha are also used for child and adolescent health programs established before 1981 as "pre-block" projects.

C. Recipient identification and eligibility criteria:

■ Grantees: State law specifies that funds are to be allocated to Community Health Service (CHS) areas for distribution by local boards of health. By law, the CHS agencies conduct a sub-granting process within their CHS areas to make funds available to appropriate community providers.

■ Clients: Services provided by the boards of health are targeted at low-income, high-risk persons as defined in state statute.

D. Criteria and formulas determining amount of payment to recipient: The amount of funding for each CHS area is determined through a needs-based formula established in M.S. 145.882, Subd. 4. The formula includes 3 variables: the number of women, the number of low-birth-weight infants, and the number of low-income children and women.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$1,000	\$1,000	\$1,000	\$1,000
Federal	<u>6,747</u>	<u>6,450</u>	<u>6,450</u>	<u>6,450</u>
Total	\$7,747	\$7,450	\$7,450	\$7,450

2. *Family Planning Special Project Grants*

A. Statutory references: M.S. 145.925

B. Purpose of grant: To improve and expand pre-pregnancy family planning services, including education, counseling and method provision, to persons in their reproductive years as a means to reduce the number of unintended pregnancies, reduce the number of high-risk pregnancies and births, and increase the availability of services to infertile couples.

C. Recipient identification and eligibility criteria:

■ Grantees: Cities, counties, groups of cities or counties, and non-profit corporations are eligible to apply. One grant is awarded on a competitive basis for a statewide family planning hotline. Other service grants are awarded on a competitive basis following evaluation of applications in accordance with the authorizing legislation (M.S. 145.925) and the Family Planning Rule (4700.1900 to 4700.2500). Factors considered in selecting grant recipients include, but are not limited to:

- probable effectiveness and cost effectiveness of the project;
- equitable distribution of funds statewide;
- the extent funds will be used to increase availability and accessibility of services or to serve under-served populations;
- the extent proposed services are coordinated with other family planning services in the geographic area to be served;
- the extent high risk populations are served; and
- the extent other sources of funding are used.

When equivalent and competing applications are submitted for a geographic area, priority is given to local boards of health.

■ Clients: Services provided by grantees are targeted at persons who are at risk for unintended pregnancy or problems during pregnancy.

D. Criteria and formulas determining amount of payment to recipient: To ensure equitable access to family planning services to residents throughout the state, grant funds are allocated on a regional basis according to a needs-based formula established in Rule. Competition for funds occurs within each region; applicants are limited by statute to an annual award of \$75,000 per agency, per region. Applicants for the statewide family planning hotline are limited to an annual award of 5% of the funds available or \$100,000, whichever is less.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$3,805	\$3,805	\$3,805	\$3,805

3. *Minnesota Children with Special Health Needs (MCSHN)*

A. Statutory references: Title V, Social Security Act, Sec. 501-509; M.S. 145.146

B. Purpose of grant: To pay for the medical care of children with special health care needs by making payments to hospitals and private physician, dental, and surgical providers throughout Minnesota for authorized treatment and rehabilitative services. Also, funding is used to operate field clinics that provide diagnostic evaluation and treatment by

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)
 (Continuation)

specialists.

- C. Recipient identification and eligibility criteria: As established by Minnesota Rule 4705, payment for medical services is made for children with a disease or physiological condition that might hinder normal growth and development; families with incomes above the level established in rule are required to financially participate in the cost of medical services. The rule defines criteria for eligible providers of medical services, based on their training and experience in treating children with special health care needs.

Under the same rule, any child with a suspected disability is eligible to attend a field clinic.

- D. Criteria and formulas determining amount of payment to recipient: Payment for medical services is made in accordance with the same rule, and is consistent with the rate schedule established by the Department of Human Services for Medical Assistance reimbursements. Families must utilize all available third party reimbursement.
- E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$1,424	\$1,508	\$1,501	\$1,501
Federal	-0-	100	-0-	-0-
Total	\$1,424	\$1,608	\$1,501	\$1,501

4. *Special Supplemental Food Program for Women, Infants, and Children (WIC)*

- A. Statutory references: Child Nutrition Act of 1966 as amended
- B. Purpose of grant: To provide supplemental foods and nutrition education throughout the state to eligible persons in order to improve their health status and prevent the occurrence of nutrition-related health problems.
- C. Recipient identification and eligibility criteria:
- Grantees: Grants are provided to local public and private non-profit health or human service agencies and Indian tribes that provide health services, either directly or through contract. Applicant agencies must have adequate competent professional staff with the capability to perform certification procedures, provide nutrition education, and determine the amounts and types of supplemental foods that are appropriate for each participant. In the event 2 or more agencies apply to administer the program in the same geographical area, the department gives priority as follows:
 - community health board;
 - public or private non-profit health agency;
 - public human service agency; and
 - private non-profit human service agency.

- Participants: WIC benefits are provided to pregnant women, breast-feeding women up to 12 months after delivery, postpartum nonbreast-feeding women up to 6 months after delivery, infants, and children up to the 5th birthday, who meet the following criteria:
 - residence in the state of Minnesota;
 - income less than 185% of poverty, or receiving AFDC, Food Stamps, or Medical Assistance; and
 - at nutritional risk, as determined by an evaluation of height and weight measurements, hematocrit or hemoglobin test, dietary evaluation, and medical history.

When available funds are not adequate to serve all eligible persons, participants are selected on the basis of highest nutritional risk.

- D. Criteria and formulas determining amount of payment to recipient:
- Grantees: The base level of administrative funding for grantees is determined by multiplying the proportion of each local agency's authorized WIC caseload to the statewide caseload against the total funding available. (The authorized caseload is set at a number which ensures that all local agencies are serving participants at the same level of nutritional risk.) Additional funding is provided to meet the special needs of seasonal agencies, as well as those serving very few participants or very large geographic areas.
 - Participants: The amount of supplemental foods received by participants is determined individually by a competent professional authority, based on nutritional need. Federal regulation sets the type and maximum amount of food that may be issued to each category of participant. Participants are issued vouchers which can be exchanged at approved vendors for specified foods.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$ 2,990	\$ 2,990	\$ 2,990	\$ 2,990
Federal	49,635	54,467	54,467	54,467
Special Revenue	201	201	201	201
Total	\$52,826	\$57,658	\$57,658	\$57,658

5. *Commodity Supplemental Food Program for Mothers and Children (MAC) and Nutrition Assistance Program for Seniors (NAPS)*

- A. Statutory references: Agriculture Appropriations Act of 1968 as amended
- B. Purpose of grant: To provide nutrition information and supplemental nutritious foods donated by the U.S. Department of Agriculture (USDA) to low-income women, infants, children, and elderly who are vulnerable to malnutrition.
- C. Recipient identification and eligibility criteria:
- Grantees: Eligible grantees are public or private non-profit agencies, including Indian tribes. Agencies must have adequate staff to determine eligibility of applicants, distribute supplemental foods, provide nutrition information, and manage food inventory, as well as have adequate facilities to warehouse the supplemental foods.
 - Participants: MAC benefits are provided to pregnant women, postpartum women up

1996-97 Biennial Budget

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)
 (Continuation)

to 12 months after delivery, infants, and children up to the 6th birthday, who are Minnesota residents and whose income is less than 185% of poverty.

NAPS benefits are provided to elderly men and women who are at least 60 years of age, residents of a geographic area served by a NAPS local agency, and have an income less than 130% of poverty.

When available funds are not adequate to serve all eligible persons, those in greatest need are served first, as defined by federal regulation:

- pregnant and breast-feeding women, and infants;
- children ages 1 to 3;
- children ages 4 to 5;
- postpartum nonbreast-feeding women; and
- elderly men and women.

D. Criteria and formulas determining amount of payment to recipient:

- Grantees: Administrative funding for grantees is determined by multiplying the proportion of each agency's MAC/NAPS caseload to the statewide caseload against the total funding available. (The authorized caseload is limited by the caseload allocated to the department by USDA and is negotiated with each local agency on the basis of relative need for MAC/NAPS services in the community and the agency's service capacity.)
- Participants: The amount of supplemental foods received by participants is set by federal regulation, based on participant category and age. Participants are issued commodity supplemental foods each month.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$485	\$540	\$540	\$540

6. Dental Health Grants

- A. Statutory references: M.S. 144.697, Subd. 1
- B. Purpose of grant: To initiate, develop and implement new demonstration projects and programs that promote oral disease prevention and oral health promotion. Current areas of emphasis include, dietary fluoride supplements, dental sealants, baby bottle tooth decay prevention, private well water fluoride testing oral injury prevention, smokeless tobacco use prevention, and innovative oral disease prevention programs.
- C. Recipients identification and eligibility criteria: Community health service boards, school districts and other public or private (not-for-profit) agencies are eligible to apply on a

competitive basis. Applications are ranked according to the degree that the proposed activities serve children and families in low income counties and/or serve children in schools with a large percentage of students receiving free or reduced lunches.

D. Criteria and formulas determining amount of payment to recipient: The amount of the grant award varies depending on the estimated cost of each approved project. Grants for the current 2-year funding period are about \$9,000 each.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$70	\$58	\$58	\$58

7. Diabetes Control Grants

- A. Statutory references: M.S. 144.697, Subd. 1 and 2
- B. Purpose of grant: To develop and implement comprehensive diabetes control programs in health maintenance organizations (HMOs), long term care, and community settings.
- C. Recipient identification and eligibility criteria: HMOs and long term care organizations are eligible to apply on a competitive basis. Funds must be used to conduct quality improvement activities to funds to develop a community plan and address diabetes.
- D. Criteria and formulas determining amount of payment to recipient: The amount of the grant award varies depending on the type of organization. The average award is \$7,000.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$71	\$279	\$279	\$279

8. Home Visiting Project Grants

- A. Statutory references: M.S. 145A.15
- B. Purpose of grant: To develop and implement community-based home visiting projects to prevent child maltreatment and neglect by provision of early intervention services for at-risk families.
- C. Recipient identification and eligibility criteria: Community health boards are eligible to apply on a competitive basis. Grant-funds must be used to expand existing public health nursing home visiting services and approved grants must include an evaluation component.
- D. Criteria and formulas determining amount of payment to recipient: The amount of the grant award varies depending on the amount requested, up to a maximum of \$100,000 per 2-year grant. Six Community Health Boards (CHBs) received funding during the 1994-1995 grant cycle. These projects include: Aitkin-Itasca-Koochiching; Carlton-Cook-Lake-St. Louis; Dakota County; Faribault-Martin; Goodhue-Wabasha; and, Ramsey County.

1996-97 Biennial Budget

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems Development
AGENCY: Health, Department of (MDH)
 (Continuation)

E. Source of funding:

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
General	\$250	\$250	\$250	\$250

9. ASSIST Grants

- A. Statutory references: M.S. 144.697 Subd. 1 and 2
- B. Purpose of grant: Minnesota American Stop Smoking Intervention Study (ASSIST), a joint project of the MDH and the American Cancer Society-Minnesota Division, provides grants to community organizations and community coalitions in order to reduce the smoking rate to 15% by the year 2000 by promoting broad based policy change which affects large segments of the population.
- C. Recipient identification and eligibility criteria: Eligible applicants for these funds are community health boards, local ASSIST coalitions, non-profit organizations, and private organizations.
 Each applicant must address one of the following policy or media advocacy areas within tobacco control:
- reducing youth access to tobacco
 - eliminating environmental tobacco smoke
 - reduce tobacco advertising and promotion
 - increasing economic disincentives related to tobacco products
- D. Criteria and formulas determining amount of payment to recipient: The amount of the grant award varies from the primary to the secondary intervention area as well as special projects. However, no grant exceeds the maximum of \$30,000 annually.

E. Source of funding:

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Federal	\$449	\$485	\$485	\$485

10. Minnesota Health Communities Grants

- A. Statutory references: M.S. 144.697, Subd. 1 and 2
- B. Purpose of grant: To initiate and develop health promotion and chronic disease prevention programs in communities with populations of less than 15,000 residents.
- C. Recipient identification and eligibility criteria: Community Health Boards are eligible to apply on a competitive basis. Grant funds must be used in support of communities or neighborhoods with populations under 15,000 for whom the need for a health promotion

program to prevent chronic disease has been clearly identified.

- D. Criteria and formulas determining amount of payment to recipient: Grant awards are between \$6,000 and \$15,000 per community.

E. Source of funding:

	Dollars in Thousands			
	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Federal	\$120	\$80	\$80	\$80

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: FAMILY HEALTH

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	5,908	6,227	7,752	7,700	7,700	7,828	7,700	7,700	7,575
EXPENSES/CONTRACTUAL SRVCS	2,061	2,034	2,497	2,294	2,294	2,429	2,294	2,294	2,412
MISC OPERATING EXPENSES	383	450	393	393	393	410	393	393	396
SUPPLIES/MATERIALS/PARTS	594	310	715	630	630	640	630	630	635
CAPITAL EQUIPMENT	236	178	60	60	60	70	60	60	70
OTHER	<67>			3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	9,115	9,199	11,417	11,080	11,080	11,380	11,080	11,080	11,091
AIDS TO INDIVIDUALS	40,871	45,095	48,751	48,744	48,744	48,744	48,744	48,744	48,744
LOCAL ASSISTANCE	18,969	22,608	23,829	23,829	23,829	23,829	23,829	23,829	23,521
TOTAL EXPENDITURES	68,955	76,902	83,997	83,653	83,653	83,953	83,653	83,653	83,356
GOV'S INITIATIVES:									
									FUND
(A) WOMEN'S HEALTH INITIATIVE									GEN
(P) TRANSFER TO DEPT OF CHILDREN & EDUC SERVICES									GEN
TOTAL GOV'S INITIATIVES									
									300
									<597>
									<297>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,534	11,339	11,848	11,512	11,512	11,812	11,512	11,512	11,215
STATUTORY APPROPRIATIONS:									
GENERAL	220	381	378	378	378	378	378	378	378
SPECIAL REVENUE	310	349	519	519	519	519	519	519	519
FEDERAL	59,891	64,824	71,202	71,194	71,194	71,194	71,194	71,194	71,194
GIFTS AND DEPOSITS		9	50	50	50	50	50	50	50
TOTAL FINANCING	68,955	76,902	83,997	83,653	83,653	83,953	83,653	83,653	83,356

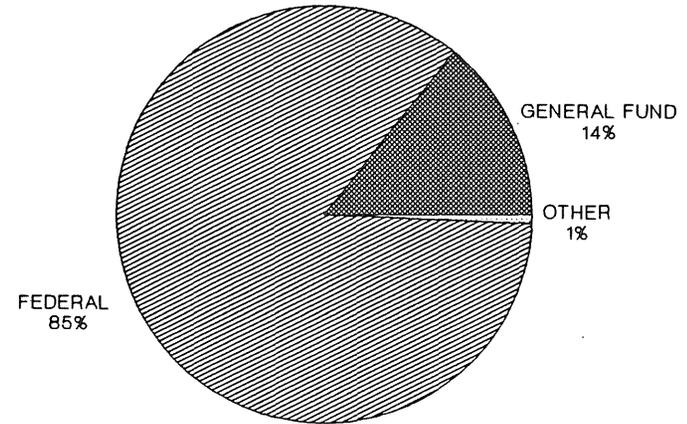
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: FAMILY HEALTH

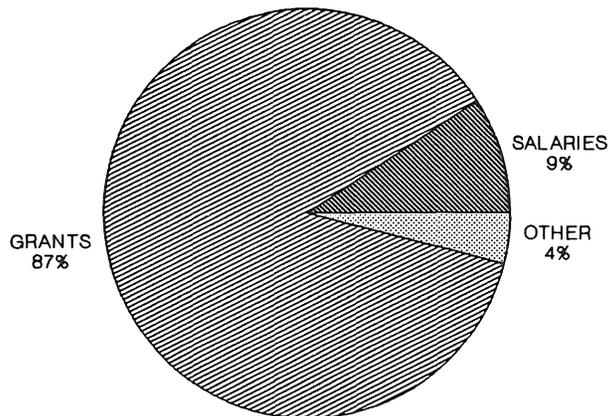
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	114.1	120.7	164.3		157.2		157.2		
TEMP/SEAS/PART_TIME	20.2	19.8	15.4		17.9		17.9		
OVERTIME	.3	.1	.1		.1		.1		
TOTAL FTE	134.6	140.6	179.8		175.2	178.7	175.2		174.7

**Minnesota Department of Health
Fiscal Summary
Family Health Activity
F.Y. 1996 Agency Plan**

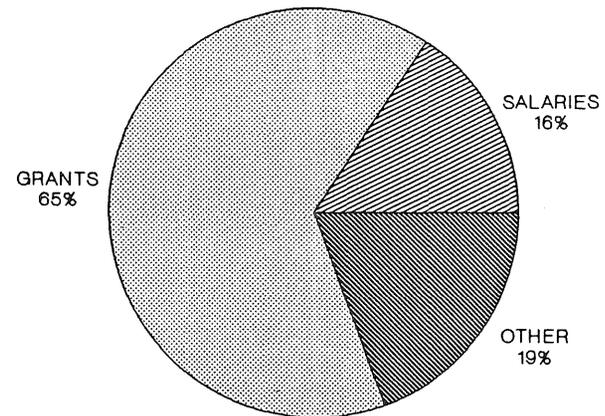
Resources \$83.7 million



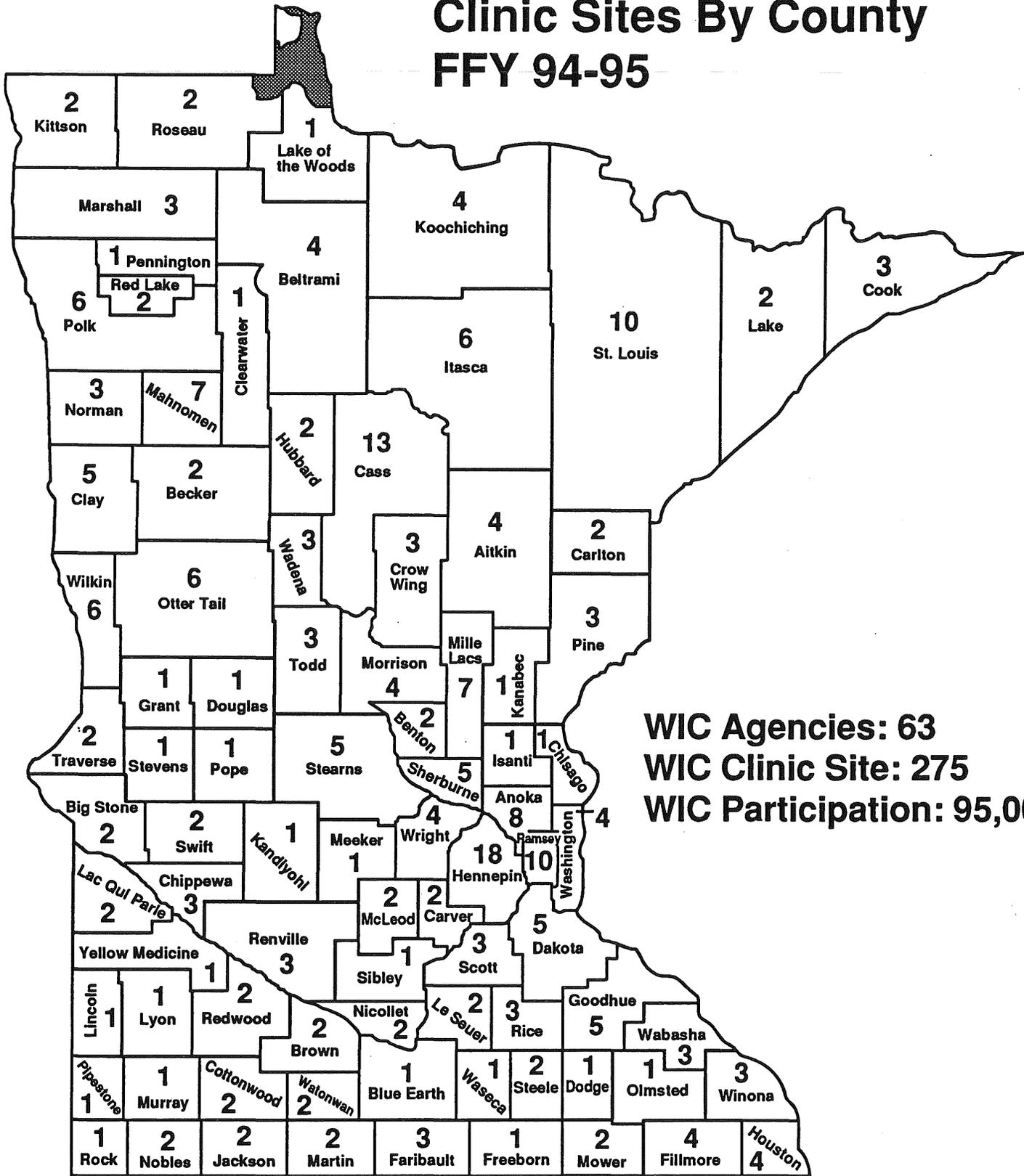
**Total Expenditures
\$83.7 million**



**General Fund Expenditures
\$12.2 million**



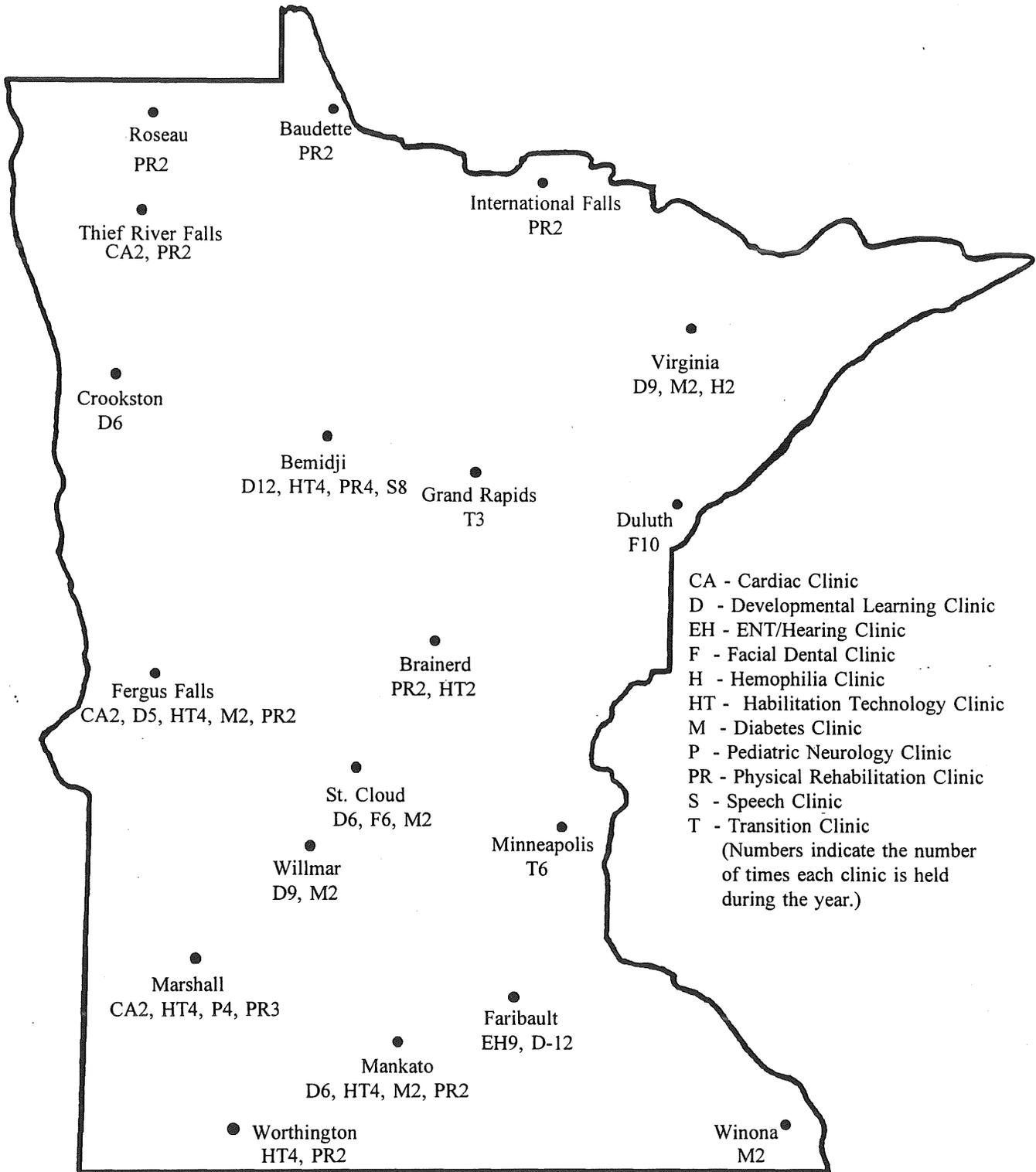
Minnesota WIC Program Clinic Sites By County FFY 94-95



WIC Agencies: 63
WIC Clinic Site: 275
WIC Participation: 95,000

MINNESOTA CHILDREN WITH SPECIAL HEALTH NEEDS

LOCATION AND FREQUENCY OF CLINICS



F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems Development
ACTIVITY: Family Health

ITEM TITLE: Women's Initiative

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$300	\$300	\$300	\$300
Revenues: (\$000s)				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$300,000 per year to establish a women's health center to promote and improve the health status of women of all ages and to provide a focal point for women's health advocacy, research, and dissemination of information.

RATIONALE:

Throughout history, there have been significant disparities in the way men and women have been treated by the health care system. Less attention has been directed to the identification of the special health care needs and the most effective treatment protocols for women. These inequities have served as obstacles to optimal health for women of all ages. The establishment of a Center for Women's Health will begin to address the gender inequities in the current health care system and provide women with access to critical information on the specific health problems that affect them.

PROGRAM OUTCOMES:

The center would be responsible for investigating women's health needs, creating a statewide coalition on women's health, developing a resource inventory of service and support systems available for women, convening conferences on women's health, assuring effective dissemination of current research results, and other activities that promote the health status of women of all ages.

LONG-TERM IMPACT:

The health status of women of all ages will be improved.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Systems Development
ACTIVITY: Family Health

ITEM TITLE: Transfer to the Department of Children and Education Services

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$(115)	\$(115)	\$(115)
- Grants	\$-0-	\$(482)	\$(482)	\$(482)
Revenues: (\$000s)				
Federal Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

To improve coordination and integration of services and to achieve improved outcomes for children and their families, the Governor is recommending the establishment of a Department of Children and Education Services. The Governor recommends the transfer of the Home Visiting Program, the School Health Program, and the Dental Home Program to the new department in F.Y. 1997. A detailed description of the structure and services of the Department of Children and Education Services can be found in the Children and Families Budget document.

It is the intent of the Governor to transfer the Women, Infant, Children (WIC) funding and the Maternal Child Health (MCH) funding. This will be done after Congress approves the Department of Children and Education Services as the designated agency to receive such funds or the federal government changes the nature of federal funding and allows states flexibility with block grant monies.

The transfer of policy direction and administrative control for a number of critical programs providing services to families and children, along with the development of new funding strategies, will:

- reduce existing fragmentation,
- enhance the ability of state government to help local governments and communities to flexibly design services that will work best for their communities; and
- improve the capabilities of both state and local government to focus resources on measurable outcomes to improve the well-being of children and families.

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1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Delivery Policy
PROGRAM: Health Systems Development
AGENCY: Health, Department of

ACTIVITY DESCRIPTION: The Health Care Delivery Policy activity exists to monitor the rate of growth of health care spending, improve the quality of health care services, and improve access to health care services. This purpose is accomplished by surveying and analyzing conditions in the medical marketplace; researching and developing recommendations for state policies affecting the competitiveness of the market; measuring and monitoring health care expenditures for purposes of the development, implementation and evaluation of growth limits and other health care reform activities; conducting reviews of reports and maintaining a data base of major health care expenditures in excess of \$500,000; evaluating and making recommendations regarding antitrust exceptions for cooperative arrangements involving providers or purchasers; developing a risk adjustment mechanism for competing health plans; and developing a regulated all-payer option system. In addition, this activity is responsible for developing and disseminating health plan report cards, practice parameters, and hospital financial statistics; designing and implementing studies of health care outcomes; and cooperating with private sector initiatives in measuring consumer/patient satisfaction. The activity is also responsible for collaborating with other state agencies and the Minnesota Health Care Commission on health care reform issues; providing staff support to the 6 Regional Coordinating Boards; and conducting special studies on MinnesotaCare health care reform issues as directed by the legislature.

The activity includes the Office of Rural Health and Primary Care which is responsible for the administration of grants to support the establishment of rural health centers; support the continued operation of rural hospitals in isolated areas of the state; and support the development of strategic plans to implement rural hospital transition projects. The office is also responsible for developing and maintaining data bases on health care personnel; conducting special studies on rural health care access issues; providing technical assistance regarding federal and state health care programs to rural communities and providers; assisting rural and urban shortage areas with recruitment and retention of health care providers; providing technical assistance in the development of community integrated service networks, administering a nurse practitioner promotion team program; and overseeing the summer health care intern program.

Core public health functions are carried out in a variety of ways through this activity. Examples include the assessment of factors that influence access to health care services and the analysis of conditions that impact on the medical marketplace; the development of policy recommendations concerning ways to improve market competition and control the growth of health care expenditures; and the assurance of access to health care services through the provision of technical assistance and grants to rural community health centers and hospitals located in isolated areas.

The clientele of this activity includes consumers, purchasers and providers of health care services, and the legislature as it relates to the development of recommendations on health care reform policy issues.

BUDGET ISSUES:

- The statutory authority for the Health Care Commission and the Regional Coordinating Boards will expire at the end of F.Y. 1996 and the base budget for F.Y. 1997 has been adjusted

accordingly.

- Legislative reports containing recommendations for a universal standard benefits set, prepared by the Minnesota Department of Health, and health care financing strategies, prepared by the Minnesota Health Care Commission, will provide the information necessary to evaluate options for achieving universal coverage by 7-1-97.
- During the 1994 session, the legislature appropriated \$200,000 to be used as loans for organizational and start-up expenses to entities forming community integrated service networks (CISNs) or integrated service networks (ISNs), or to networks less than 1 year old. The MDH is also applying for funds through the Robert Wood Johnson Foundation (RWJF) Program Related Investment Loans Initiative. The RWJF loan funds, which could equal as much as \$700,000 over 3 years, are intended to enhance the viability of primary care practices and require a minimum of 5 local or state dollars for each foundation dollar used in the loan program. If the Department of Health's RWJF application receives approval, these loan funds will be used for start-up costs for rural community health centers and, in conjunction with the \$200,000 state appropriation, to assist with the development of CISNs and ISNs.
- Grants from private foundations continue to play an important role in augmenting state funded health care reform activities. Grant funded activities include partial support for issues related to data initiatives, growth limits, risk adjustment, medical education research costs, and coordination of state strategies with federal health reform proposals. In addition, grant funds will be used to provide technical assistance to community health centers and for assisting with health care professional recruitment and retention efforts. Over the next 3 years, these activities will be funded by 2 separate RWJF grants which total approximately \$2.4 million.
- The budget for this activity includes the suspension of activities on the development of the rate setting system under the Regulated All Payor Option (RAPO) System and a corresponding reduction in staff complement. The budget continues to support RAPO activities which support administrative uniformity and monitoring of health care expenditures.

REVENUE: This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	278	454	532	532	532
Dedicated - Federal	165	282	492	492	429
Total	\$443	\$736	\$1,024	\$1,024	\$1,024

GRANTS:

1. Rural Community Health Center Grants
 - A. Statutory references: M.S. 144.1486
 - B. Purpose of grant: To increase health care access for residents of rural Minnesota by creating new community health centers in areas where they are needed and by maintaining essential rural health services.
 - C. Recipient identification and eligibility criteria: In order to be eligible for funding, a project must meet the following criteria:
 - be located in a rural shortage area that is a medically underserved federal health professional shortage area, or governor designated shortage area. "Rural" is defined as an area of the state outside the 10-county Twin Cities metropolitan area and outside of the Duluth, St. Cloud, East Grand Forks, Moorhead, Rochester, and La Crosse

1996-97 Biennial Budget

BUDGET ACTIVITY: Health Care Delivery Policy
PROGRAM: Health Systems Development
AGENCY: Health, Department of
 (Continuation)

- census identified urban areas;
- represent or propose the formation of a nonprofit corporation with local resident governance, or be a governmental entity;
- result in a locally owned and operated community health center that provides primary and preventive care services, and incorporates quality assurance, regular reviews of clinical performance, and peer review;
- seek to employ mid-level professionals, where appropriate;
- demonstrate community support and provide a 20% local funding match; and
- propose to serve an area that is not currently served by a federally certified medical organization.

D. Criteria and formulas determining amount of payment to recipient: The award is determined based on the amount requested not to exceed \$37,500 for planning grants; \$75,000 for conversion/expansion grants; and \$150,000 for start-up grants, the ranking of the application score and the total amount of funding available.

E. Source of funding:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Health Care Access	\$-0-	\$375	\$250	\$250	\$250

2. Rural Hospital Planning and Transition Grant Program

- A. Statutory references: M.S. 144.147, Subd. 1
- B. Purpose of grant: To develop strategic plans for preserving access to health services or to implement transition projects to modify the type and extent of services provided by rural hospitals.
- C. Recipient identification and eligibility criteria: To be eligible for funding, a hospital must meet the following criteria:
- be either located in a rural area, as defined in the Code of Federal Regulations, title 42, section 405.1041, or be located in a community with a population of less than 5,000 that is outside of the seven-county metropolitan area;
 - have 100 or fewer beds;
 - be nonprofit; and
 - have not been awarded a grant under the federal rural health transition grant program.

D. Criteria and formulas determining amount of payment to recipient: The award is determined based on the amount requested, the ranking of the application score and the total amount of funding available.

E. Source of funding:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Health Care Access	\$250	\$235	\$250	\$250	\$250

3. Sole Community Hospital Financial Assistance Grant Program

A. Statutory references: M.S. 144.1484

- B. Purpose of grant: To maintain access to health care in rural areas by awarding financial assistance grants to hospitals in isolated areas of the state in order to aid in their continued operation.
- C. Recipient identification and eligibility criteria: To be eligible for funding a hospital must meet the following criteria:
- be eligible to be classified as a sole community hospital in accordance with the Code of Federal Regulations, title 42, section 412.92 or be located in a community with a population of less than 5,000 that is more than 25 miles from a like hospital currently providing acute short-term care services;
 - have experienced net income losses in the 2 most recent consecutive hospital fiscal years for which audited financial information is available;
 - consist of 40 or fewer licensed beds; and
 - demonstrate local support for the hospital and show that state grant funds will not be used to supplant local support for the hospital.
- D. Criteria and formulas determining amount of payment to recipient: The amount of the award is based on the hospital's operating margin (as a proportion of the combined operating margins of all eligible hospitals) and the total amount of funding available.
- E. Source of funding:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Health Care Access	\$200	\$200	\$200	\$200	\$200

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: HEALTH CARE DELIVERY POLICY

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,120	2,331	4,168	3,714	3,488	3,488	3,447	3,214	3,214
EXPENSES/CONTRACTUAL SRVCS	249	770	1,946	1,220	1,220	1,220	1,176	1,176	1,176
MISC OPERATING EXPENSES	101	253	221	185	185	185	119	119	119
SUPPLIES/MATERIALS/PARTS	147	178	1,456	869	795	795	478	404	404
CAPITAL EQUIPMENT	247	126	42	24	24	24	19	19	19
OTHER					<48>	<48>		<49>	<49>
SUBTOTAL STATE OPERATIONS	1,864	3,658	7,833	6,012	5,664	5,664	5,239	4,883	4,883
AIDS TO INDIVIDUALS		84	84	84	84	84	84	84	84
LOCAL ASSISTANCE	555	930	1,388	1,088	1,088	1,088	1,088	1,088	1,088
TOTAL EXPENDITURES	2,419	4,672	9,305	7,184	6,836	6,836	6,411	6,055	6,055
AGENCY PLAN ITEMS:									
			FUND						
SUSPENSION OF RAPO ENFORCEMENT ACTIVITY			HCA		<348>			<356>	
TOTAL AGENCY PLAN ITEMS					<348>			<356>	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	80	10	106	94	94	94	94	94	94
HEALTH CARE ACCESS	1,896	3,925	8,174	6,065	5,717	5,717	5,292	4,936	4,936
STATUTORY APPROPRIATIONS:									
HEALTH CARE ACCESS		1							
SPECIAL REVENUE	37	24	48	48	48	48	48	48	48
FEDERAL	165	282	492	492	492	492	492	492	492
GIFTS AND DEPOSITS	241	430	485	485	485	485	485	485	485
TOTAL FINANCING	2,419	4,672	9,305	7,184	6,836	6,836	6,411	6,055	6,055

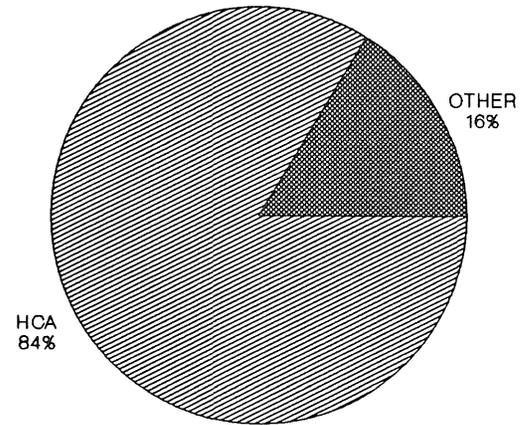
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH SYSTEMS DEVELOPMENT
ACTIVITY: HEALTH CARE DELIVERY POLICY

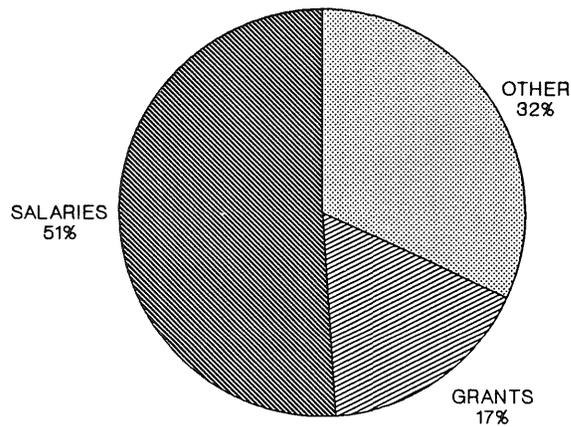
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	20.5	34.0	85.1		71.3		63.3		
TEMP/SEAS/PART_TIME	4.3	20.5	10.0		10.0		10.0		
OVERTIME		.1							
TOTAL FTE	24.8	54.6	95.1		81.3	81.3	73.3		73.3

**Minnesota Department of Health
Fiscal Summary
Health Care Delivery Policy Activity
F.Y. 1996 Agency Plan**

Resources \$6.8 million

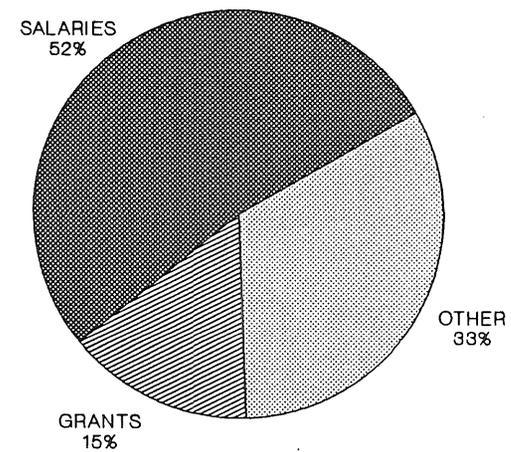


**Total Expenditures
\$6.8 million**

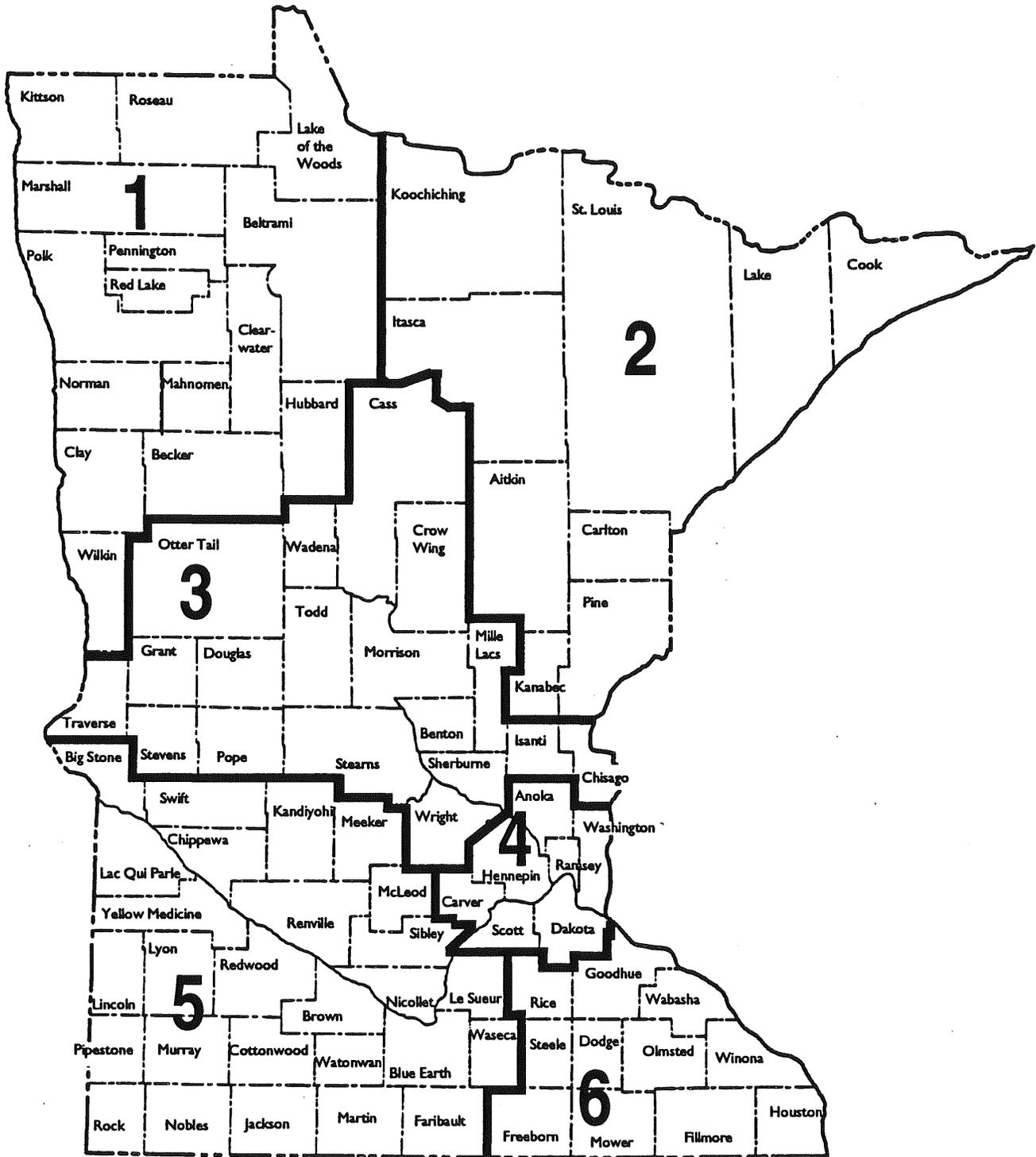


HCA = Health Care Access

**Health Care Access Fund Expenditures
\$ 6.1 million**



Regional Boundaries for Coordinating Boards



F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of
 PROGRAM: Health Systems Development
 ACTIVITY: Health Care Delivery Policy

ITEM TITLE: Regulated All-Payer Option (RAPO) Fee Schedule Development Suspension

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Health Care Access Fund				
- State Operations	\$(348)	\$(356)	\$(356)	\$(356)
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 62P.03

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the development of Regulated All-Payer Option (RAPO) fee schedules and reimbursement systems be suspended but activities associated with administrative uniformity and monitoring the cost and trends of delivering services outside the Integrated Service Network (ISN) system be continued.

RATIONALE:

Under current law, implementation of the RAPO reimbursement system is scheduled to begin 1-1-96, with full implementation by 7-1-97. The purpose of RAPO is to provide a standardized uniform reimbursement (payment) system designed to control spending for all health care services provided outside of Integrated Service Networks (ISNs) and Community Integrated Service Networks (CISNs). RAPO is a fee-for-service alternative to these managed care plans for consumers, health care providers, and health plan companies. Current forecasts indicated that a majority of Minnesotans will choose to receive health care through managed care entities and that less than 10% of Minnesotans insured privately are likely to participate in RAPO.

The 1994 legislature implemented interim growth limits that will lower the rate of growth in statewide spending for health care services by 10% each year between 1994 and 1998. Initial indications are that growth in total health care spending is below the growth limits for 1994. Since few Minnesotans are likely to participate in RAPO, statewide cost containment goals are currently being met, and the cost associated with the development of rate setting mechanisms are significant, the rate setting component of RAPO should be suspended.

It is appropriate to suspend the development of RAPO fee schedules and reimbursement systems, allowing time to truly gauge the costs and benefits associated with rate setting in the reformed health care market.

Even if the rate setting aspects of RAPO are suspended, it will be necessary to continue developing system-wide requirements that apply both to RAPO and the ISN system including the development of standardized billing forms, claims processing, utilization review, data collection procedures, and incentives for encouraging the appropriate use of services and technology. An analysis of available data in Minnesota indicates that a minimum of 3 years will be required to develop adequate data collection procedures. Due to the fact that data collection efforts provide the foundation for monitoring health care costs, these efforts must be continued in order to comprehensively affect health care costs in both the ISN and fee-for-service markets.

PROGRAM OUTCOMES:

Due to the fact that less than 10% of Minnesotans insured privately are likely to participate in RAPO, and Minnesota cost containment goals are currently being met, a suspension of the development of RAPO fee schedules and reimbursement systems will not have an adverse impact on Minnesota's continued efforts to monitor trends in health care costs and spending. Furthermore, continuing the activities associated with administrative uniformity and monitoring the cost of delivering services outside the ISN system will create greater efficiencies in the fee-for-service market and provide the information necessary to determine if rate setting mechanisms would be appropriate in the future.

LONG-TERM IMPACT:

The suspension of the development of fee schedules for health services provided outside of the ISN/CISN system will not have an adverse effect on overall MinnesotaCare reform efforts. The process could be reinstated if the rate of growth in health care expenditures for the fee for service markets exceeds growth limits in the future.

PROGRAM: Health Quality Assurance
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

Occupational systems and compliance and facility and provider compliance are the activities of this program.

The issues associated with these activities are:

- Fees collected for some activities are less than sufficient to comply with statutory requirements for the regulation of health occupations.
- Funds appropriated from the State Government Special Revenue Fund for regulation of state licensed home care providers and health care facilities are insufficient to cover anticipated program expenditures although fees collected are sufficient, or exceed, the amount necessary to support this activity.

PROGRAM STATUS:

This program was created in August 1994 as part of the reorganization of the MDH. The mission of the program is to assure compliance with minimum quality standards of the health care delivery system, which are designed to safeguard and promote the health and safety of consumers of services. Compliance with standards is required of health care facilities, health plan companies, health occupations, Medicare certified providers and suppliers, and emergency medical services. These activities were previously located in 2 separate bureaus, but have now been combined.

Financial support for the program includes provider fees, Trunk Highway funds, grants, federal funds, Health Care Access funds, and the state General Fund.

PLANNED RESULTS:

The agency budget plan will facilitate the accomplishment of related performance objectives as identified in the 1994 Annual Performance Report as follows:

- Increased appropriations for the enforcement of home care regulations will enable the program to maintain present activities and also meet increased compliance demands as the home care industry expands. These activities include routine surveys and complaint investigations, upon which the safety and security of vulnerable patients depends.
- Increased appropriation of funds already collected for the enforcement activities related to licensed health care facilities would result in a reduction in licensure fees, while at the same time enable the program to maintain its Federal match of funds. This will afford the program the opportunity to increase services to the public, including more timely complaint investigations, greater access to data, and additional training/consultation to providers, all of which contributes to increased quality of care for patients.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- The proposed appropriation increase for state licensed home care is \$115,000 in F.Y. 1996 and \$125,000 in F.Y. 1997.
- The proposed appropriation increase for licensed health care facilities is \$300,000 in F.Y. 1996 and \$644,000 in F.Y. 1997.
- The agency plan includes a 3% inflation increase for each year of the biennium for all fee generating activities within this program for nonsalary items.
- A decrease in licensing fees chargeable to nursing homes and hospitals of \$2,755,000 for F.Y. 1996 and \$3,758,000 for F.Y. 1997.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the fees charged to hospitals and nursing homes for licensure.

The Governor recommends the appropriation increases for state licensed home care and licensed health care facilities. Current revenue from these fee generating activities is sufficient to cover the volume-driven workload.

The Governor concurs with the agency plan to allow nonsalary inflation increases where existing revenue is sufficient to cover the increased costs in the nongeneral fund fee related activities.

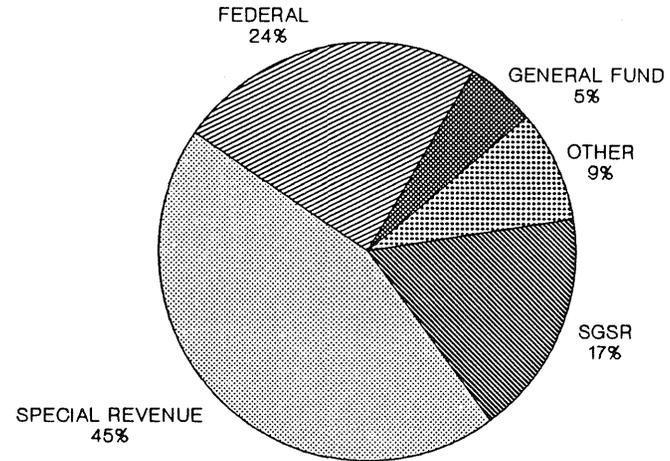
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH QUALITY ASSURANCE

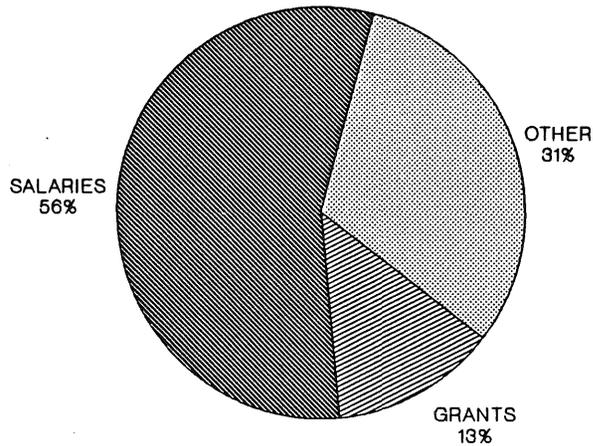
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997			
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.	
OCCUPATIONAL & SYSTEMS COMPLIANCE	4,637	5,222	7,087	6,750	6,756	6,756	6,732	6,740	6,740	
FACILITY & PROVIDER COMPLIANCE	14,362	14,438	16,638	16,649	17,071	17,071	16,675	17,457	17,457	
TOTAL EXPENDITURES BY ACTIVITY	18,999	19,660	23,725	23,399	23,827	23,827	23,407	24,197	24,197	
AGENCY PLAN ITEMS:			FUND							
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS				13	21		
HEALTH FACILITIES LICENSURE PROGRAM			SGS				300	644		
HOME CARE LICENSURE PROGRAM INCREASE			SGS				115	125		
TOTAL AGENCY PLAN ITEMS							428	790		
SOURCES OF FINANCING:										
DIRECT APPROPRIATIONS:										
GENERAL	3,112	1,118	1,483	1,295	1,295	1,295	1,295	1,295	1,295	
STATE GOVT SPEC REV	315	2,591	3,578	3,676	4,104	4,104	3,695	4,485	4,485	
HEALTH CARE ACCESS	70	217	795	609	609	609	598	598	598	
TRUNK HIGHWAY	1,392	1,383	1,431	1,431	1,431	1,431	1,431	1,431	1,431	
STATUTORY APPROPRIATIONS:										
GENERAL	756									
STATE GOVT SPEC REV		50	50	50	50	50	50	50	50	
SPECIAL REVENUE	6,385	10,632	10,643	10,643	10,643	10,643	10,643	10,643	10,643	
FEDERAL	6,969	3,669	5,744	5,694	5,694	5,694	5,694	5,694	5,694	
GIFTS AND DEPOSITS			1	1	1	1	1	1	1	
TOTAL FINANCING	18,999	19,660	23,725	23,399	23,827	23,827	23,407	24,197	24,197	
FTE BY EMPLOYMENT TYPE:										
REGULAR	237.2	233.9	269.8				275.8			
TEMP/SEAS/PART_TIME	5.4	6.4	2.1				2.1			
TOTAL FTE	242.6	240.3	271.9				277.9			

**Minnesota Department of Health
Fiscal Summary
Health Quality Assurance Program
F.Y. 1996 Agency Plan**

Resources \$23.8 million

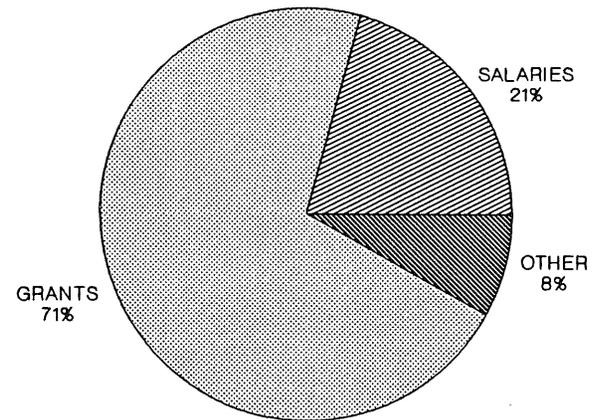


**Total Expenditures
\$23.8 million**



SGSR = State Govt. Special Revenue

**General Fund Expenditures
\$1.3 million**



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1996-97 Biennial Budget

BUDGET ACTIVITY: Occupational and Systems Compliance
PROGRAM: Health Quality Assurance
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Occupational and Systems Compliance activity includes the regulation of health maintenance organizations (HMOs), emergency medical services (EMS), allied health care practitioners, and morticians, funeral directors and mortuary science trainees. In so doing, the availability of quality, affordable and accessible health care and allied health care services is enhanced, and the public health, safety and welfare of Minnesota citizens who require emergency medical response or are involved in the funeral industry is protected.

The Occupational and Systems Compliance activity participates in core public health functions of policy development and planning through the promulgation of rules and regulations related to the delivery of managed care, occupational, emergency and mortuary science services (e.g., written rules for the creation of Integrated Service Networks). Assurance that the public is provided with necessary and appropriate services is achieved through the monitoring of compliance with access and quality standards, along with the enforcement of applicable requirements. These functions include inspections, licensing/certification of persons or entities, complaint investigations, quality assurance evaluations, and provision of consultation or training.

BUDGET ISSUES:

The agency budget plan will affect the Occupational and Systems Compliance activity as follows:

- When the Minnesota EMS Advisory Council was formed in 1990, its first action was to create the First Responder Work Group. Since that time, the number of first responders has grown as has their role in the EMS System. Recommendations are being presented to the commissioner which address the need and degree to which first responders should be recognized and regulated in Minnesota. A staff analysis of these recommendations regarding legislative action and first responders, indicate the need for considerable staff time and attorney general time.
- The Minnesota Comprehensive Trauma System report, prepared in November 1993, recognizes that there are opportunities to improve the quality and access of care available to victims of injury. As a result of this report, a recommendation will be forwarded to the commissioner to seek the authority to establish a comprehensive trauma system in Minnesota. Implementation of this initiative will extend over the next 2 biennia, although no budget request has been identified at this time.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$1,050	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	156	1,155	1,166	990	1,430
Non-dedicated - Trunk Highway	24	40	24	40	24
Dedicated - Special	783	789	872	872	872
Dedicated - Federal	<u>611</u>	<u>642</u>	<u>1,076</u>	<u>1,026</u>	<u>1,026</u>
Total	\$2,624	\$2,626	\$3,138	\$2,928	\$3,352

GRANTS:

1. Minnesota Emergency Medical Services Systems Support Act

- A. Statutory Reference: M.S. 144.8093, M.S. 169.686, Subd. 3., the Emergency Medical Services Systems Act [P.L.93-154] as amended and the Public Health Services Act Title XIX (Part A Sec. 501-509)
- B. Purpose: The purpose of this grant program is to develop, maintain, and improve regional systems of emergency care in each of Minnesota's eight EMS regions. The development of regional systems of emergency care includes the development and coordination of resources in the pre-hospital, in-hospital, and inter-hospital components of an EMS system. The funds are to be used for the general purposes of promoting systematic, cost effective delivery of emergency medical care throughout the state. Funds from the "seat belt" fine are also used by the 8 regional EMS systems designated by the commissioner for equipment and vehicle purchases and operational expenses of ambulance services. The desired outcome of these efforts is a reduction in death and disability due to medical emergencies.
- C. Identify Recipients: Recipients are 8 regional emergency medical services systems designated by the commissioner.
- D. Define Eligibility Criteria: Designated regional EMS systems may use EMS systems funds to support local and regional emergency medical services. The systems must be governed by a body consisting of appointed representatives from each of the counties in that region and must also include representatives from EMS organizations. Until F.Y. 1994, a portion of the Trunk Highway Fund was awarded to special EMS projects with potential statewide significance. Beginning in F.Y. 1994, this portion was awarded to the regional systems for "...projects with potential regionwide significance." (Minn. Laws 1992, Chapter 549, Art. 5, Sec. 14)

 The federal Emergency Medical Services Systems Act and the Public Health Services (PHS) Act funds were used to develop regional EMS systems in 8 regions of the state between 1975 and 1987. Since that time, PHS grants have been received by each regional EMS system to continue this regional support.
- E. Formula Factors: 93% of the System Support Act portion of the Trunk Highway Fund appropriation must be distributed annually on a contract for service basis with each of the 8 regional EMS systems designated by the commissioner. This fund is \$610,000.

1996-97 Biennial Budget

BUDGET ACTIVITY: Occupational and Systems Compliance
PROGRAM: Health Quality Assurance
AGENCY: Health, Department of (MDH)

(Continuation)

The amount of money in the formula is also determined by the "seat belt fines" generated under the authority of M.S. 169.686, Subd. 3. Through F.Y. 1991 and into F.Y. 1992, 100% of each \$10 fine went into funding this formula. During F.Y. 1992, the fine was increased to \$25 and with a requirement that 90% of the revenue generated from these fines goes into this grants fund. The fund distributed \$382,011 in F.Y. 1991 and \$845,055 in F.Y. 1994.

Until 1988, regional EMS systems were awarded funds for up to a total of 5 years, based on the availability of federal funds. Grants were awarded based upon a plan that addressed mandatory program elements in several clinical categories. Continuation grants (\$25,000 per year per region) are awarded based on eligibility of federal funds and consistency with the department's block grant policies. All regions have received this level of support since F.Y. 1989 and F.Y. 1996-97 awards will be based upon submitted plans which appropriately address EMS program elements.

In 1993, funding from the State General Fund was awarded to the EMS Section in the amount of \$100,000, of which 93-1/3% must be distributed annually on a contract for service basis with each of the 8 regional EMS systems designated by the commissioner.

F. Source of Funding:

	(Dollars in Thousands)				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$ -0-	\$ 93	\$ 93	\$ 93	\$ 93
Trunk Highway	610	610	610	610	610
Special Revenue	782	789	842	842	842
Federal	200	200	200	200	200
TOTAL	\$1,592	\$1,692	\$1,745	\$1,745	\$1,745

2. **Volunteer EMT Training Reimbursement**

- A. **Statutory Reference:** M.S. 144.8091
- B. **Purpose:** This grant program reimburses volunteer ambulance services for the necessary expense of training volunteer ambulance attendants as emergency medical technicians (EMT's). Sixty-five percent of the ambulance services in Minnesota are staffed by volunteer attendants. These services are the mainstay of the emergency care system in most of the state; reimbursement of training expenses for volunteer ambulance attendants serves to maintain a high level of essential skill for volunteer ambulance services.
- C. **Identify Recipients:** Direct grant recipients are political subdivisions, nonprofit hospitals, or nonprofit corporations operating a licensed ambulance service.

- D. **Define Eligibility Criteria:** Volunteer ambulance services are eligible to be reimbursed by the commissioner of health for the costs of EMT training for the services' volunteer ambulance attendants. The ambulance services are not necessarily the final grant recipients but may act as fiscal agents and reimburse their individual volunteer drivers and attendants who complete EMT training and who have paid their own expenses.

"Volunteer ambulance attendant" is defined in M.S. 144.8091, Subd. 2, as "a person who provides emergency medical services for a licensed ambulance service without the expectation of remuneration and who does not depend in any way upon the provision of these services for the person's livelihood. An individual may be considered a volunteer ambulance attendant even though that individual receives an hourly stipend for each hour of actual service provision, except for hours on standby alert, even though this hourly stipend is regarded as taxable income for purposes of state or federal law, provided that this hourly stipend does not exceed \$3,000 in the year in which the individual received his training."

- E. **Formula Factors:** Until F.Y. 1994, grant recipients received up to \$354 for necessary expenses for each volunteer ambulance attendant who successfully completed an initial EMT course, or \$140 for volunteers who completed the biennial requirements for refresher training for EMTs. In 1993, the state General Fund appropriation for this activity was increased to allow an award increase to grant recipients in amounts of up to \$450 for initial EMT course completion and \$225 for refresher training for EMTs. The amount distributed in F.Y. 1994 was \$379,000.

F. Source of Funding:

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$235	\$354	\$542	\$449	\$449

3. **Poison Information Centers**

- A. **Statutory Reference:** Public Health Services Act title XIX Part A Sec. 501-509 and M.S. Sec. 145.93
- B. **Purpose:** These funds provide support to the Minnesota Poison Information Centers, which meet the needs of the citizens of the state for information relating to the prompt identification and appropriate home management or referral of cases of human poisoning. An effective poison control program prevents the occurrence of many pediatric poisonings, minimizes the effects of poisonings that occur, and serves as a resource for health professionals throughout the state in the area of appropriate treatment and referral of poison cases.
- C. **Identify Recipients:** Recipients of this grant are the Hennepin County and the St. Paul Ramsey Medical Centers. Since F.Y. 1986-87, they have submitted a joint application for Poison Information Center designation and funding, and have provided coordinated statewide poison information services.
- D. **Define Eligibility Criteria:** Each year the commissioner gives public notice of the availability of state and federal funds for Poison Information Centers to address the purposes identified above. By statute, the commissioner must select as grantee(s) a

1996-97 Biennial Budget

BUDGET ACTIVITY: Occupational and Systems Compliance
PROGRAM: Health Quality Assurance
AGENCY: Health, Department of (MDH)

(Continuation)

nonprofit corporation(s) or unit(s) of government which applies for the funds and best fulfill(s) the statutory criteria of M.S. 145.93.

- E. Formula Factors: Grants to the 2 poison information centers are awarded according to the amount of grant money available (\$150,000 federal dollars and \$380,000 state dollars in F.Y. 1994). Funds available from the department meet only a portion (less than 25%) of the actual operating expenses of the Poison Information Centers.

In 1994, Chapter 34, the Department of Administration 911 Emergency Telephone Service Account Special Revenue Fund was amended to include \$50,000 F.Y. 1994, and \$50,000 F.Y. 1995, for Poison Center grant recipients.

F. Source of Funding:

	(Dollars in Thousands)				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Special Revenue	\$ -0-	\$ 50	\$ 50	\$ 50	\$ 50
General	380	380	380	380	380
Federal	<u>150</u>	<u>100</u>	<u>200</u>	<u>150</u>	<u>150</u>
TOTAL	\$530	\$530	\$630	\$580	\$580

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH QUALITY ASSURANCE
ACTIVITY: OCCUPATIONAL & SYSTEMS COMPLIANCE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomn.	Current Spending	Agency Plan	Governor Recomn.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,809	1,957	2,616	2,662	2,662	2,662	2,713	2,713	2,713
EXPENSES/CONTRACTUAL SRVCS	287	351	884	727	729	729	665	669	669
MISC OPERATING EXPENSES	147	158	233	233	234	234	233	234	234
SUPPLIES/MATERIALS/PARTS	20	112	163	142	145	145	142	145	145
CAPITAL EQUIPMENT	17	68	80	57	57	57	57	57	57
OTHER				111	111	111	104	104	104
SUBTOTAL STATE OPERATIONS	2,280	2,646	3,976	3,932	3,938	3,938	3,914	3,922	3,922
AIDS TO INDIVIDUALS	235	354	542	449	449	449	449	449	449
LOCAL ASSISTANCE	2,122	2,222	2,569	2,369	2,369	2,369	2,369	2,369	2,369
TOTAL EXPENDITURES	4,637	5,222	7,087	6,750	6,756	6,756	6,732	6,740	6,740
AGENCY PLAN ITEMS:									
FUND									
NON-DEDICATED FEE SPENDING(UP TO 3%)									
SGS									
6									
8									
TOTAL AGENCY PLAN ITEMS									
6									
8									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,466	1,065	1,429	1,241	1,241	1,241	1,241	1,241	1,241
STATE GOVT SPEC REV	315	1,076	1,433	1,520	1,526	1,526	1,513	1,521	1,521
HEALTH CARE ACCESS	70	217	795	609	609	609	598	598	598
TRUNK HIGHWAY	1,392	1,383	1,431	1,431	1,431	1,431	1,431	1,431	1,431
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		50	50	50	50	50	50	50	50
SPECIAL REVENUE	783	789	872	872	872	872	872	872	872
FEDERAL	611	642	1,076	1,026	1,026	1,026	1,026	1,026	1,026
GIFTS AND DEPOSITS			1	1	1	1	1	1	1
TOTAL FINANCING	4,637	5,222	7,087	6,750	6,756	6,756	6,732	6,740	6,740

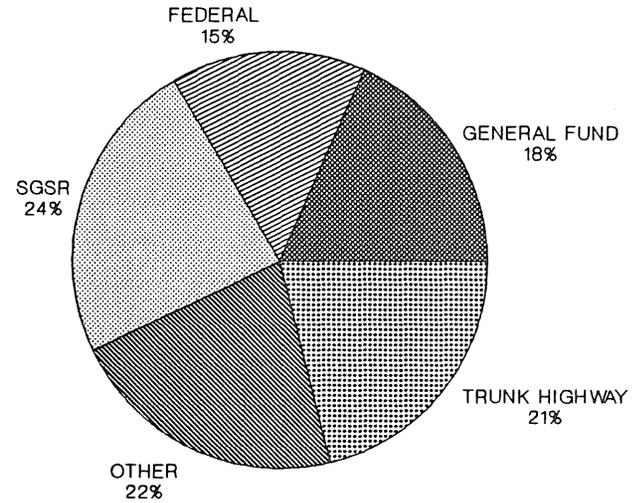
1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH QUALITY ASSURANCE
ACTIVITY: OCCUPATIONAL & SYSTEMS COMPLIANCE

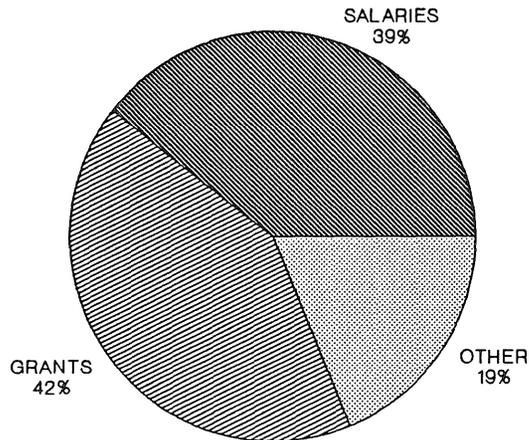
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	38.5	40.5	57.0		57.0			58.0	
TEMP/SEAS/PART_TIME	3.1	4.9	1.6		1.6			1.6	
TOTAL FTE	41.6	45.4	58.6		58.6	58.6		59.6	59.6

Minnesota Department of Health Fiscal Summary Occupational & Syst. Compliance Activity F.Y. 1996 Agency Plan

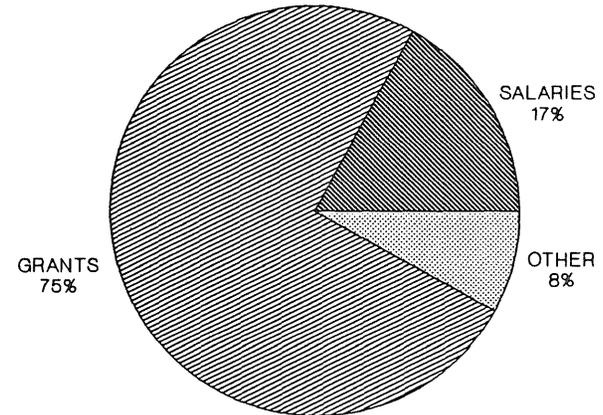
Resources \$6.8 million



**Total Expenditures
\$6.8 million**



**General Fund Expenditures
\$1.2 million**



SGSR = State Govt. Special Revenue

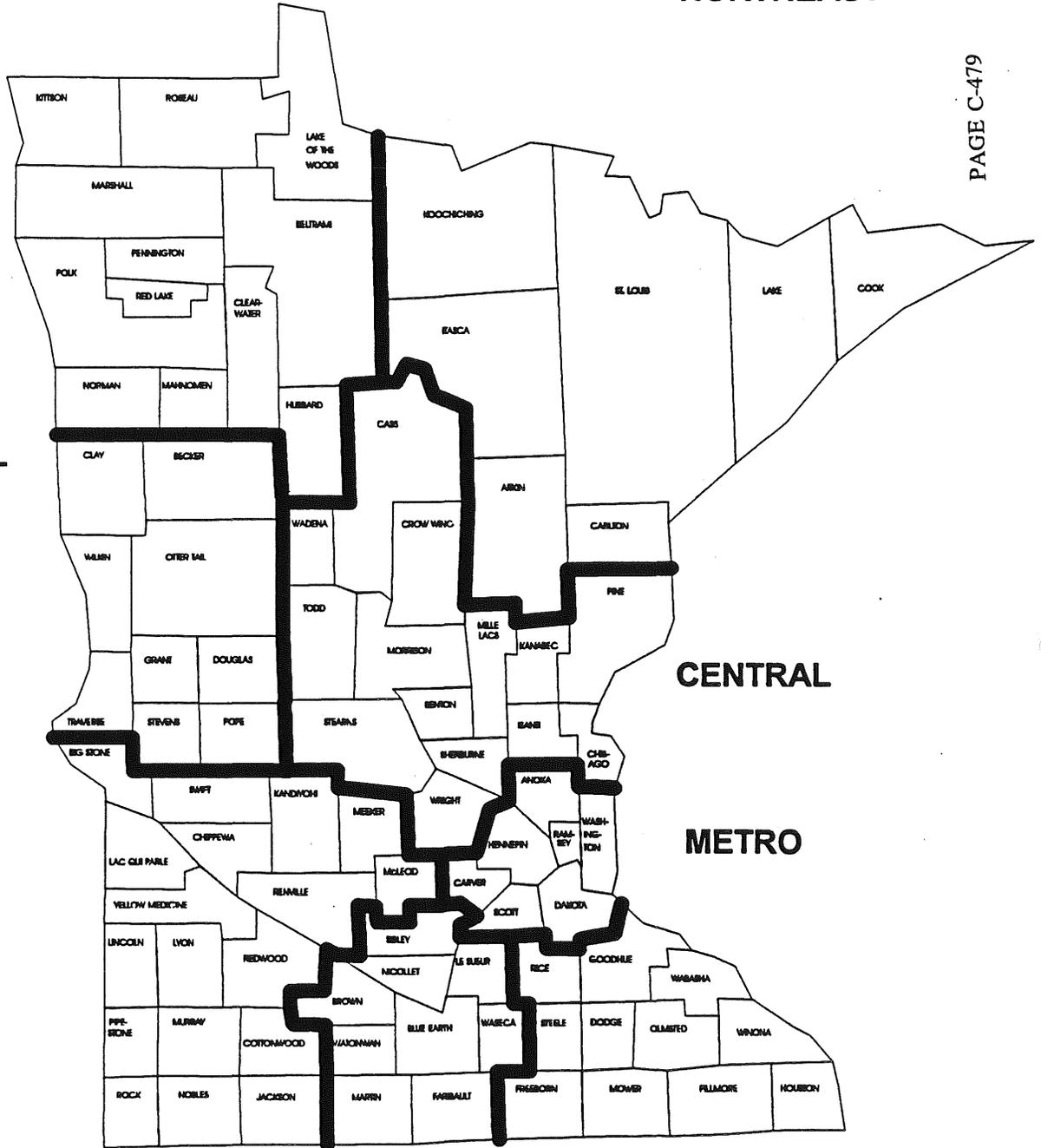
Minnesota Emergency Medical Services Regions

NORTHWEST

NORTHEAST

PAGE C-479

WEST CENTRAL



SOUTHWEST

SOUTH CENTRAL

SOUTHEAST

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1996-97 Biennial Budget

BUDGET ACTIVITY: Facility and Provider Compliance
PROGRAM: Health Quality Assurance
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Facility and Provider Compliance Division protects the health of the public by assuring quality standards are met by various health care providers. The division regulates both facility based and non-facility based providers. These providers include nursing homes, hospitals, group homes for the developmentally disabled, home care, laboratories, renal dialysis centers and, physical therapists. State licenses are issued to 1,780 providers and 3,800 providers are certified to participate in the Medicare and Medicaid programs. Enforcement of the state and federal standards is conducted by 4 sections: Licensing and Certification, Engineering Services, Office of Health Facility Complaints and the Case Mix Review Program.

Through on-site inspections, case mix reviews and audits, complaint investigations and physical plant reviews the division assures that appropriate services are provided which meet the health and safety needs of consumers.

BUDGET ISSUES:

Division activities are supported by federal Medicare funds, state and federal Medicaid funds and license fees paid by providers. The Medicaid funding is provided via a contract with the Department of Human Services and supports facility inspections and case mix reviews of residents. Federal Medicare funding has fluctuated in the past 4 years and has not kept pace with the number of providers that must be inspected. When federal funding has not been available, care has been taken to prevent costs from being shifted to the state supported Medicaid program or to provider fees. This has been accomplished through negotiation of expected work activity with the federal government. Without sufficient Medicare support providers are not inspected with the frequency that occurred in previous years. The full impact of this reduction in inspections cannot yet be measured.

Currently division activities are funded 39% by Medicare, 47% by Medicaid and 14% by license fees. The Medicaid funding is approximately 50% federal and 50% state matching funds. A request for a 1.05% increase in state Medicaid funding is contained in the Department of Human Services budget.

Action by the 1993 legislature resulted in fees paid by facility based providers being dramatically increased to recover a deficit which had accumulated over an 8 year period. The deficit has been recovered through this action and it will be possible to reduce provider fees. The fee structure would result in a new rate at approximately 15% above the 1992 fee structure. This would stabilize the provider fees until the year 2000.

The division is anticipating the need for an increase in the appropriation for its program from the State Government Special Revenue Fund. The increased appropriation can occur without an increase in fees.

The Home Care Licensure Program requires increased funding as the number of providers to be licensed had increased beyond our projections. Increased funding will allow us to maintain our inspections and reviews at planned for frequencies. If additional funding is not made available the length between inspections will increase.

Increased funding in the Facility Licensure Program is necessary in order to meet requests from our customers for increased services in the area of prompt resolution of complaints, provision of division data for facility quality initiatives and for educational services.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 5,554	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	4,460	5,510	2,715	1,716
Dedicated - Special	6,358	9,843	9,771	9,771	9,771
Dedicated - Federal	<u>6,358</u>	<u>3,027</u>	<u>4,668</u>	<u>4,668</u>	<u>4,668</u>
Total	\$18,270	\$17,330	\$19,949	\$17,154	\$16,155

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH QUALITY ASSURANCE
ACTIVITY: FACILITY & PROVIDER COMPLIANCE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	9,600	9,507	10,265	10,265	10,504	10,504	10,265	10,721	10,721
EXPENSES/CONTRACTUAL SRVCS	3,042	3,310	4,720	4,720	4,724	4,724	4,720	4,728	4,728
MISC OPERATING EXPENSES	636	756	767	767	796	796	767	799	799
SUPPLIES/MATERIALS/PARTS	121	162	187	187	197	197	187	229	229
CAPITAL EQUIPMENT	591	361	357	357	366	366	357	411	411
OTHER				11	142	142	37	227	227
SUBTOTAL STATE OPERATIONS	13,990	14,096	16,296	16,307	16,729	16,729	16,333	17,115	17,115
LOCAL ASSISTANCE	372	342	342	342	342	342	342	342	342
TOTAL EXPENDITURES	14,362	14,438	16,638	16,649	17,071	17,071	16,675	17,457	17,457
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		7			13	
HEALTH FACILITIES LICENSURE PROGRAM			SGS		300			644	
HOME CARE LICENSURE PROGRAM INCREASE			SGS		115			125	
TOTAL AGENCY PLAN ITEMS					422			782	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,646	53	54	54	54	54	54	54	54
STATE GOVT SPEC REV		1,515	2,145	2,156	2,578	2,578	2,182	2,964	2,964
STATUTORY APPROPRIATIONS:									
GENERAL	756								
SPECIAL REVENUE	5,602	9,843	9,771	9,771	9,771	9,771	9,771	9,771	9,771
FEDERAL	6,358	3,027	4,668	4,668	4,668	4,668	4,668	4,668	4,668
TOTAL FINANCING	14,362	14,438	16,638	16,649	17,071	17,071	16,675	17,457	17,457

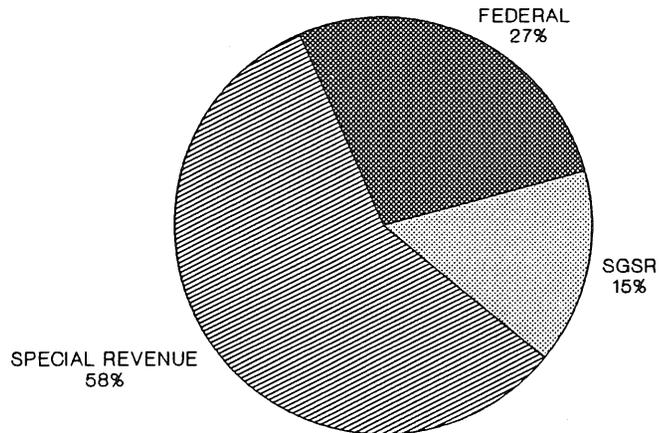
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH QUALITY ASSURANCE
ACTIVITY: FACILITY & PROVIDER COMPLIANCE

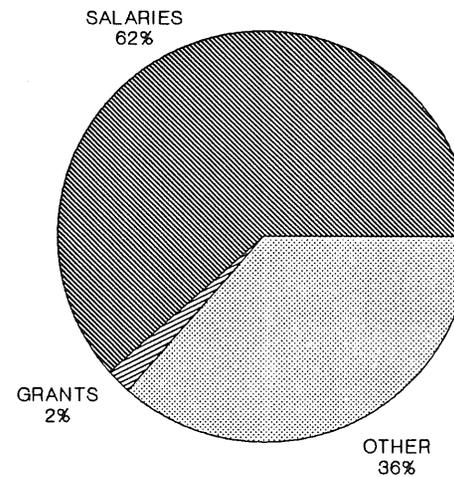
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	198.7	193.4	212.8		218.8			222.8	
TEMP/SEAS/PART_TIME	2.3	1.5	.5		.5			.5	
TOTAL FTE	201.0	194.9	213.3		219.3	219.3		223.3	223.3

Minnesota Department of Health
Fiscal Summary
Facility & Provider Compliance Activity
F.Y. 1996 Agency Plan

Resources \$17.1 million



Total Expenditures
\$17.1 million



F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Quality Assurance
ACTIVITY: Facility and Provider Compliance

ITEM TITLE: Health Care Facility License Fees

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
St. Gov't. Spec. Rev. Fd.				
- State Operations	\$ 300	\$ 644	\$ 644	\$ 644
Revenues: (\$000s)				
St. Gov't. Spec. Rev. Fd.	\$(2,755)	\$(3,758)	\$(3,758)	\$(3,758)

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 144.53, and M.S. 144A.07

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$300,000 for F.Y. 1996 and \$644,000 from the State Government Special Revenue Fund to support this activity. In addition, the Governor recommends a decrease of \$2,755,000 in F.Y. 1996 and \$3,758,000 in F.Y. 1997 in fees charged to hospitals and nursing homes.

RATIONALE:

The department is requesting an increased appropriation from the State Government Special Revenue Account to support regulatory activity. The revenue in the fund from fees paid by nursing homes, hospitals, boarding care home, supervised living facilities and ambulatory surgical centers is sufficient to support an increased appropriation without a fee increase.

In 1993 fees were raised on all health care facilities to recover a deficit. The deficit has been recovered and fees can be reduced. The fee reduction would result in the new fee rate at approximately 15% above the 1992 fee structure. This would have the effect of stabilizing the provider fees until the year 2000. The department is pursuing legislation to reduce the fees.

PROGRAM OUTCOMES:

The increased appropriation will allow for the addition of 4 positions and will off-set increased program operation costs. The addition of 1 investigator position to the Office of Health Facility Complaints will allow the department to respond more promptly to complaints regarding facility compliance with regulations. With changes in the health care market the division is receiving

increased requests from providers for data regarding facility performance for quality assurance projects. The addition of an information support position will allow the division to respond to customized data requests. Law changes in 1993 allowed facilities to pay license fees in quarterly installments instead of 1 payment annually. An additional clerical position is necessary to support this provision. In order to respond to increased requests for technical assistance and education a clinical nurse specialist position is requested. Federal funds do not support the numerous requests for assistance in complying with regulatory requirements.

LONG-TERM IMPACT:

The department expects stability in the amount of fees charged to facilities for the next 5 years. This is possible due to the elimination of the deficit and a current surplus.

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
 PROGRAM: Health Quality Assurance
 ACTIVITY: Facility and Provider Compliance

ITEM TITLE: State Home Care Appropriation Increase

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
St. Gov't. Spec. Rev. Fd.				
- State Operations	\$115	\$125	\$125	\$125
Revenues: (\$000s)				
St. Gov't. Spec. Rev. Fd.	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statute(s) affected: M.S.				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$115,000 in F.Y. 1996 and \$125,000 in F.Y. 1997 from the State Government Special Revenue Fund to support this activity.

RATIONALE:

M.S. 144A.43 requires the commissioner to collect fees to support state home care licensure costs. The current fee revenue will allow an increased appropriation for compliance activities without a fee increase. An increase of \$115,000 in F.Y. 1996 and \$125,000 in F.Y. 1997 from the State Government Special Revenue Fund is needed because the number of licensed providers has increased beyond original projections. Without an increase in the amount the department is authorized to spend, the frequency of inspections will decrease and the department will be unable to promptly provide technical assistance to new providers. Home care is the most rapidly expanding provider group regulated by the Facility and Provider Compliance Division.

The increased appropriation will allow the hiring of 2 additional staff for the program.

PROGRAM OUTCOMES:

The department currently licenses 637 home care providers. This is an increase of 55% over original projections. The final state licensure rules for this program became effective in June 1993. During F.Y. 1994 the department responded to 2,000 requests for information regarding this state licensure program. A variety of different types of home care providers had their licenses reviewed and/or had on-site inspections.

LONG-TERM IMPACT:

With an increased appropriation the department will be able to inspect and review home care licensees at a frequency of approximately once every 3 years. With the rapid expansion of home care providers it is anticipated that the amount of fee revenue appropriated to the department will need to be adjusted upward in order to maintain a reasonable frequency of regulatory activity.

PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

The Health Protection Program exists: to control or eliminate communicable and chronic disease; to protect citizens from environmental hazards; and to provide access to quality laboratory testing on human specimens and environmental samples.

PROGRAM STATUS:

As part of the reorganization of the MDH, the Breast and Cervical Cancer Section was moved to the Division of Disease Prevention and Control (DP&C). This addition to DP&C is a logical move as the division mission includes providing leadership in the prevention and control of acute and chronic disease through the collection of information on disease occurrence, as well as the development of prevention and control strategies which respond to these diseases. Core public health functions of assessment, policy development and planning, and assurance are tools used to identify priorities throughout the bureau.

Financial support for the bureau is largely dependent on program fees and federal funds.

PLANNED RESULTS:

The agency budget plan will facilitate the accomplishment of related performance objectives as identified in the 1994 Annual Performance Report as follows:

- By the end of F.Y. 1997, immunization rates will be increased so that 90% of children are up-to-date when measured within 2 months of the date(s) on which they were to be vaccinated.
- Although many factors influence the numbers of persons infected with Human Immunodeficiency Virus (HIV) and those who go on to develop Acquired Immunodeficiency Syndrome (AIDS), the programs and interventions sponsored by the department must continue to reach persons at risk for HIV infection. The year 2000 goal is an increase of less than 3% per year in newly diagnosed cases of AIDS. The number of new AIDS cases in 1993 was 290.
- By 1997, the x-ray inspection staff will ensure that 100% of facilities performing diagnostic x-rays in Minnesota will comply with all required quality control standards. Compliance with ionizing radiation rules will continue to improve because more enforcement tools are now available through the Consolidated Health Enforcement Act of 1993 and because of the annual inspections required under the new federal mammography regulations.
- In order to improve the quality of test results from labs performing environmental monitoring services in Minnesota, the department is recommending increased training as well as a "blind" proficiency testing program for certified laboratories.

BUDGET AND REVENUE SUMMARY:

Summary of the Agency Plan is as follows:

- The proposed fee supported appropriation increase for improved training in the environmental laboratory certification activity - \$58,000 per year.
- A proposed increase of fees of \$175,000 per year for the Food, Beverage and Lodging Inspection Program to cover the past under recovered cost.
- The agency plan includes a 3% inflation increase for all fee generating activities within the program for nonsalary items.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increased appropriation for laboratory certification from the state Government Special Revenue Fund.

A fee increase is recommended in the Food, Beverage, and Lodging inspection program to recover its operational deficit.

The Governor concurs with the agency plan to allow nonsalary inflation increases where existing revenue is sufficient to cover the increased costs in nongeneral fund fee related activities.

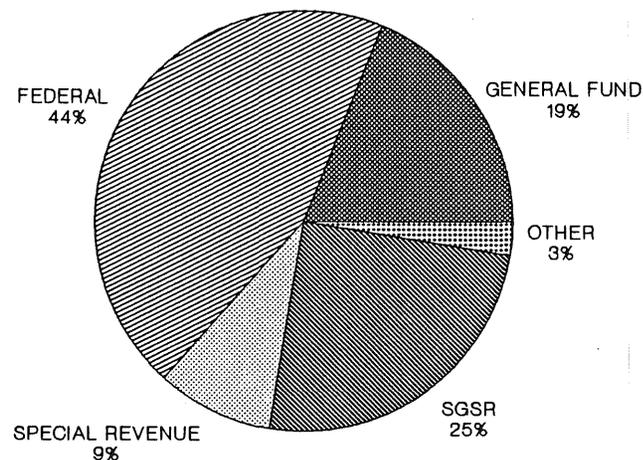
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION

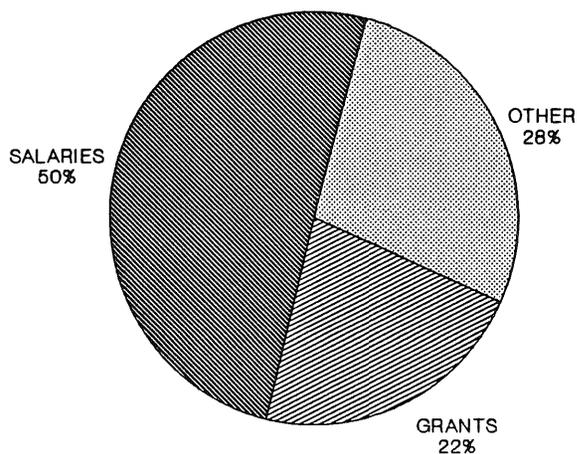
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
ENVIRONMENTAL HEALTH	12,578	13,235	14,212	14,242	14,353	14,353	14,231	14,452	14,452
DISEASE PREVENTION AND CONTROL	12,743	15,583	18,179	18,696	18,697	18,697	18,642	18,644	18,644
PUBLIC HEALTH LABORATORY	4,668	5,042	6,146	6,146	6,213	6,213	6,146	6,221	6,221
TOTAL EXPENDITURES BY ACTIVITY	29,989	33,860	38,537	39,084	39,263	39,263	39,019	39,317	39,317
AGENCY PLAN ITEMS:			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		121			240	
LABORATORY CERTIFICATION PROGRAM IMPROVE			SGS		58			58	
TOTAL AGENCY PLAN ITEMS					179			298	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	15,541	7,131	6,925	6,999	6,999	6,999	6,995	6,995	6,995
STATE GOVT SPEC REV	118	9,206	9,388	9,508	9,687	9,687	9,489	9,787	9,787
SPECIAL REVENUE			8	8	8	8	8	8	8
METRO LANDFILL CONTN	93	118	226	171	171	171	171	171	171
STATUTORY APPROPRIATIONS:									
GENERAL		106	304	304	304	304	304	304	304
SPECIAL REVENUE	2,825	2,753	3,475	3,475	3,475	3,475	3,475	3,475	3,475
FEDERAL	10,911	14,416	17,387	17,795	17,795	17,795	17,753	17,753	17,753
GIFTS AND DEPOSITS	501	130	824	824	824	824	824	824	824
TOTAL FINANCING	29,989	33,860	38,537	39,084	39,263	39,263	39,019	39,317	39,317
FTE BY EMPLOYMENT TYPE:									
REGULAR	362.5	371.2	445.4		451.4			451.4	
TEMP/SEAS/PART_TIME	36.5	37.1	17.9		16.6			16.6	
OVERTIME	.2	.5	.2		.2			.2	
TOTAL FTE	399.2	408.8	463.5		468.2	468.2		468.2	468.2

Minnesota Department of Health Fiscal Summary Health Protection Program F.Y. 1996 Agency Plan

Resources \$39.3 million

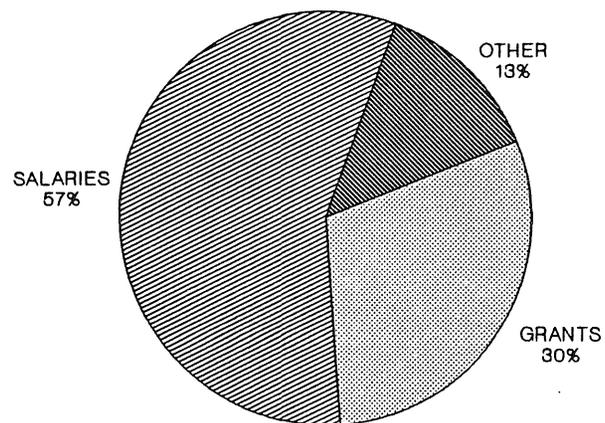


**Total Expenditures
\$39.3 million**



SGSR = State Govt. Special Revenue

**General Fund Expenditures
\$7.3 million**



1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Environmental Health (EHD) activity is preventive in nature and protects the public health by assuring that actual and potential risks from exposures to environmental hazards are minimized and controlled. Environmental hazards include human-made and naturally occurring biological, physical, chemical, and radiological agents and substances. Exposures to these environmental health hazards may occur in the workplace, home, natural environment, or public facility such as schools, hospitals, or restaurants. Customers of this activity include the regulated community; federal, state, and local agencies; and the general public, including children, women, families, and workers. Services are delivered through a variety of regulatory, consultative, informational, and educational programs to assure that the public is protected against actual and potential exposures to environmental hazards.

This activity provides health protection through enforcement of state and federal standards; provision of technical consultation with local health agencies, the regulated community, and other state agencies; collection and assessment of environmental health data; evaluation of potentially health-threatening environmental conditions; and provision of health education materials concerning environmental health risks to the public, health care providers, and local health agencies.

Drinking Water Protection (DWP) enforces the federal Safe Drinking Water Act and monitors 9,700 public water supply systems; regulates wellhead protection plans for public water supply systems; regulates well construction, sealing, and maintenance; enforces the state plumbing code; and reviews public water supply construction plans, plumbing plans for public building construction, and swimming pool design plans.

Environmental Health Hazard Management regulates asbestos and lead abatement; ensures compliance with the Minnesota Clean Indoor Air Act (MCIAA) and standards for the indoor air quality of enclosed sports arenas; assesses human exposure to environmental contaminants near federal Superfund sites, clean-up sites, and metropolitan area landfills; analyzes health risks as part of the environmental review process; develops health-based standards for groundwater contaminants; develops health effects advice related to eating sport fish from Minnesota rivers and lakes; and provides health education materials on radon, MCIAA, indoor air quality, lead, and health risks to the public, health care providers, and the regulated community.

Environmental Health Services is responsible for the regulation of approximately 20,000 food, beverage, and lodging establishments and other public facilities including manufactured home parks, recreational camping areas, children's camps, migrant labor camps and mass gatherings; investigates foodborne and waterborne disease outbreaks; registers sanitarians; enforces the MCIAA in licensed public establishments; and evaluates delegated local food, beverage, and lodging programs to ensure sanitation and other environmental health standards are met.

Radiation Control regulates x-ray equipment and all sources of ionizing radiation; registers 12,296 x-ray tubes and 1,694 radioactive sources; approves mammography screening programs; collects and analyzes milk, water, soil, and air samples to evaluate radiation levels and the effectiveness of

radioactivity control procedures; and assures availability of trained staff to determine protective action guidelines in the event of a nuclear power plant emergency.

BUDGET ISSUES:

- The food, beverage, and lodging program experienced financial difficulties during the 1994-95 biennium as projected revenue failed to be realized. The section was reorganized, 2.0 supervisory FTE eliminated, 1.0 clerical FTE eliminated, and 1.0 inspector FTE eliminated; and efficiencies created in the processing of licenses. The commissioner established a "Blue Ribbon Advisory Task Force" to evaluate the food, beverage, and lodging inspection program; evaluate the changing environment; and determine program needs to ensure a quality program to protect the public from foodborne illness and poor sanitary practices. The task force included members of the regulated industry and local health departments and recommended a legislative initiative to increase fees, modify inspection frequency requirements, and change definitions of high, medium, and low risk food, beverage, and lodging establishments.
- The 1994 legislature directed the Commissioner of Health to: 1) review current lead abatement standards, statutes, laws, and rules, and propose a reorganization and recodification to the legislature by 1-1-95; and 2) develop directives to define residential remodeling, renovation, installation, and rehabilitation activities that are not lead abatement, but may disrupt lead-based paint surfaces. The commissioner established advisory work groups that recommended needed changes.

Liability issues have a major impact on lead abatement policy and the cost of lead abatement. It is difficult for lead abatement contractors to obtain liability coverage. Since insurance companies have no loss experience with lead abatement, they either exclude lead hazards from coverage or charge very high premiums. In addition, insurance companies prefer to have the lead completely removed rather than managed in-place. Complete removal of lead coupled with the high premiums for liability insurance increase the cost of lead abatement.

- The MCIAA currently bans smoking in health care facilities except for chemical dependency and mental health programs. This ban limits the ability to conduct peer-reviewed scientific smoking studies related to the health effects of smoking in health care facilities. An amendment to the MCIAA could eliminate this statutory language. The MCIAA currently gives the commissioner authority to grant waivers to the statute. The MDH believes this authority more appropriately belongs to the legislative rather than the executive branch.
- As a result of interagency and legislative discussions, the MDH and the Minnesota Pollution Control Agency (MPCA) have signed a memo of agreement directing the MDH to develop and adopt rules for health risk values for pollutants in ambient air. In the next year, health-based values will be developed for toxic air contaminants that are subject to regulation under amendments to the federal Clean Air Act. These health risk values will be used by the MPCA as criteria for evaluating the level of public health protection provided by Maximum Achievable Control Technology Standards for source categories of air toxics. They will also be used by the MDH as criteria for determining public health implications in environmental review projects.
- An increasing number of public water supply systems will exceed drinking water standards as the U.S. Environmental Protection Agency (EPA) increases the number of regulated contaminants. These could cause severe compliance problems for Minnesota public water supply systems. The program has made progress in improving the efficiency and effectiveness

1996-97 Biennial Budget

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

of the technical assistance it provides public water supply systems to help ensure compliance with safe drinking water rules. Over the past biennium, 11.0 technical assistance FTE have been added; the \$5.21 annual service connection fee was established to fund technical assistance and sampling requirements; data management improvements have been made including continued development of a data system and the provision of computers and networking of all field staff; and new administrative penalty order authority was obtained to help achieve compliance.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ 8,704	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	10,026	10,572	10,799	10,809
Dedicated - Special	257	149	256	256	256
Dedicated - Federal	<u>3,150</u>	<u>3,100</u>	<u>4,254</u>	<u>4,254</u>	<u>4,254</u>
Total	\$12,111	\$13,275	\$15,082	\$15,309	\$15,319

The proposed fee increase for the food, beverage, and lodging inspection program will allow the agency to both meet deficit recovery obligations as well as ensure public health protection from poor sanitary practices and foodborne illnesses. The increase in revenues for this fee is in the State Government Special Revenue Fund.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: ENVIRONMENTAL HEALTH

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	8,220	7,984	8,341	8,329	8,329	8,329	8,329	8,329	8,329
EXPENSES/CONTRACTUAL SRVCS	2,653	3,477	3,644	3,601	3,695	3,695	3,601	3,791	3,791
MISC OPERATING EXPENSES	696	806	1,038	1,038	1,055	1,055	1,038	1,069	1,069
SUPPLIES/MATERIALS/PARTS	298	300	388	388	388	388	388	388	388
CAPITAL EQUIPMENT	348	290	181	181	181	181	181	181	181
OTHER	301			85	85	85	74	74	74
SUBTOTAL STATE OPERATIONS	12,516	12,857	13,592	13,622	13,733	13,733	13,611	13,832	13,832
AIDS TO INDIVIDUALS	20	10	20	20	20	20	20	20	20
LOCAL ASSISTANCE	42	368	600	600	600	600	600	600	600
TOTAL EXPENDITURES	12,578	13,235	14,212	14,242	14,353	14,353	14,231	14,452	14,452
AGENCY PLAN ITEMS:									
			FUND						
			NON-DEDICATED FEE SPENDING(UP TO 3%)		111			221	
TOTAL AGENCY PLAN ITEMS					111			221	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	9,009	1,691	1,629	1,643	1,643	1,643	1,639	1,639	1,639
STATE GOVT SPEC REV	69	8,177	7,838	7,909	8,020	8,020	7,902	8,123	8,123
SPECIAL REVENUE			8	8	8	8	8	8	8
METRO LANDFILL CONTN	93	118	226	171	171	171	171	171	171
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	257	149	256	256	256	256	256	256	256
FEDERAL	3,150	3,100	4,254	4,254	4,254	4,254	4,254	4,254	4,254
GIFTS AND DEPOSITS			1	1	1	1	1	1	1
TOTAL FINANCING	12,578	13,235	14,212	14,242	14,353	14,353	14,231	14,452	14,452

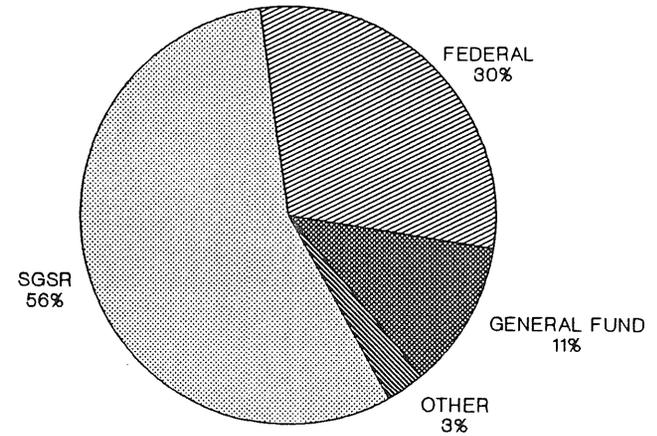
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: ENVIRONMENTAL HEALTH

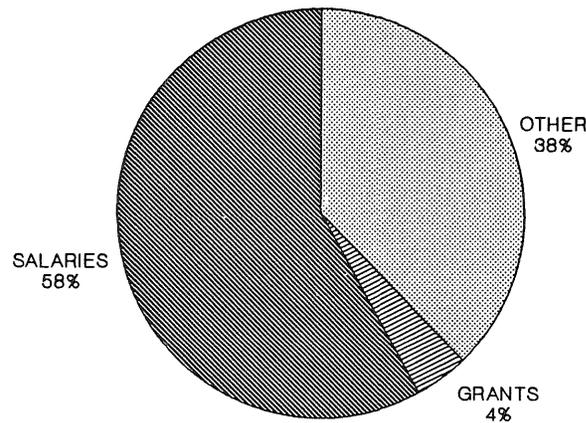
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	181.4	175.0	201.3		201.3			201.3	
TEMP/SEAS/PART_TIME	8.9	8.5	3.6		2.8			2.8	
OVERTIME		.1							
TOTAL FTE	190.3	183.6	204.9		204.1	204.1		204.1	204.1

Minnesota Department of Health
 Fiscal Summary
 Environmental Health Activity
 F.Y. 1996 Agency Plan

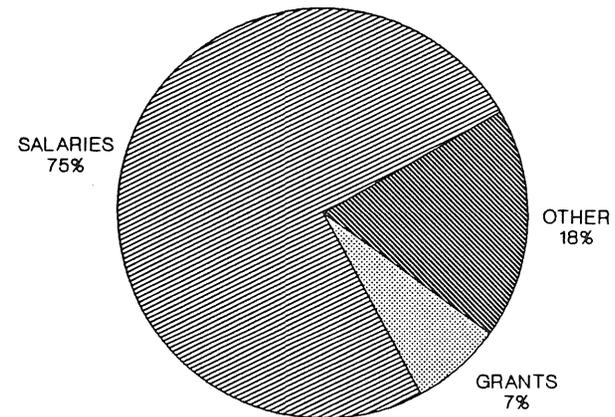
Resources \$14.4 million



Total Expenditures
 \$14.4 million



General Fund Expenditures
 \$1.6 million



SGSR = State Govt Special Revenue

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Food, Beverage, and Lodging Inspection Fee Increase

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$175	\$175	\$175	\$175

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 157

GOVERNOR'S RECOMMENDATION:

The Governor recommends a fee increase in the food, beverage, and lodging inspection program. The fee increase will allow the program to recover its past operating deficit which is consistent with current law that fee supported activities must operate within revenues.

RATIONALE:

Current fees do not cover the cost of providing mandated services such as facility inspections and consultation services to ensure compliance with sanitary practices and equipment requirements. Past fee increases have not met revenue projections resulting in an operating deficit. The existing license fee system, based on the number of employees, has created an unstable revenue base. Facility managers or owners calculate the amount of fee due based on the number of employees. These calculations can be subject to interpretation and difficult for some to make. The fee system needs to be modified to be more readily understood by regulated facilities and to recover program costs. The fee system should also be modified to include fees for certain facilities the department is mandated to inspect, i.e. swimming pools. MDH is currently working with the Minnesota Department of Agriculture, local health agencies, and other interested parties to review the 1993 Food and Drug Administration Food Code to update regulations for food, beverage, and lodging facilities.

The potential for foodborne illness is increasing due to changes in food sources, food processing, and bacteria that cause foodborne illness. Increased dependence on global sources of raw foods has

contributed to the incidence of foodborne illness outbreaks from imported food products such as cantaloupe and pineapple. New technologies used in food processing and preparation, and an increase in the variety of food types have also contributed to widespread illness outbreaks. In addition, the increase in the percentage of food dollars families spend eating away from home increases their risk for foodborne illness. The routine use of sanitary practices remains the key to preventing foodborne illness. However, the lack of training and high turnover of food service workers often results in a lack of understanding of how the use of sanitary practices can prevent disease transmission. The MDH will centralize consultation services; focus field sanitarian efforts exclusively on inspections; and increase the amount of educational materials and training available to food service managers and workers.

PROGRAM OUTCOMES:

Revenues will cover the cost of current staffing and operating deficit. Consultation services will be centralized and a toll free number established. Field sanitarians will cease the provision of consultation services and focus their time exclusively on inspections.

LONG-TERM IMPACT:

The department will need to continue to assess the ability of the program to meet its mission of public health protection in light of program changes and increased risks of foodborne illnesses.

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BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Disease Prevention and Control (DP&C) activity focuses on the control or elimination of communicable and chronic diseases. Its mission is to provide leadership in the prevention and control of acute and chronic disease; conduct surveillance to detect the occurrence of such disease; recommend prevention and control measures; and implement disease prevention and control programs. Customers of this activity include other state and local public and private agencies, health care providers, children, women, families, workers, and the general public.

Activities are designed to monitor disease rates and occurrence, control communicable diseases, encourage Minnesotans to use preventive health services such as immunizations, and provide a wide range of health information and technical assistance. Specific program activities include:

1. A reportable disease system for collecting information about 52 communicable diseases such as measles, pertussis, tuberculosis, Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS), and salmonella. Information from this system is used to investigate and control disease outbreaks and to identify newly emerging diseases in Minnesota.
2. A cancer surveillance system that collects and analyzes information about cancer to determine effective means for controlling this disease in Minnesota.
3. Coordination of locally based immunization programs and vaccines for adults and children. This activity also gathers information that identifies under-immunized children and parts of the state to target information and outreach services.
4. Individual and community-based HIV and sexually transmitted disease screening, intervention, and prevention programs.
5. HIV-related services such as dental care, mental health, transportation, and case management for persons living with HIV/AIDS.
6. Screening for cancer with corresponding research into ways to increase utilization of preventive health services.
7. Technical assistance, information, media, and educational programs for local health agencies, private physicians, and the public about disease prevention and control issues.

This activity uses the core public health functions of assessment, policy development and planning, and assurance to identify health problem priorities, design public health interventions, and monitor impact on prevention and control of disease.

BUDGET ISSUES:

- Due to a resurgence of tuberculosis (TB) nationally and in Minnesota, in 1993-94 the MDH undertook an exhaustive review of TB control efforts in Minnesota. A number of recommendations were made. Revisions to the Medicaid program to reimburse for important TB control activities such as directly observed therapy, and revisions to the home care law as it applies to local public health departments performing traditional TB control activities are specific examples of initiatives proposed in 1995 that contribute to the control of TB in Minnesota.

- Although screening for breast and cervical cancer is a proven strategy for early detection and prevention of mortality from these types of cancer, many women do not seek or receive these services. About 2,800 new cases of breast cancer and 210 cases of cervical cancer - and over 700 breast cancer and 55 cervical cancer deaths - are reported every year among women in Minnesota. Efforts to learn of the individual, community, and health care provider barriers to using these preventive health care services are an important function of public health in a reformed health care system. Public health can develop a population-based, statewide approach to conducting research into how to work with populations which underutilize preventive care services and develop interventions based on that research which can then be used by medical providers and public health agencies. Through these efforts, public health can improve the health status of the population and control health care costs. This program is entirely federally funded.
- As a result of an initiative of the MDH in coordination with local public health agencies over the past few years, enhanced information about immunization rates has been made available to public and private health care providers about areas and populations of the state which do not receive immunizations on a timely basis. Additional research into parent and provider barriers in the delivery and receipt of services is being conducted to identify those barriers which can be reduced or eliminated. Public health leadership in this population-based preventive health strategy is critical to understanding the problems in improving the health status of the people of Minnesota and reducing health care costs for preventable diseases. The department has received increased federal funding in this area due to Minnesota's performance in improving immunization rates and our ability to provide timely assessment of immunization levels.
- The HIV/AIDS epidemic has evolved into several different epidemics, each with its own unique characteristics. Preventive and care strategies need to reflect this and be tailored to specific population groups at-risk. Given the difficulties of identifying individuals who engage in behaviors that place them at-risk and our limited understanding of how to help these individuals to change their behavior, the AIDS/HIV epidemic will continue through this decade at least and may be with us for the rest of our lives. Teaching adolescents, who are just becoming sexually active, how to survive in a world of AIDS will continue to present challenges to all of society. Initiating and sustaining the behavior changes necessary to prevent further transmission of HIV requires continuous and meaningful messages to persons at-risk of infection. As a condition for receiving federal HIV prevention funds, Minnesota is implementing an extensive community planning process. The community planning process may impact on how state and federal HIV funds are utilized.
- HIV case management services assist persons infected with HIV who are living with a chronic communicable disease to address the behavior change necessary to prevent further transmission of HIV. In addition, HIV case management programs have addressed issues such as housing, transportation, and medical and health promotion issues. Currently, 8 community-based organizations provide case management services to over 700 persons. The HIV Case Management Pilot Program was initially funded by the legislature in 1989 to serve 390 persons. At that time, 1,710 persons were living with HIV or AIDS in Minnesota. By the beginning of 1994, that number had risen to 2,844, an increase of 66%. The MDH program was combined in 1994 with the Medical Assistance case management program previously administered by the Minnesota Department of Human Services. Through a combination of these funds and the start of a "brief service" program, the number of persons served annually has expanded to the current 700. In addition to the increasing numbers, the life expectancy of persons with HIV/AIDS is increasing, requiring services over a longer period of time for clients in the program. As a

1996-97 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

result of these factors, the program has seen an increased demand for services that is being partially met by increasing reliance on federal "Ryan White CARE Act funds."

REVENUE:

This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	634	188	854	854	854
Dedicated - Federal	<u>7,560</u>	<u>10,793</u>	<u>12,446</u>	<u>12,446</u>	<u>12,446</u>
Total	\$8,194	\$10,981	\$13,300	\$13,300	\$13,300

GRANTS:

1. HIV Prevention and HIV Services Grants

- A. Statutory references: M.S. 1984, Section 144.05. Federal funds have also been awarded to the agency for this program under Sections 301(a), 311(b), and 318 of the Public Health Service Act and Title II of the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act of 1990.
- B. Purpose of grant: To enable agencies to offer confidential HIV counseling and testing to all who request testing; to provide case management services to HIV positive individuals; to conduct targeted risk reduction/education to people most at risk of HIV infection; and to provide and improve services for persons with HIV in Minnesota.
- C. Recipient identification and eligibility criteria: Recipients of the grant program which enables clinics to offer confidential HIV counseling and testing include 8 community health departments throughout Minnesota, and approximately 15 specialized clinics, some of which offer family planning services, sexually transmitted disease information, or function as community-based centers.

Case management grants fund 8 projects, including both hospital and community-based programs.

The targeted Risk Reduction Education Grants fund 21 contractors. These community-based efforts target especially youth at high risk of HIV infection, communities of color, and other individuals or groups whose behavior put them at high risk of contracting HIV.

Recipients of HIV CARE grants include 30 agencies (including the Minnesota Department of Human Services) who can provide transportation, home care, dental care, mental health services, financial assistance and child care, HIV-infected people to obtain or maintain health insurance, needed medications, home care, and other services.

- D. Criteria and formula determining amount of payment to recipient: Grants are primarily awarded on a competitive basis to which agencies submit proposals. Proposals are ranked based on criteria specified in the "Request for Proposals." Such criteria have included:

- 1. an overall understanding of AIDS and HIV infection;
- 2. a program which is technically, organizationally, and operationally sound;
- 3. program which, where possible, can measure changes in attitudes, knowledge, and behavior relative to risk factors; and
- 4. evidence of community support for the proposal.

- E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
General	\$1,974	\$2,068	\$2,068	\$2,068
Federal	<u>1,284</u>	<u>1,774</u>	<u>1,774</u>	<u>1,774</u>
Total	\$3,258	\$3,842	\$3,842	\$3,842

2. Refugee Health Program Grants

- A. Statutory references: Section 412(B)(5), Immigration and Nationality Act
- B. Purpose of grant: To enable local community health services agencies to provide health assessments to newly arrived refugees and to address refugee health problems of public health concern. Health assessments of refugees are intended to identify and lead to the treatment of health conditions which could affect the public health and the personal well-being of refugees and impede their effective resettlement.
- C. Recipient identification and eligibility criteria: Recipients of these grants are the state's 2 largest public health agencies which serve the jurisdictional area receiving most of Minnesota's refugees.
- D. Criteria and formulas determining amount of payment of recipient: The 2 areas are awarded funds to complete activities for refugee populations. Execution of these contracts is dependent upon the acceptance by the health agency of the duties as referred to in the preceding section.

- E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$40	\$40	\$40	\$40

3. Immunization Program Support Grants

- A. Statutory references: Public Health Service Act Section 301.317, as amended.

1996-97 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

B. Purpose of grant: To develop local action plans that strengthen the overall immunization delivery system and target under-immunized areas. Some of the emphasis will be on strengthening relationships between public health and private providers in the areas of immunization assessment, service delivery, information sharing, and joint efforts to achieve public health goals. The activities in this grant are based on the core public health functions of assessment, policy development and planning, and assurance as they relate to vaccine-preventable diseases in children.

C. Recipient identification and eligibility criteria: Recipients of these grants are the 49 local boards of health in Minnesota.

D. Criteria and formula determining amount of payment to recipient: Funding is awarded on a non-competitive basis, as is, based on a 3-part formula allocation: 1) \$2,000 base to each county/city to ensure adequate support for carrying out core public health functions, 2) one-third of the remaining dollars based on a 5-year average of live births to target funds based on the number of children needing immunizations, and 3) the remaining dollars based on a combined index of the number of children on AFDC plus those eligible for Medical Assistance to target funds to those areas with greatest poverty.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal:	\$1,684	\$1,512	\$1,512	\$1,512

4. Hepatitis B Grants

A. Statutory references: Public Health Service Act Section 301.317, as amended.

B. Purpose of grant: To prevent transmission of hepatitis B to infants of carrier mothers, to sexual and needlesharing partners of carriers, and for routine infant immunization. Activities focus on identifying and following pregnant women who are carriers of hepatitis B to assure that infants receive appropriate care and immunizations to prevent development of this disease. For adults, screening and immunization are provided in sexually transmitted disease clinics. For infants, funds support immunization against hepatitis B.

C. Recipient identification and eligibility criteria: Eligible recipients are the 2 local boards of health in which most of the target population resides - St. Paul and Hennepin county.

D. Criteria and formula determining amount of payment to recipient: Funding is awarded based on approved program activities in the award areas and on funds available for these activities from the federal program.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$315	\$269	\$269	\$269

5. Breast and Cervical Cancer Screening Grants

A. Statutory references: M.S. 144.697, Subdivision 1 and 2.

B. Purpose of grant: To significantly increase the proportion of age-appropriate women who are screened for breast and cervical cancer.

C. Recipients and eligibility criteria: Public and private nonprofit agencies are eligible to apply on a competitive basis. Screening services must be made available to women who are low income and uninsured or underinsured.

D. Criteria and formula determining amount of payment to recipient: The amount of the grant award is determined by the number of women that each grantee proposes to screen. Grantees receive Medicare rates for screening activities. Additional funds may be provided for special outreach activities.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$1,943	\$1,959	\$1,959	\$1,959

6. Tuberculosis Prevention and Control

A. Statutory references: Part 317 of the Public Health Services Act

B. Purpose of grant: To provide home or face-to-face visits to educate, assist, interview, conduct contact testing and supervise treatment, including provision of directly observed therapy as indicated to persons with or exposed to tuberculosis.

C. Recipient identification and eligibility criteria: Recipients of this support are the 2 metropolitan-based local boards of health who see the majority of persons with tuberculosis in their tuberculosis clinics.

D. Criteria and formula determining amount of payment to recipient: Funding is provided to support staff time to provide the services described above.

E. Source of funding:

	Dollars in Thousands			
	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Federal	\$80	\$96	\$96	\$96

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: DISEASE PREVENTION AND CONTROL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	5,382	5,903	7,154	7,393	7,393	7,393	7,399	7,399	7,399
EXPENSES/CONTRACTUAL SRVCS	1,150	1,365	1,163	1,186	1,187	1,187	1,181	1,183	1,183
MISC OPERATING EXPENSES	302	385	392	401	401	401	401	401	401
SUPPLIES/MATERIALS/PARTS	636	261	1,381	1,389	1,389	1,389	1,386	1,386	1,386
CAPITAL EQUIPMENT	174	233	138	183	183	183	152	152	152
OTHER	<2>			109	109	109	97	97	97
SUBTOTAL STATE OPERATIONS	7,642	8,147	10,228	10,661	10,662	10,662	10,616	10,618	10,618
AIDS TO INDIVIDUALS	1,444	1,770	2,002	2,002	2,002	2,002	2,002	2,002	2,002
LOCAL ASSISTANCE	3,657	5,666	5,949	6,033	6,033	6,033	6,024	6,024	6,024
TOTAL EXPENDITURES	12,743	15,583	18,179	18,696	18,697	18,697	18,642	18,644	18,644
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		1			2	
TOTAL AGENCY PLAN ITEMS					1			2	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,500	4,419	4,285	4,345	4,345	4,345	4,345	4,345	4,345
STATE GOVT SPEC REV	49	77	128	177	178	178	165	167	167
STATUTORY APPROPRIATIONS:									
GENERAL		106	304	304	304	304	304	304	304
SPECIAL REVENUE	138	58	32	32	32	32	32	32	32
FEDERAL	7,560	10,793	12,608	13,016	13,016	13,016	12,974	12,974	12,974
GIFTS AND DEPOSITS	496	130	822	822	822	822	822	822	822
TOTAL FINANCING	12,743	15,583	18,179	18,696	18,697	18,697	18,642	18,644	18,644

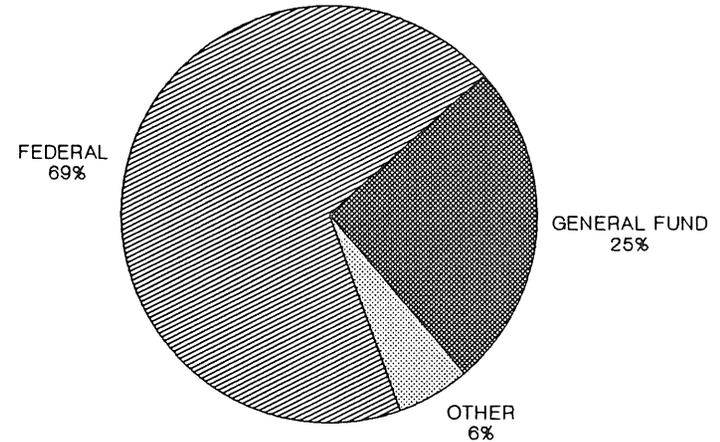
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: DISEASE PREVENTION AND CONTROL

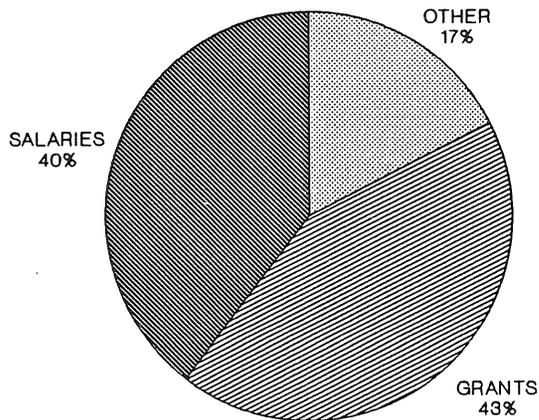
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	101.9	114.7	151.0		156.0			156.0	
TEMP/SEAS/PART_TIME	23.2	22.2	8.7		8.2			8.2	
OVERTIME	.1	.1							
TOTAL FTE	125.2	137.0	159.7		164.2	164.2		164.2	164.2

**Minnesota Department of Health
Fiscal Summary
Disease Prevention and Control Activity
F.Y. 1996 Agency Plan**

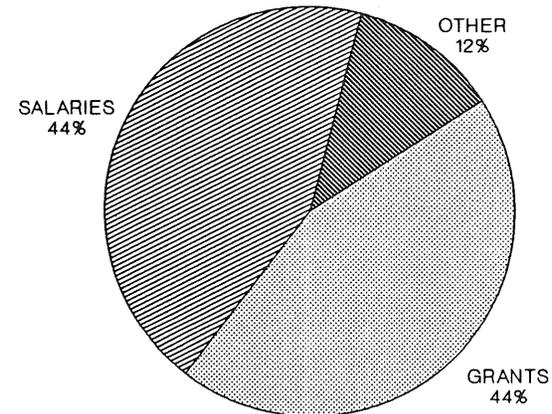
Resources \$18.7 million



**Total Expenditures
\$18.7 million**



**General Fund Expenditures
\$4.6 million**



1996-97 Biennial Budget

BUDGET ACTIVITY: Public Health Laboratory
 PROGRAM: Health Protection
 AGENCY: Health, Department of (MDH)

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ACTIVITY DESCRIPTION:

The Public Health Laboratory exists to help protect the public health through assessment of human disease-causing conditions: by testing human specimens for infectious agents and for various inherited metabolic diseases; by testing animal specimens for rabies; and by testing for hazardous substances in air, soil, water and wildlife, in the work place and the outdoor environment. The laboratory provides data and interpretive support for programs which identify and prevent diseases and unsafe environmental conditions; identifies potential communicable disease outbreaks, and maintains capability to perform tests in a variety of public health and environmental emergencies.

As indicated in greater detail in the Laboratory's Performance Report, the laboratory primarily fulfills the public health core functions of assessment, by providing reliable and consistent quantitative information on which other public health and environmental programs base their decisions, and assurance, through activities designed to assure laboratory service availability and environmental laboratory test quality. Clients rely upon laboratory data to assess the effectiveness of their programs for policy development and for planning future disease and environmental control activities. Laboratory clients include other department programs, other state and federal agencies, local health departments, environmental laboratories and private health care providers.

The laboratory is focusing on serving client needs by decreasing turnaround times, minimizing per-test cost increases, and improving the quality of data used for investigations. This will be achieved in part, through further computerization, through implementation of more rapid methods of analysis, and through the use of "continuous quality improvement" problem-solving teams.

BUDGET ISSUES:

- An increased appropriation of \$58,000 per year is requested from the state Government Special Revenue Fund to improve the effectiveness of the environmental laboratory certification program, by developing a training component and a "blind" proficiency testing program.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$1,076	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	1,101	1,098	1,107	1,112
Dedicated - Special	2,435	2,546	3,188	3,188	3,188
Dedicated - Federal	201	523	525	525	525
Total	\$3,712	\$4,170	\$4,811	\$4,820	\$4,825

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: PUBLIC HEALTH LABORATORY

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,378	3,546	4,009	4,009	4,054	4,054	4,009	4,054	4,054
EXPENSES/CONTRACTUAL SRVCS	310	383	405	405	405	405	405	405	405
MISC OPERATING EXPENSES	49	58	51	51	51	51	51	51	51
SUPPLIES/MATERIALS/PARTS	726	796	1,370	1,370	1,384	1,384	1,370	1,392	1,392
CAPITAL EQUIPMENT	421	259	311	311	311	311	311	311	311
OTHER	<219>				8	8		8	8
SUBTOTAL STATE OPERATIONS	4,665	5,042	6,146	6,146	6,213	6,213	6,146	6,221	6,221
AIDS TO INDIVIDUALS	3								
TOTAL EXPENDITURES	4,668	5,042	6,146	6,146	6,213	6,213	6,146	6,221	6,221
AGENCY PLAN ITEMS:									
NON-DEDICATED FEE SPENDING (UP TO 3%)						9		17	
LABORATORY CERTIFICATION PROGRAM IMPROVE						58		58	
TOTAL AGENCY PLAN ITEMS						67		75	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,032	1,021	1,011	1,011	1,011	1,011	1,011	1,011	1,011
STATE GOVT SPEC REV		952	1,422	1,422	1,489	1,489	1,422	1,497	1,497
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,430	2,546	3,187	3,187	3,187	3,187	3,187	3,187	3,187
FEDERAL	201	523	525	525	525	525	525	525	525
GIFTS AND DEPOSITS	5		1	1	1	1	1	1	1
TOTAL FINANCING	4,668	5,042	6,146	6,146	6,213	6,213	6,146	6,221	6,221

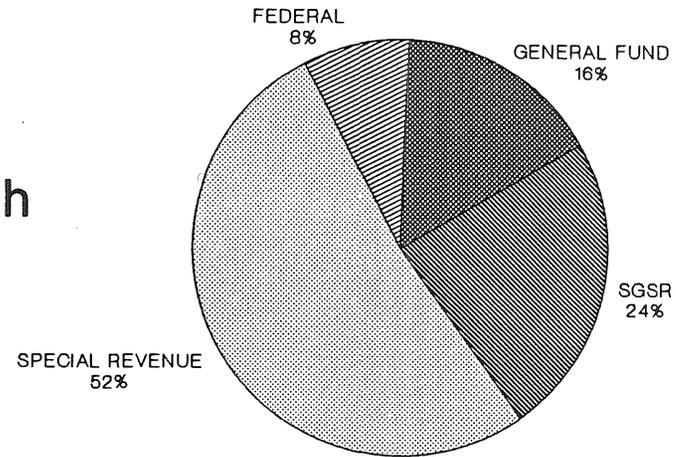
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH PROTECTION
ACTIVITY: PUBLIC HEALTH LABORATORY

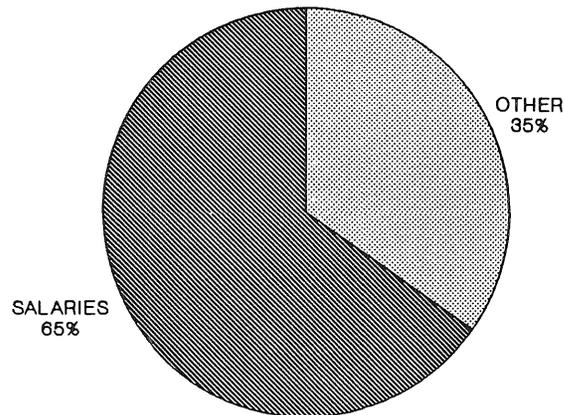
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	79.2	81.5	93.1		94.1		94.1		
TEMP/SEAS/PART_TIME	4.4	6.4	5.6		5.6		5.6		
OVERTIME	.1	.3	.2		.2		.2		
TOTAL FTE	83.7	88.2	98.9		99.9	99.9	99.9		99.9

Minnesota Department of Health
 Fiscal Summary
 Public Health Laboratory Activity
 F.Y. 1996 Agency Plan

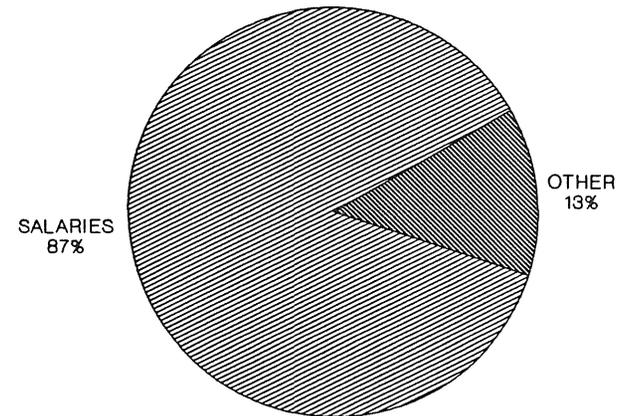
Resources \$6.2 million



Total Expenditures
 \$6.2 million



General Fund Expenditures
 \$1.0 million



SGSR = State Govt Special Revenue

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Public Health Laboratory

ITEM TITLE: Improve Laboratory Certification Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
St. Gov't. Spec. Rev. Fd.				
- State Operations	\$ 58	\$ 58	\$ 58	\$ 58
Revenues: (\$000s)				
St. Gov't. Spec. Rev. Fd.	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$58,000 each year to support improvements in the environmental laboratory certification program.

RATIONALE:

The appropriation will help improve the laboratory certification program upon which state environmental activities rely to help assure the quality of their monitoring data. The components of the improvement include developing a training program for staff of environmental laboratories which the department certifies and implementing a "blind" proficiency testing program to assess a laboratory's capability under routine analytical conditions.

Under the current program, the department performs an on-site inspection of each laboratory at least once every 3 years and reviews its performance on annual proficiency tests. The effectiveness of the program is adequate but needs to be improved.

The department has surveyed all 220 laboratories in the program. The most significant need identified was for training, ranging from statistics to trouble shooting methodologies, to "hands on" training. At present, this type of training is available only on a very limited basis within Minnesota. The statute authorizes the certification program to provide such training and to charge fees to cover costs. The current 1.8 staff cannot assume this added responsibility.

The blind proficiency program will test a laboratory's capability not available at this time.

Currently, labs are required to test proficiency samples annually for each analyte they are certified for in the program. However, the origin of these samples is known to the laboratory and the result it produces may not be a good measure of how the laboratory operates under routine conditions.

PROGRAM OUTCOMES:

The appropriation will support 1 new FTE who will coordinate the training function, perform training, and perform tasks associated with the proficiency program. The department collects about \$50,000 more from the certification fee than the program now costs. The funding for the new activity will come from existing fee revenue.

LONG-TERM IMPACT:

The training program will help meet a need which the regulated community has identified. It should help improve the quality of testing and result in fewer deficiencies being noted when a laboratory is inspected. The blind proficiency program will provide yet another mechanism by which we can assure the quality of the data generated by the laboratories participating in the certification program.

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1996-97 Biennial Budget

PROGRAM: Management and Support Services
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

This program provides policy direction and leadership for the state on public health and health care reform issues. The program also provides financial management, human resource management, information systems and technology support, library services, and general support services for the department including the operation of 7 district offices around the state.

PROGRAM STATUS:

Recent restructuring of the department moved the Center for Health Statistics from this program to the Health Delivery Systems program to better serve the needs of our customers. The operation and oversight of 7 district offices around the state was transferred from the Community Health Services activity to this program in order to consolidate support services for all agency operations. Funding for this program is primarily from the State Government Special Revenue Fund - 56% with 20% from the federal fund and 14% from the state General Fund. The budget for this program includes rental of all department facilities (\$2.8 million), other indirect costs, and the operation of 7 district offices around the state.

PLANNED RESULTS:

The agency budget plan will allow the reported performance measures from the 1994 Annual Performance Report to be accomplished within existing funding levels. General performance outputs for this program are reflected in the various program activity objectives and outcomes.

BUDGET AND REVENUE SUMMARY:

Summary of the agency plan is as follows:

- The agency plan includes a 3% increase for each year of the biennium for non-dedicated fee spending for nonsalary items.

GOVERNOR'S RECOMMENDATION:

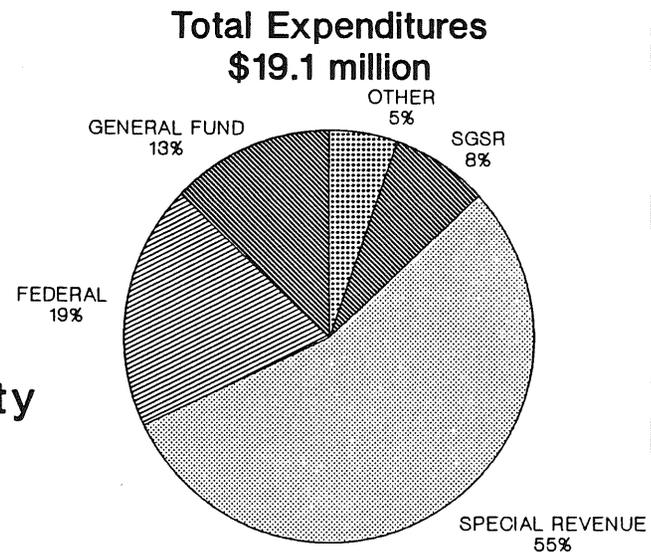
The Governor concurs with the agency plan to allow nonsalary inflation increases where existing revenue is sufficient to cover the increased costs in nongeneral fund fee activities.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

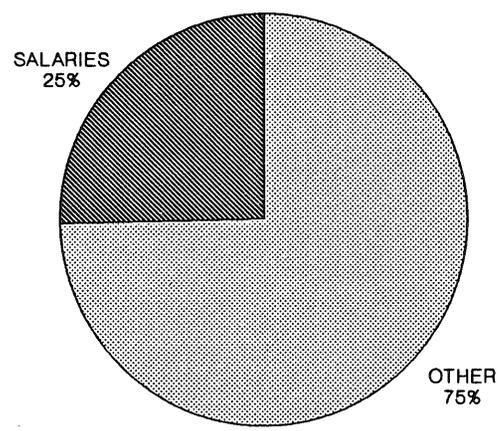
AGENCY: HEALTH, DEPT OF
PROGRAM: MANAGEMENT AND SUPPORT SERVICES

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FINANCE AND ADMINISTRATION	3,954	4,474	7,636	7,636	7,636	7,636	7,636	7,636	7,636
MANAGEMENT SUPPORT	9,590	12,812	11,457	11,427	11,470	11,470	11,483	11,569	11,569
TOTAL EXPENDITURES BY ACTIVITY	13,544	17,286	19,093	19,063	19,106	19,106	19,119	19,205	19,205
AGENCY PLAN ITEMS:			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		43			86	
TOTAL AGENCY PLAN ITEMS					43			86	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	4,077	2,367	2,426	2,445	2,445	2,445	2,566	2,566	2,566
STATE GOVT SPEC REV	90	1,537	1,420	1,420	1,463	1,463	1,420	1,506	1,506
HEALTH CARE ACCESS	244	553	983	889	889	889	825	825	825
TRUNK HIGHWAY	86	94	82	82	82	82	82	82	82
METRO LANDFILL CONTN	22	22	22	22	22	22	22	22	22
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	5	6							
STATUTORY APPROPRIATIONS:									
GENERAL	185								
SPECIAL REVENUE	5,737	9,464	10,488	10,488	10,488	10,488	10,488	10,488	10,488
FEDERAL	2,704	3,186	3,639	3,684	3,684	3,684	3,683	3,683	3,683
AGENCY	377	22							
GIFTS AND DEPOSITS	17	35	33	33	33	33	33	33	33
TOTAL FINANCING	13,544	17,286	19,093	19,063	19,106	19,106	19,119	19,205	19,205
FTE BY EMPLOYMENT TYPE:									
REGULAR	103.7	99.4	117.7		117.7			117.7	
TEMP/SEAS/PART_TIME	5.5	5.4	.6		.6			.6	
OVERTIME	.5	.8							
TOTAL FTE	109.7	105.6	118.3		118.3	118.3		118.3	118.3

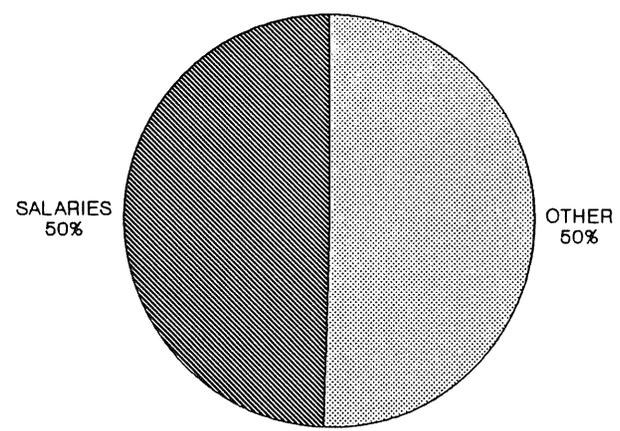
**Minnesota Department of Health
Fiscal Summary
Management & Support Services Activity
F.Y. 1996 Agency Plan**



**Total Expenditures
\$19.1 million**



**General Fund Expenditures
\$2.4 million**



SGSR = State Govt Special Revenue

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1996-97 Biennial Budget

BUDGET ACTIVITY: Finance and Administration
PROGRAM: Management and Support Services
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

This activity provides a centralized system of support services for the department. These services are:

District Office Services including the maintenance and operations support for 7 district offices (Duluth, Bemidji, St. Cloud, Fergus Falls, Mankato, Rochester, Marshall). The purpose is to house and serve department staff by providing space, equipment and support services so that staff can effectively provide quality public health services to our customers including local Community Health Service agencies.

Financial Management - Provides a centralized budgeting, accounting and financial reporting system for all department activities and federal grant programs. This activity is carried out through the computer-based Statewide Accounting System (SWA) and Biennial Budget System (BBS) to assure proper and equitable accounting/reporting of all fiscal transactions. The clientele served include all department staff, federal agencies, central staff agencies and legislative staff.

Information Systems & Technology including the development and maintenance of support services for effective management of information systems, records management, telecommunications systems and technology enhancements necessary for an environment conducive to informed decision making and to efficient and effective performance by all activities in the department.

Library Services including responding to the information needs of MDH staff, public health and school health personnel, and community health service agencies and the distribution of brochures, pamphlets and audiovisual materials to organizations throughout the state. These services are provided by acquiring materials, locating facts and data, and participating in interlibrary loan activities.

Operations Support Services including services common to office operations in 5 metro and 7 Greater Minnesota locations and the laboratory located in Minneapolis. These services include purchasing, stores and warehousing, facilities management, printing and duplicating, mailing and distribution.

Disability Determinations - Reviews and provides initial and annual determinations of disability for the Teachers Retirement Association, the Public Employees Retirement Association and the State Retirement System.

BUDGET ISSUES:

- Driven by public expectations of improved public health services, staffing has caused the department to grow from 340 people in 1968 to over 1,000 individuals in 1994.

The department has for years juggled the space requirements of its divisions by internal

reduction of space per person and leasing off-site office facilities. The separation of MDH's divisions to several locations has made coordination less efficient, has diminished the opportunity for facilities and equipment sharing, and is a considerable obstacle to convenient public access.

In response to these problems and consistent with the "Long Range Plan for Locating State Agencies," the 1994 legislature appropriated funds "For predesign of a new health building and parking ramp in the capitol complex area in St. Paul." This predesign phase is currently underway and will result in future recommendations to the legislature.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	2,563	3,742	6,898	6,898	6,898
Dedicated - Federal	<u>11</u>	<u>15</u>	<u>33</u>	<u>33</u>	<u>33</u>
Total	\$2,574	\$3,757	\$6,931	\$6,931	\$6,931

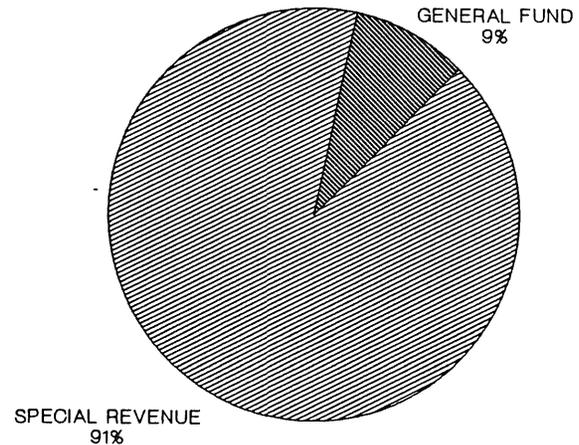
1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: MANAGEMENT AND SUPPORT SERVICES
ACTIVITY: FINANCE AND ADMINISTRATION

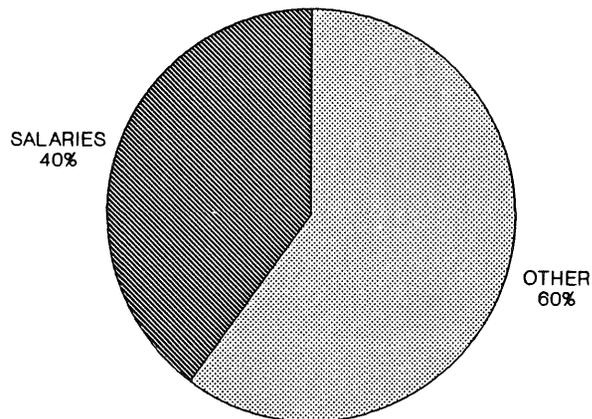
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	3,183	2,979	3,052	3,052	3,052	3,052	3,052	3,052	3,052
EXPENSES/CONTRACTUAL SRVCS	278	396	2,446	2,446	2,446	2,446	2,446	2,446	2,446
MISC OPERATING EXPENSES	303	604	941	941	941	941	941	941	941
SUPPLIES/MATERIALS/PARTS	141	386	1,148	1,148	1,148	1,148	1,148	1,148	1,148
CAPITAL EQUIPMENT	50	109	49	49	49	49	49	49	49
OTHER	<1>								
SUBTOTAL STATE OPERATIONS	3,954	4,474	7,636	7,636	7,636	7,636	7,636	7,636	7,636
TOTAL EXPENDITURES	3,954	4,474	7,636	7,636	7,636	7,636	7,636	7,636	7,636
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,338	705	705	705	705	705	705	705	705
TRUNK HIGHWAY		12							
STATUTORY APPROPRIATIONS:									
GENERAL	42								
SPECIAL REVENUE	2,562	3,742	6,897	6,897	6,897	6,897	6,897	6,897	6,897
FEDERAL	11	15	33	33	33	33	33	33	33
GIFTS AND DEPOSITS	1		1	1	1	1	1	1	1
TOTAL FINANCING	3,954	4,474	7,636	7,636	7,636	7,636	7,636	7,636	7,636
FTE BY EMPLOYMENT TYPE:									
REGULAR	80.6	73.7	81.5		81.5			81.5	
TEMP/SEAS/PART_TIME	2.8	2.3							
OVERTIME	.4	.7							
TOTAL FTE	83.8	76.7	81.5		81.5	81.5		81.5	81.5

**Minnesota Department of Health
Fiscal Summary
Finance & Administration Activity
F.Y. 1996 Agency Plan**

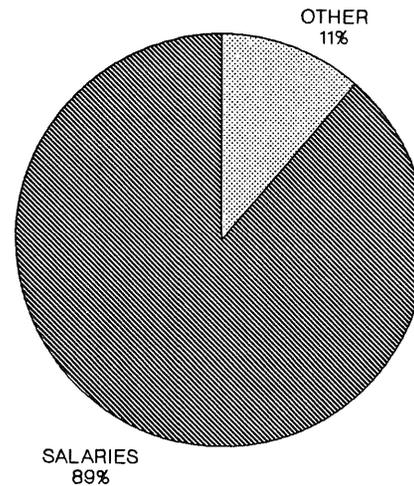
**Total Expenditures
\$7.6 million**



**Total Expenditures
\$7.6 million**



**General Fund Expenditures
\$0.7 million**



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1996-97 Biennial Budget

BUDGET ACTIVITY: Management Support
PROGRAM: Health Support Services
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

Management Support provides the necessary leadership and management to effectively and efficiently coordinate the activities of the MDH. It is comprised of the following:

Executive Office - Provides policy and management direction and leadership for the department. The Office develops and implements departmental policies and provides leadership to the state in developing statewide public health priorities.

Human Resource Management - Provides a centralized personnel system which involves recruitment, managing 7 collective bargaining agreements, employee counseling, affirmative action, performance appraisal, classifications, compensation, and job analysis.

Office of Public Affairs - Disseminates information to the general public through the media. This information includes reports on disease outbreaks, regulatory activities and other public health issues. The Public Information Office also responds to requests from the general public and the media for general and specific information about MDH programs and activities and public health issues, and includes the operation of the information clearinghouse under the health care reform initiative.

BUDGET ISSUES:

Summary of the agency plan is as follows:

- No changes in funding or major activity are requested for this activity.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Non-dedicated - Gen'l	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	3,175	5,722	3,591	3,591	3,591
Dedicated - Federal	2,693	3,171	3,592	3,592	3,592
Total	\$5,868	\$8,893	\$7,183	\$7,183	\$7,183

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: MANAGEMENT AND SUPPORT SERVICES
ACTIVITY: MANAGEMENT SUPPORT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,382	1,507	1,796	1,795	1,795	1,795	1,798	1,798	1,798
EXPENSES/CONTRACTUAL SRVCS	2,493	2,738	1,253	1,259	1,259	1,259	1,376	1,376	1,376
MISC OPERATING EXPENSES	350	455	95	80	80	80	80	80	80
SUPPLIES/MATERIALS/PARTS	726	532	227	215	215	215	215	215	215
CAPITAL EQUIPMENT	191	93	86	86	86	86	86	86	86
OTHER	4,448	7,466	8,000	7,992	8,035	8,035	7,928	8,014	8,014
SUBTOTAL STATE OPERATIONS	9,590	12,791	11,457	11,427	11,470	11,470	11,483	11,569	11,569
LOCAL ASSISTANCE		21							
TOTAL EXPENDITURES	9,590	12,812	11,457	11,427	11,470	11,470	11,483	11,569	11,569
AGENCY PLAN ITEMS:									
									FUND
NON-DEDICATED FEE SPENDING (UP TO 3%)						43			86
TOTAL AGENCY PLAN ITEMS						43			86
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,739	1,662	1,721	1,740	1,740	1,740	1,861	1,861	1,861
STATE GOVT SPEC REV	90	1,537	1,420	1,420	1,463	1,463	1,420	1,506	1,506
HEALTH CARE ACCESS	244	553	983	889	889	889	825	825	825
TRUNK HIGHWAY	86	82	82	82	82	82	82	82	82
METRO LANDFILL CONTN	22	22	22	22	22	22	22	22	22
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	5	6							
STATUTORY APPROPRIATIONS:									
GENERAL	143								
SPECIAL REVENUE	3,175	5,722	3,591	3,591	3,591	3,591	3,591	3,591	3,591
FEDERAL	2,693	3,171	3,606	3,651	3,651	3,651	3,650	3,650	3,650
AGENCY	377	22							

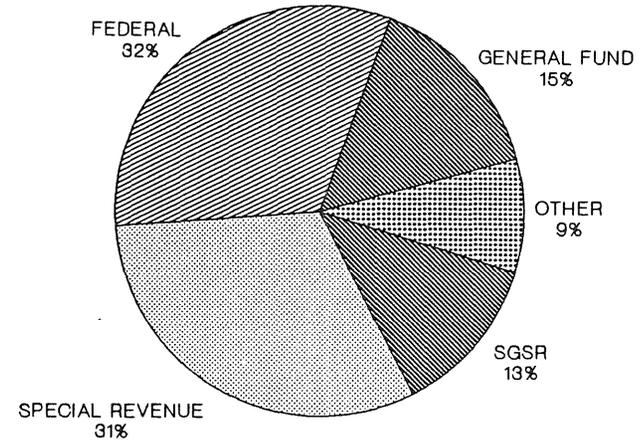
1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: MANAGEMENT AND SUPPORT SERVICES
ACTIVITY: MANAGEMENT SUPPORT

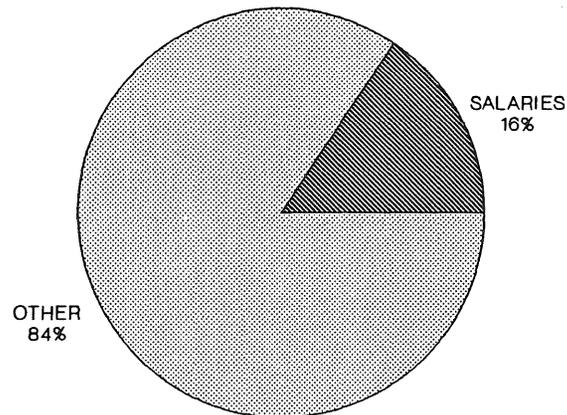
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS	16	35	32	32	32	32	32	32	32
TOTAL FINANCING	9,590	12,812	11,457	11,427	11,470	11,470	11,483	11,569	11,569
FTE BY EMPLOYMENT TYPE:									
REGULAR	23.1	25.7	36.2		36.2			36.2	
TEMP/SEAS/PART_TIME	2.7	3.1	.6		.6			.6	
OVERTIME	.1	.1							
TOTAL FTE	25.9	28.9	36.8		36.8	36.8		36.8	36.8

Minnesota Department of Health
 Fiscal Summary
 Management Support Activity
 F.Y. 1996 Agency Plan

Total Resources
 \$11.5 million

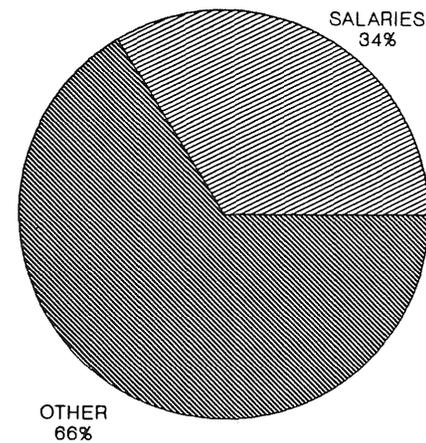


Total Expenditures
 \$11.5 million

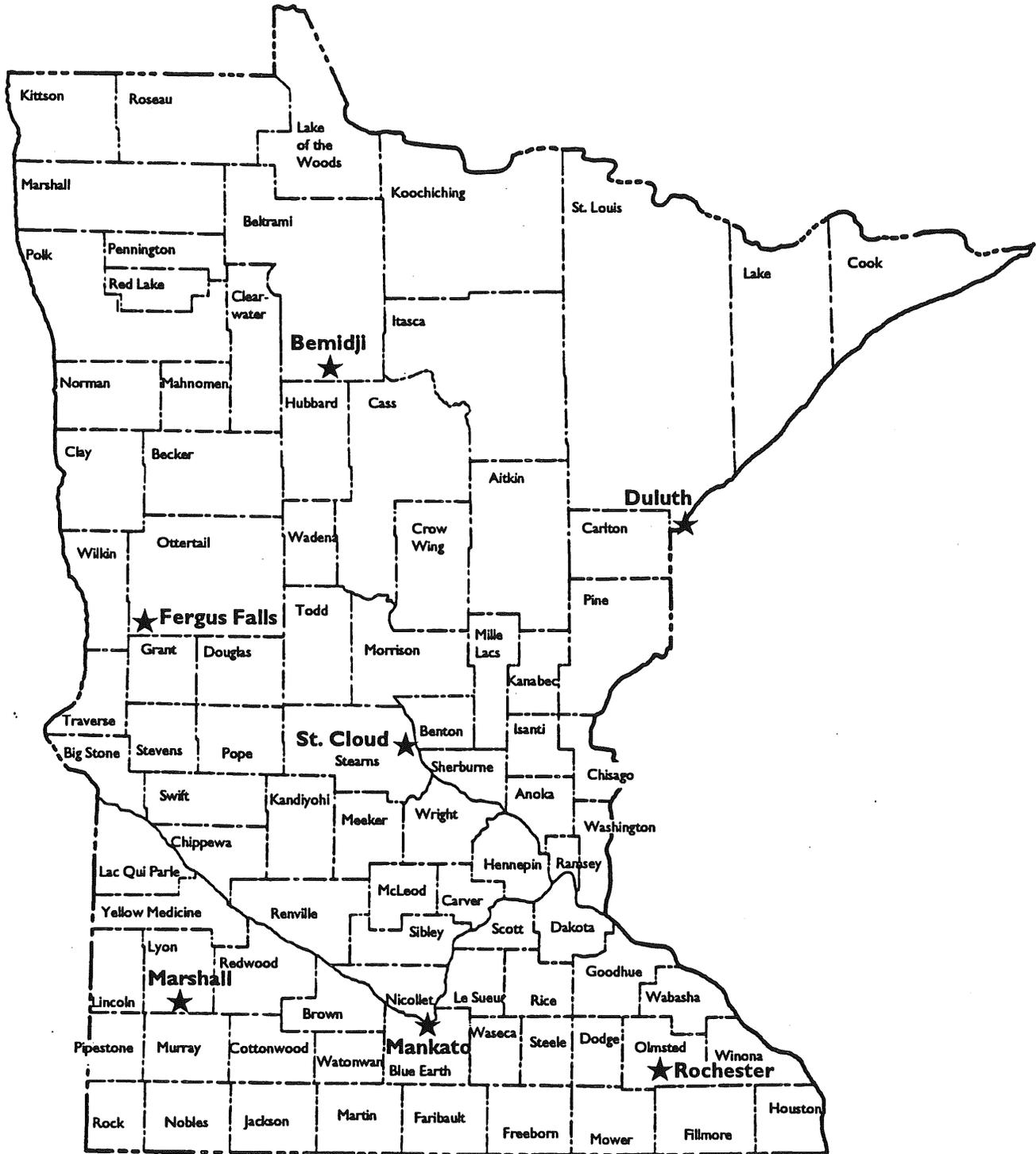


SGSR = State Govt Special Revenue

General Fund Expenditures
 \$1.7 million



MDH District Services



1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: VETERANS HOMES (MVH)

PROGRAM

PAGE

VETERANS HOMES

C-530

Minneapolis Veterans Home
Hastings Veterans Home
Silver Bay Veterans Home
Luverne Veterans Home
Board of Directors

DESIGNATED CONTRIBUTIONS

C-546

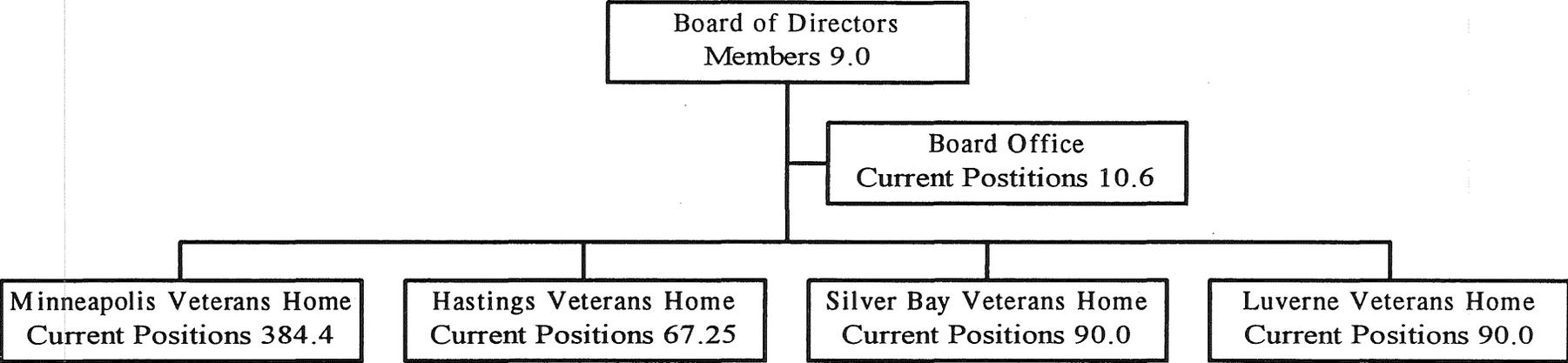
DEDICATED RESOURCES

C-552

GRANTS

C-558

**Minnesota Veterans Homes
Organization Chart 7/1/94**



June 30, 1994 FTE Employees:

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**1996-97 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Veterans Homes

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<u>BASE YEAR (F.Y. 1995)</u>	\$19,033	\$19,033	\$38,066
<u>BASE ADJUSTMENT:</u>			
Appropriations Carried Fwd	(1,811)	(1,811)	(3,622)
Attorney General Costs	(11)	(11)	(22)
Documented Rent Inc	1	3	4
<u>CURRENT SPENDING</u>	\$17,212	\$17,214	\$34,426
<u>AGENCY DECISION ITEMS:</u>			
<u>AGENCY PLAN</u>	\$17,212	\$17,214	\$34,426
<u>GOVERNOR'S INITIATIVES:</u>			
Luverne Phase-up Skilled	\$429	\$429	\$858
Hastings Reopen Dom Beds	643	1,496	2,139
GOVERNOR'S RECOMMENDATIONS	\$18,284	\$19,139	\$37,423

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan and recommends an alternative funding level of \$37,423,000 from the General Fund for the biennium, which incorporates initiatives for the following purposes:

- \$848,000 to fully fund the operation of skilled nursing beds at the Luverne home.
- \$2,139,000 to reopen and staff 70 domiciliary beds temporarily held vacant at the Hastings home.

In an effort to increase financial flexibility and accountability, the Governor's 1994/95 budget recommended that the department keep all receipts collected from federal per diem payments and resident maintenance charges, and that the General Fund appropriations for the department be reduced accordingly. M.S. 198.34 authorized placement of these receipts in the Special Revenue Fund for operation of the homes. However, the appropriation act did not authorize the transfer of the General Fund appropriation to the Special Revenue Fund. Because of the operational difficulties of operating from 2 funds, the receipts have been treated as dedicated receipts in the General fund. The Governor recommends that these receipts be deposited to the Special Revenue Fund in accordance with M.S. 198.34, and that direct General Fund appropriations for the operations of homes be transferred into that fund as well. Since Special Revenue funds do not cancel, the effect of this transfer will be to allow the department greater flexibility in the planning, management, and expenditure of its operational resources to meet cost increases and undertake additional projects and services as federal per diem payments increase and as revenue enhancement activities permit.

This financial freedom should be viewed as an experiment in flexibility. As such, the Governor recommends that the department submit a plan to the Department of Finance at the beginning of each year indicating the intended use of receipts for the year, and submit a year end report indicating actual receipt usage.

Brief Explanation of Agency Plan:

The agency budget plan calls for the continued operation of the four existing veterans homes at approximately the same level of service. Some fluctuation of client population is anticipated during the renovation of the Minneapolis Home campus.

Revenue Summary:

Continued operation of existing homes is anticipated to generate \$14,643 in F.Y. 1996 and \$14,343 in F.Y. 1997 from federal per diem payments and maintenance charges paid by residents. Beginning in F.Y. 1994, these receipts were dedicated to the department for care of residents and operation of the homes.

Affected Statutes: None.

1996-97 Biennial Budget

AGENCY: Veterans Homes (MVH)

AGENCY DESCRIPTION:

The purpose of the Minnesota Veterans Homes (MVH), under M.S. 198, is to "provide nursing care and related health and social services for veterans and their spouses who meet eligibility and admission requirements of the Minnesota veterans homes."

The department's commitment to veterans and their families is set forth in the mission statement adopted by the Veterans Homes Board of Directors:

We are committed to providing high quality care and services to the residents and family members of the Minnesota Veterans Homes.

This commitment is demonstrated by:

- Targeting services to veterans with special needs.
- Supporting research and education in geriatrics and long term care.
- Providing a therapeutic environment that encourages resident independence, respects individuality, and promotes self-worth and well-being.
- Continuous evaluation of care and services to be responsive to changing needs.
- Managing the Veterans Homes with honesty, integrity, and cost effectiveness.
- Recognizing employees for their contributions.
- Working cooperatively with the medical communities.

To accomplish this mission, our homes located in Minneapolis, Hastings, Silver Bay, Luverne, and (soon to be) Fergus Falls provide domiciliary or skilled nursing care services to our predominately male veterans in the "least restrictive, most appropriate level of care available."

The department is organized into 4 programs: 1) veterans homes, 2) designated contributions, 3) dedicated resources, and 4) grants.

Clientele include veteran residents, their families, veterans organizations, and the citizens of the State of Minnesota.

MVH supports the Minnesota Milestones in providing services to residents.

AGENCY CHALLENGES:

The following factors shape and change the services provided to residents:

- **Increases in medical and health care costs.** Inflation in the cost of health care services and goods residents require challenges MVH to maintain high quality of care services while striking a balance between the capacity levels the department is budgeted to serve and the maximum number of clients the department is licensed to serve.

The Silver Bay veterans home has begun networking with the U.S. Department of Veterans Affairs (USDVA) clinics through a video conferencing and teleconsulting network. This capability will reduce the number of times residents will need to be transported to the Minneapolis Veterans Affairs Medical Center (VAMC) for consultations and treatments. Another benefit will be the additional training opportunities to the home and the surrounding communities.

The agency seeks to expand video conferencing and teleconsulting capabilities to the Minneapolis, Hastings, and Luverne homes. The Hastings home, meets at least monthly with staff of the St. Cloud VAMC and with the Regional Medical Educational Center (RMEC) in Minneapolis. This capability would reduce the travel time and costs for these meetings and would provide the home with training opportunities at a reduced cost.

- **Changes in medical and health care delivery requirements.** Revision of state and federal regulations under which we are licensed require us to adopt changes in provision of care and especially in documentation and monitoring of care given.

The agency has completed initial installation of a management information system (MIS) that has Local Area Networks (LANs) at each home and is connected to the Wide Area Network (WAN) of the agency. The next phase of the agency's MIS plan is to select a long term care software package to be used by the homes to manage their documentation needs in a more cost effective manner that is less time consuming than the current hand records systems. This software will also enable the homes to expand our current Quality Assurance (QA) programs into Total Quality Management (TQM) programs. The data capabilities provided by the software will also increase the information available to management for decision making.

- **Changing medical and health care needs of our residents.** Our aging veteran population has increasing health and behavioral problems. Currently, the majority of our veterans in skilled nursing care are from World War II, and are in their 70's.

The Korean/Vietnam Era veterans admission requests are increasing. Many of the health care needs of these 2 distinct population groups are different from the WW II veterans. This will require changes in our programs, service delivery methods, and staff training. The homes' domiciliary care programs have begun to transition their programs to provide the services and treatments these veterans require.

The homes are caught between hospitals reducing their costs by discharging patients earlier and the homes' abilities to provide services to residents. The homes have increasing demand to provide oxygen therapy, gastro-enteral feedings, and wound care to residents being discharged from acute care settings. To provide these treatments is both expensive and staff intensive.

- **Renovation of 2 of our homes.** The Minneapolis home is in the initial stages of a 5 year campus renovation project that will bring the home up to current health care standards. The Hastings home is in the final stages of renovating building 23 up to current health care standards and will allow the home to admit residents up to its licensed level of 200 domiciliary beds.

1996-97 Biennial Budget

AGENCY: Veterans Homes (MVH)
(Continuation)

Federal reimbursement for these projects has been requested. Federal funds have been approved and are being received for the Hastings renovations.

A new home is projected to begin construction in Fergus Falls. This home, like the Silver Bay and Luverne homes, will not be built with state funds but with local and federal monies.

AGENCY STRATEGIES:

The agency's budget plan is constructed to achieve the following outcomes:

- Funding at capacity levels for the Minneapolis home during the renovation period. As buildings are renovated, we expect our census to fluctuate. As the home relies on receipts for a significant portion of its operating budget, additional general fund monies may be requested to replace the lost receipts caused by the census fluctuations.
- Continue expanding QA programs. These programs provide information on the quality of care, how we can implement changes cost effectively, and identify training requirements for staff. These programs will also define how the homes can implement alternative care options for residents that are available to veterans through other health care institutions, especially the VAMC. By implementing the options, the department can insure that it is not duplicating health care services available to our residents through other programs.
- Implementation of TQM programs in each home will require additional staff training to teach employees how to review work systems and processes, to analyze these, and to identify how to improve them. The additional cost will include documentation required to track the employee work groups' efforts and results. The long range goals of both programs are to improve quality of care and increase service delivery options at a reduced cost.

To reduce the costs of implementation of TQM, the agency is working to expand its MIS capabilities. Additional hardware and software programs will enable the department to reduce the cost of documentation, and insure that information is available to management for decision making in a timely manner. To accomplish these changes and insure information can be shared between the homes' employee work groups, the LAN systems will need to be expanded and additional staff added to the network. As employees are added to the LANs, software training will be necessary to insure maximized use of the programs. Also, software programs may need to be customized to homes' uses.

- Continued review and revision (when necessary) of our rules to insure that the veterans are receiving the highest quality of care available in the least restrictive methods and environments possible, while insuring care is provided in a cost effective manner.

REVENUE SUMMARY:

In the budget, the homes' revenue income, from the USDVA per diems and from assessed residents' maintenance charges, is dedicated to the homes for operations. These revenues, historically, have supported less than 50% of the fully opened homes operating costs.

Additional funds received by the homes are donations from veterans and non-veterans organizations, that are used to supplement the recreational therapy programs provided in our homes. These receipts, by M.S. 198.061, are dedicated to the homes.

SUMMARY OF BUDGET REQUEST:

- Funding to operate the homes, at licensed levels, in a cost effective manner without reducing services to our residents.
- Expansion of service delivery programs designed to reduce long term health care costs to the State: Quality Assurance (QA), Total Quality Management (TQM), alternative care options.
- Expansion of our MIS systems to reduce the cost of maintaining documentation and increase the information available, in a timely manner, to management for decision making.

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan and recommends an alternative funding level of \$37,423,000 from the General Fund for the biennium, which incorporates initiatives for the following purposes:

- \$848,000 to fully fund the operation of skilled nursing beds at the Luverne home.
- \$2,139,000 to reopen and staff 70 domiciliary beds temporarily held vacant at the Hastings home.

In an effort to increase financial flexibility and accountability, the Governor's 1994/95 budget recommended that the department keep all receipts collected from federal per diem payments and resident maintenance charges, and that the General Fund appropriations for the department be reduced accordingly. M.S. 198.34 authorized placement of these receipts in the Special Revenue Fund for operation of the homes. However, the appropriation act did not authorize the transfer of the General Fund appropriation to the Special Revenue Fund. Because of the operational difficulties of operating from 2 funds, the receipts have been treated as dedicated receipts in the General fund. The Governor recommends that these receipts be deposited to the Special Revenue Fund in accordance with M.S. 198.34, and that direct General Fund appropriations for the operations of homes be transferred into that fund as well. Since Special Revenue funds do not cancel, the effect of this transfer will be to allow the department greater flexibility in the planning, management, and expenditure of its operational resources to meet cost increases and undertake additional projects and services as federal per diem payments increase and as revenue enhancement activities permit.

This financial freedom should be viewed as an experiment in flexibility. As such, the Governor recommends that the department submit a plan to the Department of Finance at the beginning of each year indicating the intended use of receipts for the year, and submit a year end report indicating actual receipt usage.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
VETERANS HOMES	26,220	25,922	32,629	31,855	31,855	32,992	31,557	31,557	33,937
DESIGNATED CONTRIBUTIONS	195	217	425	425	425	425	425	425	425
DEDICATED RESOURCES	1,140	1,265	1,334	1,334	1,334	1,334	1,334	1,334	1,334
GRANTS		4							
TOTAL EXPENDITURES BY PROGRAM	27,555	27,408	34,388	33,614	33,614	34,751	33,316	33,316	35,696
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	26,220	14,151	19,033	17,212	17,212	18,284	17,214	17,214	19,139
STATUTORY APPROPRIATIONS:									
GENERAL		11,775	13,596	14,643	14,643		14,343	14,343	
SPECIAL REVENUE	319	405	442	442	442	15,150	442	442	15,240
AGENCY	821	860	892	892	892	892	892	892	892
GIFTS AND DEPOSITS	195	217	425	425	425	425	425	425	425
TOTAL FINANCING	27,555	27,408	34,388	33,614	33,614	34,751	33,316	33,316	35,696
FTE BY EMPLOYMENT TYPE:									
REGULAR	510.5	551.9	660.3		659.6			659.6	
OVERTIME	20.4	22.0	22.5		22.5			22.5	
TOTAL FTE	530.9	573.9	682.8		682.1	697.1		682.1	713.1

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: VETERANS HOMES BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.96	F.Y.97	F.Y.96	F.Y.97	F.Y.96	F.Y.97	F.Y.96	F.Y.97
F.Y.95 FUNDING LEVEL	34,388	34,388	32,629	32,629	1,759	1,759		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<1,811>	<1,811>	<1,811>	<1,811>				
DED STAT APPROP SPENDING	1,047	747	1,047	747				
DOCUMENTED RENT/LEASE INC/DEC	1	3	1	3				
ATTORNEY GENERAL COSTS	<11>	<11>	<11>	<11>				
SUBTOTAL BASE ADJ.	<774>	<1,072>	<774>	<1,072>				
CURRENT SPENDING	33,614	33,316	31,855	31,557	1,759	1,759		

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1996-97 Biennial Budget

PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

The veterans homes program provides domiciliary (board and care) and skilled nursing care services to residents. These services are provided in veterans' homes located in Minneapolis, Hastings, Silver Bay, and Luverne. The Minneapolis home provides both domiciliary and skilled nursing care. The Hastings home provides domiciliary care. The Silver Bay and Luverne homes provide skilled nursing care. The board office, located in St. Paul, houses a centralized management team that supports the homes and the board of directors.

The goals for the activities in this program are:

- Meeting the needs of this predominately male veteran population with chronic physical and mental health care needs that do not fit well into traditional private care settings while implementing changes in health care delivery methods in compliance with new state and federal regulations.
- Providing a focused and supportive environment that encourages each resident to attain and maintain basic self care whenever possible, and to achieve the highest level of independence possible.
- Whenever possible, to assist the veteran in achieving his/her goal of returning to an independent living situation.

PROGRAM STATUS:

During the 1994-95 biennium the veterans homes:

- Completed the phase up to licensed levels for the Silver Bay and Luverne veterans homes.
- Received bonding authority for the Minneapolis campus renovation project. Completed the application process to receive federal participation in this 5 year renovations project.
- Completed renovations of the Hastings veterans home building 23 (main domiciliary building). Received federal reimbursement for the project. The home can now return 70 beds to operations.
- Completed the initial phase of a MIS plan. Created LAN's at each home. Linked these LAN's to the WAN for the agency. This initial phase was needed to insure the homes had the capability to communicate with the new Statewide Systems Project.
- Accepted a management challenge to increase operating receipts. Receipts are now dedicated to the operations of the homes. We have been successful in meeting this challenge. Federal per diems have increased. A complete review of all residents' veterans benefits was accomplished. On behalf of residents, the department filed appropriate forms necessary to establish and/or increase veterans benefits.
- Implemented a geriatric nurse practitioner program at the Minneapolis home. The Cooties have created a scholarship program for our licensed medical staff to upgrade their skills from licensed practical nurse to registered nurses, and for registered nurses to geriatric nurse practitioners.

- Improved loss control through training to increase awareness of: environmental hazards, safe work habits (workers compensation), American with Disabilities Act compliance, and resident and staff security. Provided training for staff and management as required under the A Work Place Accident and Injury Reduction Act (AWAIR). Completed internal safety inspections for each home.
- Expanded Quality Assurance (QA) programs to lay the ground work to transition to Total Quality Management (TQM) programs.
- Began the transition from program based budgeting to performance based budgeting.
- Increased affiliations with the medical community.

The Board of Directors continues to work with federal, state, local, and private agencies to develop alternative institutional and noninstitutional care programs for veterans and to develop a geriatric research and teaching mission in collaboration with the USDVA and other medical education facilities.

PLANNED RESULTS:

The agency budget plan will allow the homes to continue to meet the following performance measures:

- Occupancy levels will remain at 95 % of capacity,
- Expand QA programs into TQM programs, and
- Develop alternative care options.

BUDGET AND REVENUE SUMMARY:

The agency's plan provides funding for current home operations, expansion of QA programs into TQM programs and expansion of MIS capabilities within funding levels available, and implementation of alternative care options in cooperation with the USDVA and the private health care community.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MPLS VETERANS HOME	18,780	18,245	20,413	19,676	18,929	18,929	19,376	18,629	18,629
HASTINGS VETERANS HOME	3,541	3,340	3,864	3,263	3,263	3,971	3,263	3,263	5,214
SILVER BAY VETERANS HOME	2,190	2,648	4,221	4,140	4,887	4,887	4,140	4,887	4,887
LIVERNE VETERANS HOME	754	1,078	3,364	4,056	4,056	4,485	4,056	4,056	4,485
BOARD OF DIRECTORS	955	611	767	720	720	720	722	722	722
TOTAL EXPENDITURES BY ACTIVITY	26,220	25,922	32,629	31,855	31,855	32,992	31,557	31,557	33,937
GOV'S INITIATIVES:									
			FUND						
(P) TRANSFER TO SPEC REV			GEN			<14,708>			<14,798>
(P) TRANSFER TO SPEC REV			SR			14,708			14,798
(B) LIVERNE PHASE-UP SKILLED			GEN			429			429
(B) HASTINGS REOPEN DOM BEDS			GEN			708			1,951
TOTAL GOV'S INITIATIVES						1,137			2,380
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	26,220	14,151	19,033	17,212	17,212	18,284	17,214	17,214	19,139
STATUTORY APPROPRIATIONS:									
GENERAL		11,771	13,596	14,643	14,643		14,343	14,343	
SPECIAL REVENUE						14,708			14,798
TOTAL FINANCING	26,220	25,922	32,629	31,855	31,855	32,992	31,557	31,557	33,937
FTE BY EMPLOYMENT TYPE:									
REGULAR	510.5	544.5	652.9		652.2			652.2	
OVERTIME	20.4	21.9	22.4		22.4			22.4	
TOTAL FTE	530.9	566.4	675.3		674.6	689.6		674.6	705.6

1996-97 Biennial Budget

BUDGET ACTIVITY: Minneapolis Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The home is licensed for 346 skilled nursing care beds and 194 boarding care (domiciliary) beds. Current capacity, however, is 346 skilled and only 76 boarding care. 118 beds were closed for service in F.Y. 1993. Our current population is 96% male (with 79% of these from the 7 county metro area), with an average age of 73 (skilled nursing care) or 59 (domiciliary). Our veteran population served in WWII (67%), the Korean Conflict (16%), the Vietnam Era (8%), and peace time (9%).

The home provides a continuum of care for A to K level case mix veterans with special medical and psychiatric needs. A significant proportion of the residents exhibit moderate to severe behavioral problems and have psychiatric disorders including severe dementia, substance dependence, personality disorders, and major mental illness. The combination of the special medical needs and the behavioral problems of this population, requires a higher staffing (to resident) ratio than the minimum state and federal long term health care standards provide.

As required by state and federal regulatory agencies, this home provides the following services for all residents: rehabilitation services -- physical, occupational, and speech therapies; social services; dietary services; recreation therapy; housekeeping and laundry services; chaplain services; maintenance services; and non-emergency transportation to and from approved medical providers. In addition, the home makes available attending physician, mental health, dental, podiatric, optometric, chiropractic, diagnostic, and pharmaceutical services to residents.

Recently the home has implemented a geriatric nurse practitioner program. Geriatric nurse practitioners act as physician extenders to improve the quality of care residents receive by supporting the activities of medical staff and working to improve the functioning, proficiency, and understanding of all staff giving resident care. Staff from this program have also participated with various organizations to support gerontological research and educational projects. An expected benefit of the program is enhanced medical care and reduced physician costs.

Affiliations have been strengthened or established with community organizations over the past 2 years. This has resulted in the home providing clinical experience opportunities for post secondary and graduate students attending colleges and universities in the metropolitan area. This program is of mutual benefit to students and staff.

The home, the site of the State's original "Old Soldiers Home", is located overlooking the Mississippi River near Minnehaha Falls. This 51 acre campus has 18 buildings; some of which date back to the 1890's, and the campus is listed on the National Historic Register. A 5 year campus wide renovation project will begin within the next 2 years. The home is in the process of completing the final architectural plans and work schedule for the renovation. This is extremely important, as we want to insure the project is completed with the least amount of disruption of service to residents.

BUDGET ISSUES:

Over the last 5 years the average case mix has steadily climbed from E to G. Not reflected in this average are the increases observed in the behavioral problems of residents. A contributing factor to this increase is not only the aging in place of current residents but also the increasing number of applicants applying for admission who are more likely to be in the highest level case mix (I, J, or K). Many of these applicants have severe behavioral problems and psychiatric disorders (Alzheimer/dementia included). Adding to this are the recently adopted initiatives by the USDVA that have resulted in residents being discharged from an acute care setting still in need of what previously were acute care treatments (special diets, gastro-enteral feedings, wound care, oxygen therapy, rehabilitation therapy and psychological therapy).

Increased case mix levels and the fact that the average age of skilled care residents is now 73, have contributed to an increased bed turnover rate at the home with new admissions increasing 64% since 1992. Admitting a new resident is a time intensive process for all home staff. Nursing, particularly, has had to dedicate a significant amount of their direct care time with orienting and integrating the new residents to the units. When a resident leaves the home, nursing must also spend time with residents comforting them on the loss of their fellow resident and friend.

Staffing levels at the home are mandated by state and federal agencies based on case mix and number of residents. However, these levels are based on the medical and physical requirements and do not take into account the behavioral needs (and time demands) of residents. The home has a high number of residents with severe behavioral problems yet is holding staffing levels down due to lack of funding for approved positions. The dedication of staff to residents is demonstrated by the quality of care residents receive.

All of the above issues greatly increase the need for staff training. In addition, state and federal regulations require training for a number of initiatives. For example: ADA/Awair, vulnerable adult, fire safety and right to know. These increased training requirements must be met without decreasing the number of hours dedicated to caring for residents.

During the 5 year campus wide renovation project, we are projecting that census will fluctuate due to the relocation of residents during various phases of the project. Relocating residents will cause severe disruption in their daily lives creating a need to provide additional mental health services. Fluctuations in census will also directly impact the amount of receipts the home collects.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$9,103	\$-0-	\$-0-	\$-0-	\$-0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	-0-	9,378	9,580	10,403	10,103
Dedicated - Federal	-0-	-0-	-0-	-0-	-0-
Total	\$9,103	\$9,378	\$9,580	\$10,403	\$10,103

1996-1997 BIENNIAL BUDGET
 ..(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
 PROGRAM: VETERANS HOMES
 ACTIVITY: MPLS VETERANS HOME

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	15,040	15,232	16,292	15,910	15,488	15,488	15,910	15,488	15,488
EXPENSES/CONTRACTUAL SRVCS	804	693	779	691	621	621	691	621	621
MISC OPERATING EXPENSES	240	292	393	343	308	308	343	308	308
SUPPLIES/MATERIALS/PARTS	2,443	1,937	2,864	2,672	2,512	2,512	2,372	2,212	2,212
CAPITAL EQUIPMENT	253	91	85	60			60		
SUBTOTAL STATE OPERATIONS	18,780	18,245	20,413	19,676	18,929	18,929	19,376	18,629	18,629
TOTAL EXPENDITURES	18,780	18,245	20,413	19,676	18,929	18,929	19,376	18,629	18,629
AGENCY PLAN ITEMS:									
			FUND						
REALLOCATIONS			GEN		<747>			<747>	
TOTAL AGENCY PLAN ITEMS					<747>			<747>	
GOV'S INITIATIVES:									
			FUND						
(P) TRANSFER TO SPEC REV			GEN			<10,403>			<10,103>
(P) TRANSFER TO SPEC REV			SR			10,403			10,103
TOTAL GOV'S INITIATIVES						<10,403>			<10,103>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	18,780	8,849	10,833	9,273	8,526	8,526	9,273	8,526	8,526
STATUTORY APPROPRIATIONS:									
GENERAL		9,396	9,580	10,403	10,403		10,103	10,103	
SPECIAL REVENUE						10,403			10,103
TOTAL FINANCING	18,780	18,245	20,413	19,676	18,929	18,929	19,376	18,629	18,629
FTE BY EMPLOYMENT TYPE:									
REGULAR	383.1	384.4	395.4		395.4		395.4		395.4
OVERTIME	18.8	18.8	18.6		18.6		18.6		18.6
TOTAL FTE	401.9	403.2	414.0		414.0	414.0		414.0	414.0

1996-97 Biennial Budget

BUDGET ACTIVITY: Hastings Veterans Home
PROGRAM: Veterans Home
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Hastings Veterans Home, overlooking the Vermillion River, is licensed for 200 beds of domiciliary (board and care). The home is currently completing a 2.237 million dollar renovation project that upgraded building 23 to health care standards and will allow 70 beds currently not in use to be re-opened.

The home provides long term, generally post acute care, psych-social-medical services to eligible veterans and their families. Services are structured to include programs for veterans with chemical dependency, mental health and/or physical disabilities who need supportive and structured program services to enable them to achieve their highest level of independent function.

Services provided, as required by state and federal regulatory agencies, are based on individualized resident care plans. Each plan may require any of the following: nursing services, chemical dependency post treatment programs and counseling; mental health services and referral; medical care and monitoring; vocational assessment and rehabilitative services; therapeutic recreation programs (leisure skill development, wellness programs, and living skills development); and nutritional support and counseling.

Resident services are structured into specialized programs that are holistic, and provide a therapeutic living environment that enables residents with chemical and/or emotional disabilities to return to a productive life style. The goal of these specialized programs is to determine which of our residents will be able (with support) to return to independent living and which will enter veterans' home retirement programs.

In addition, the home provides transportation to medical providers and education/employment sites, social services, and adult skills enrichment programs.

The home has recently completed a review of the resident service delivery plan. The outcome of this review determined that program changes are needed to meet the needs of this often chronically ill population who have functional impairments associated with chemical dependency and/or mental illness in addition to medical needs. The home has begun to implement changes in the resident vocational rehabilitation program (increased educational and employment opportunities in the community), enhanced coordination and case management services provided for residents needing day programs for addictive disorders and Post Traumatic Stress Disorders (PTSD), improved chemical dependency and mental health aftercare and long-term programs. The home through an affiliation with local medical and mental health care providers has enhanced its health care services, especially mental health. Additional training is being provided to staff on caring for chronic chemically dependent and mentally ill residents.

BUDGET ISSUES:

The home is receiving applications for admission from veterans who need staff intensive programs and services, especially in the area of mental health services and case management. These applicants

are often homeless and in the chronic stage of their illnesses. They have run out of options physically, financially, and personally. Currently the home is unable to effectively meet the needs of this population.

The home, through its affiliation with the USDVA RMEC, is receiving program review and technical assistance to support the development of a delivery plan for resident services that will maximize our ability to create a better coordinated and more cost effective continuum of resident care, within the veterans health care system and community resources available. In addition, the RMEC review will also identify staff training needed, staffing and resource requirements, and management tools (TQM plans) that will enable the home to continue to change as the resident population changes.

Alternative care programs are being explored with the VAMC to provide residential services to patients enrolled in the VAMC's out patient day hospital recovery programs for addictive disorders and PTSD.

The home has begun a QA program, based on the goals identified in the service delivery plan review. This program can be expanded into a TQM program using the goals and measures identified in the RMEC review. To develop its QA and TQM programs, the home's MIS capabilities will need to be expanded. The expansion will also enable the home to convert various hand recording systems into computerized systems.

The home would like to develop a video teleconferencing and teleconsulting capability that interfaces with the federal system. This capability would allow the home to reduce staff travel time and expense when attending monthly meetings with St. Cloud VAMC staff for admission reviews and educational support.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$1,154	\$-0-	\$-0-	\$-0-	\$-0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	-0-	1,075	1,131	1,160	1,160
Dedicated - Federal	-0-	-0-	-0-	-0-	-0-
Total	\$1,154	\$1,075	\$1,131	\$1,160	\$1,160

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and incorporates funding to reopen currently licensed domiciliary beds.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: HASTINGS VETERANS HOME

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2,650	2,497	2,849	2,518	2,518	3,002	2,518	2,518	3,856
EXPENSES/CONTRACTUAL SRVCS	284	142	171	147	147	147	147	147	147
MISC OPERATING EXPENSES	129	130	168	144	144	144	144	144	144
SUPPLIES/MATERIALS/PARTS	412	433	608	386	386	610	386	386	999
CAPITAL EQUIPMENT	66	123	68	68	68	68	68	68	68
OTHER		15							
SUBTOTAL STATE OPERATIONS	3,541	3,340	3,864	3,263	3,263	3,971	3,263	3,263	5,214
TOTAL EXPENDITURES	3,541	3,340	3,864	3,263	3,263	3,971	3,263	3,263	5,214
GOV'S INITIATIVES:									
			FUND						
(P) TRANSFER TO SPEC REV			GEN			<1,225>			<1,615>
(P) TRANSFER TO SPEC REV			SR			1,225			1,615
(B) HASTINGS REOPEN DOM BEDS			GEN			708			1,951
TOTAL GOV'S INITIATIVES						708			1,951
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,541	2,255	2,733	2,103	2,103	2,746	2,103	2,103	3,599
STATUTORY APPROPRIATIONS:									
GENERAL		1,085	1,131	1,160	1,160		1,160	1,160	
SPECIAL REVENUE						1,225			1,615
TOTAL FINANCING	3,541	3,340	3,864	3,263	3,263	3,971	3,263	3,263	5,214
FTE BY EMPLOYMENT TYPE:									
REGULAR	69.4	61.3	69.9		69.9			69.9	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: HASTINGS VETERANS HOME

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.8	1.0	1.0		1.0			1.0	
TOTAL FTE	70.2	62.3	70.9		70.9	82.9		70.9	98.9

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Hastings Veterans Home

ITEM TITLE: Re-open Domiciliary (Board and Care) Beds to Meet Federal Expectations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund - Direct				
- State Operations	\$643	\$1,496	\$1,496	\$1,496
General Fund -Dedicated	\$65	\$455	\$455	\$455
Revenues: (\$000s)				
General Fund - Dedicated	\$65	\$455	\$455	\$455

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for phasing in domiciliary (board and care) beds to the licensed level of 200 beds over an 18 month period.

RATIONALE:

The Hastings Veterans Home is licensed for 200 domiciliary beds. The home is in the final stages of renovating building 23 to current health care standards. This will allow the home to re-open the 70 beds previously held vacant.

PROGRAM OUTCOMES:

The home will begin an 18-month phase up. Census will be increased an average of 4-residents per month. As census is increased, program adjustments will be implemented that will result in an improved delivery of resident services that will maximize our ability to create a better coordinated and more cost effective continuum of resident care within the veterans health care system and with community resources available. This improved service delivery will allow the homes to better serve the needs of the residents.

LONG-TERM IMPACT:

The home is projected to maintain a 96% or better occupancy rate. Programmatic changes will be implemented to enable the home to better meet the needs of this population.

1996-97 Biennial Budget

BUDGET ACTIVITY: Silver Bay Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Silver Bay Veterans Home is an 89 bed skilled nursing care facility located on the North Shore. A full range of skilled nursing care services, support staff services, and contracted health care services are provided to the veterans and their spouses.

Each resident has an individualized care plan that focuses on recognizing the uniqueness of each individual, as well as enabling the resident to achieve the highest level of function (in activities of daily living skills) possible while insuring that care is provided in the least restrictive manner possible.

The interdisciplinary care teams are made up of representatives of the following health care disciplines: nursing services, dietary services, social services, and recreational therapy services. Contracted health care services include: physician, psychiatric, pharmacy, lab, physical, occupational, and speech therapy services.

The above mentioned contracted services (consultant services) are provided through affiliations or contracts with local health care providers and through the Twin Ports Veterans Administration Medical Clinic, St. Cloud VAMC or the Minneapolis VAMC.

Innovative and creative options are continually explored in creating behavior modification programming and living environments that are therapeutic, peaceful, and safe. Special attention has been focused on the high number of dementia residents with complex behavioral needs. The current resident population has an average case mix acuity level of G (residents needing assistance with 7 - 8 functions of daily living) and an average behavioral rating of 2. Due to the high number of dementia residents and applicants, the home's greatest challenge is with respect to providing innovative staffing and care options for this rapidly growing population.

The home is aggressively expanding video teleconferencing and teleconsulting capabilities, which will result in numerous benefits for the residents, medical practitioners, staff, the home and the community. With the home located 30 miles from the nearest acute care setting it is essential to maximize our video teleconferencing efforts in the following areas: medical/clinical applications which will enhance quality of resident care; educational programming for staff and related contract services providers will assure up to date knowledge and expertise. Other direct benefits include networking with the community and local businesses, as well as participating with local schools in educational programming.

The home has also maximized its efforts in relation to volunteer commitment and recreational therapy programming. A well trained dedicated volunteer core group contributing over 11,000 hours annually has significantly complemented this home's ability to improve the quality of life residents experience. We consistently provide, either at the home or in the community, numerous recreational outings for residents. These outings are focused to keep the residents integrated into the community, while also increasing their opportunities to experience new challenges.

BUDGET ISSUES:

The current trend in admissions indicates a need to further develop and explore Alzheimer/Dementia type specialized care units to better meet the needs of this growing population of residents with unique and specialized care needs. The recent admissions trend indicates that those needing skilled care services are nearly twice as likely to enter the home with a dementia related disorder.

Silver Bay, because of its unique location and special needs population (Alzheimer/dementia), will be required to provide additional specialized staff training, as well as a low stimulus, safe environment in order to facilitate high quality care to this resident population with complex behavioral problems unique to dementia residents. The addition of an interior wander area will be necessary to create a safe environment in which dementia residents are free from unnecessary restraints, as well as being sheltered from potentially upsetting stimulus.

The home will continue to explore internal and external services and programs which create the least restrictive environment both psychotropically and physically possible for our residents. Specialized adaptive equipment will allow immobile residents to express needs, socialize, and interact more meaningfully with others.

The home will need to continue developing its MIS capabilities. Selection of and training for staff on a long term care health care software program will reduce the amount of hand records currently being maintained for each resident. By computerizing the information, statistics can be generated. These statistics will provide nursing and management with information regarding the needs of our residents and the quality of care our staff delivers.

Staff and management will continue working in concert on the home's QA and TQM programs.

REVENUE:

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Non-dedicated - Gen'l	\$658	\$-0-	\$-0-	\$-0-	\$-0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	-0-	1,209	1,884	1,301	1,301
Dedicated - Federal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$658	\$1,209	\$1,884	\$1,301	\$1,301

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: SILVER BAY VETERANS HOME

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,536	2,123	3,305	3,184	3,762	3,762	3,184	3,762	3,762
EXPENSES/CONTRACTUAL SRVCS	139	130	230	230	230	230	230	230	230
MISC OPERATING EXPENSES	64	90	149	149	149	149	149	149	149
SUPPLIES/MATERIALS/PARTS	292	290	506	546	615	615	546	615	615
CAPITAL EQUIPMENT	159	15	31	31	131	131	31	131	131
SUBTOTAL STATE OPERATIONS	2,190	2,648	4,221	4,140	4,887	4,887	4,140	4,887	4,887
TOTAL EXPENDITURES	2,190	2,648	4,221	4,140	4,887	4,887	4,140	4,887	4,887
AGENCY PLAN ITEMS:									
REALLOCATIONS									
TOTAL AGENCY PLAN ITEMS									
GOV'S INITIATIVES:									
(P) TRANSFER TO SPEC REV									
(P) TRANSFER TO SPEC REV									
TOTAL GOV'S INITIATIVES									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,190	1,439	2,337	2,839	3,586	3,586	2,839	3,586	3,586
STATUTORY APPROPRIATIONS:									
GENERAL		1,209	1,884	1,301	1,301		1,301	1,301	
SPECIAL REVENUE						1,301			1,301
TOTAL FINANCING	2,190	2,648	4,221	4,140	4,887	4,887	4,140	4,887	4,887
FTE BY EMPLOYMENT TYPE:									
REGULAR	46.2	62.7	95.2		95.2			95.2	
OVERTIME	.8	2.0	2.0		2.0			2.0	
TOTAL FTE	47.0	64.7	97.2		97.2	97.2		97.2	97.2

1996-97 Biennial Budget

BUDGET ACTIVITY: Luverne Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Luverne Veterans Home is an 85 bed skilled nursing care home located in the southwestern corner of the state. Construction was completed in late 1993, and the home opened for operation in January, 1994. Phase up to full staffing and occupancy is expected to be completed late in fiscal year 1995. The entire phase up process, from 1 to 85 residents, is projected to take 15 months. This will insure a high quality of care by allowing residents time to adjust to their new environment and also allows hiring and training of staff in concert with the increased census.

The home focuses on assisting each resident to attain and maintain the highest level of function (in daily living skills) possible while insuring the resident is provided services in the least restrictive methods. The skills of the staff, health care consultants, and a successful relationship with the Royal C. Johnson Veterans Administration Medical Center in Sioux Falls, all contribute to the goals of this home.

The home is projected to stabilize at an average case mix of G (residents needing assistance with 7 - 8 functions of daily living) and an average behavioral rating of 2. Requests for admission from dementia diagnosed applicants have exceeded expectations. To meet this need the home has developed special programs and activities.

The home has adopted a staffing structure which is different from originally projected. The implementation of a strong restorative therapy and primary care approach has resulted in the utilization of more Human Service Technicians and less Licensed Practical Nurses. Assigning the same care team each shift to the same residents provides a higher quality of care for the residents and insures quicker intervention as residents needs change.

The home is an integral part of the Luverne community and the other health care communities in southwestern Minnesota, and will continue to expand its affiliations, educational opportunities, and shared services.

BUDGET ISSUES:

Due to the higher number of dementia applicants, the home plans to create a safe area in which dementia residents are sheltered from potentially upsetting stimulus. Additional staff training will be required on methods of providing care and dealing with behavioral problems unique to dementia residents.

To support our restorative therapy approach to resident care (which increases or maintains residents daily living skills) requires additional staff training on how to provide daily restorative therapies.

As the resident occupancy increase, so do associated requirements. The hours of professional consultations, pharmaceutical and medical supplies, laundry services, food and dietary supplements, housekeeping supplies, and fuel for transportation to appointments increase in quantity and cost in

direct proportion to resident census, as do staffing requirements. Replacement physicals for potential employees and a supportive wellness program for staff are programs which are scheduled to be implemented. A dedicated vehicle is necessary for transporting of the laundry to the VAMC in Sioux Falls.

The home will need to continue developing its MIS capabilities. The installation, training of staff, and implementation of the recording abilities of a long term care health care software will increase the home's ability to judge the effectiveness of their restorative therapy approach of providing quality resident care.

The MIS capabilities will further support the home's implementation of a QA program. The development of their TQM program will be enhanced by the information and statistics available by computerizing of records.

REVENUE:

This activity generates dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Non-dedicated - State Gov't	-0-	-0-	-0-	-0-	-0-
Dedicated - Special	-0-	81	1,001	1,779	1,779
Dedicated - Federal	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$-0-	\$81	\$1,001	\$1,779	\$1,779

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and incorporates new funding to bring the home to full operation.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: LUVERNE VETERANS HOME

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	152	877	2,714	2,669	2,669	2,802	2,669	2,669	2,802
EXPENSES/CONTRACTUAL SRVCS	47	33	195	157	157	187	157	157	187
MISC OPERATING EXPENSES	30	69	113	113	113	184	113	113	184
SUPPLIES/MATERIALS/PARTS	234	77	307	1,082	1,082	1,227	1,082	1,082	1,227
CAPITAL EQUIPMENT	259	4	23	23	23	73	23	23	73
OTHER	32	18	12	12	12	12	12	12	12
SUBTOTAL STATE OPERATIONS	754	1,078	3,364	4,056	4,056	4,485	4,056	4,056	4,485
TOTAL EXPENDITURES	754	1,078	3,364	4,056	4,056	4,485	4,056	4,056	4,485
GOV'S INITIATIVES:									
(P) TRANSFER TO SPEC REV						<1,779>			<1,779>
(P) TRANSFER TO SPEC REV						1,779			1,779
(B) LUVERNE PHASE-UP SKILLED						429			429
TOTAL GOV'S INITIATIVES						429			429
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	754	997	2,363	2,277	2,277	2,706	2,277	2,277	2,706
STATUTORY APPROPRIATIONS:									
GENERAL		81	1,001	1,779	1,779		1,779	1,779	
SPECIAL REVENUE						1,779			1,779
TOTAL FINANCING	754	1,078	3,364	4,056	4,056	4,485	4,056	4,056	4,485
FTE BY EMPLOYMENT TYPE:									
REGULAR	3.5	25.7	80.7		80.7			80.7	

1996-1997 BIENNIAL BUDGET
 (DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
 PROGRAM: VETERANS HOMES
 ACTIVITY: LUVERNE VETERANS HOME

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME		.1	.8		.8		.8		
TOTAL FTE	3.5	25.8	81.5	81.5	84.5	81.5	84.5		

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Luverne Veterans Home

ITEM TITLE: Full Funding for Operations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$429	\$429	\$429	\$429
- Grants	\$	\$	\$	\$
Revenues: (\$000s)				
General Fund	\$	\$	\$	\$

Statutory Change? Yes ___ No X

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for operations of the Luverne Veterans Home. This is an 85 bed skilled nursing care home.

RATIONALE:

This 85-bed skilled nursing care home, built with local and federal dollars, began admitting residents in January, 1994. The home is on a 18-month phase up schedule. At the end of fiscal year 1995, the home is projected to be at licensed levels. Full funding for operations will be needed to maintain occupancy levels and provide quality care to the residents of this home.

PROGRAM OUTCOMES:

The home has received more requests for dementia services than originally anticipated. The home plans to create a safe area in which dementia residents are sheltered from potentially upsetting stimuli. To meet the needs of this clientele, the home is projected to stabilize at an average case mix of G (residents needing assistance with 7 - 8 functions of daily living), and an average behavioral rating of 2.

LONG-TERM IMPACT:

This home is projected to maintain a 96% or better occupancy rate.

1996-97 Biennial Budget

BUDGET ACTIVITY: Board Office
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The 9 member board of directors is responsible for governing the veterans homes. This part time board meets the third Thursday of every month. Committee meetings are held the day before the board meeting. This allows the board to review the operations of the homes, to work with the homes to resolve issues, and also to insure that the homes are in compliance with the state and federal rules and regulations under which the homes operate. The board works to insure that the homes meet or exceed the standard of care present in the community. The board also works with the homes to develop alternative care programs for veterans and to develop a geriatric research and teaching mission for the homes.

The homes and the board of directors are supported by the agency's centralized management team. This team provides daily support and coordination to the homes while researching the short and long range challenges that the homes are experiencing. This allows the homes to focus on daily care issues and the agency to remain focused on meeting the challenges of the changing health care industry.

Accounting provides the day to day leadership to insure the homes' are performing within Generally Accepted Accounting Principles and within Statewide Accounting Systems policies and procedures.

Internal Audit performs audits insuring the homes are in compliance.

Budget works with the homes to analyze trends (historical, current, and future) that may affect the homes' abilities to operate within the resources provided, and to project the future budgetary impacts of changes. The 3 functions of accounting, internal audit, and budget provide assistance to the homes to insure that the agency is meeting its responsibility of quality resident care cost effectively.

During the 1994-95 biennium the agency accepted a challenge to increase receipts. Receipts are now dedicated to operations. To assist the homes a veterans benefit position was added to the management team. Veterans Benefits works with the homes' staff to insure that each resident has applied for and is receiving the maximum federal benefit possible. He is also charged with review and streamlining of the admissions process. To accomplish this, a committee with representatives from each home has been created.

Human Resources insures the agency has a strong labor relations program, affirmative action program, and represents the agency in labor negotiations.

Safety and Workers Compensation works with the homes and DOER to insure that our employees are working in an environment that is safe; and also that workers compensation injuries and lost time are reduced to a more manageable level.

MIS is responsible for working with the Information Policy Office and our homes to insure that our Strategic Plan is current. MIS is also responsible for the network administration for our local

LAN's (at each home), the WAN, our video teleconferencing system, and for guaranteeing that the agency plan accurately reflects our agency's system requirements .

The Rules Writer is responsible for reviewing our current rules, proposing and writing any changes needed, and for the training of homes' staff on rules implementation.

Leading this management team is the Executive Director. The Executive Director, through the board of directors, is responsible for insuring that the agency is meeting daily goals and that the long range goals are reasonable and can be met. The position also acts as the agency liaison for communications with other local, state, and federal agencies. It is through the Executive Director's and the board's work with USDVA that for the last 6 years veterans homes have received increases in their daily per diem rates.

BUDGET ISSUES:

The agency budget plan will result in the board office continuing to:

- Support the homes as a centralized resource for analysis, monitoring, evaluation of business practices, and coordination of communications both internal and external to the agency.
- Develop MIS capabilities and applications to reduce the staff time currently needed to record data and to increase the information available to management for decision making in a more cost effective manner,
- Monitor the homes revenue potential and provide assistance and expertise as needed to maximize revenue collections,
- Support the homes as they continue to develop QA and TQM programs,
- Provide leadership to the homes to insure that measurements developed for the QA and TQM programs are useful and accurate as measurements of each home's ability to provide quality care to our residents and reflective of the agency's short and long range goals,
- Develop additional affiliations to further our ability to meet the needs of the residents.

REVENUE:

This activity does not generate revenue. However, it is through this activity that the homes are able to improve their revenue generating potential.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: BOARD OF DIRECTORS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	417	480	551	520	520	520	520	520	520
EXPENSES/CONTRACTUAL SRVCS	54	73	61	55	55	55	57	57	57
MISC OPERATING EXPENSES	33	50	37	37	37	37	37	37	37
SUPPLIES/MATERIALS/PARTS	12	8	35	25	25	25	25	25	25
CAPITAL EQUIPMENT	439		83	83	83	83	83	83	83
SUBTOTAL STATE OPERATIONS	955	611	767	720	720	720	722	722	722
TOTAL EXPENDITURES	955	611	767	720	720	720	722	722	722
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	955	611	767	720	720	720	722	722	722
TOTAL FINANCING	955	611	767	720	720	720	722	722	722
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.3	10.4	11.7		11.0			11.0	
TOTAL FTE	8.3	10.4	11.7		11.0	11.0		11.0	11.0

1996-97 Biennial Budget

PROGRAM: Designated Contributions
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

Under M.S. 198.16, "the board is authorized to accept on behalf of the state any gift, grant, bequest, or device made for the purposes of" the veterans homes "and administer the same as directed by the donor."

It is through this program that the homes receive donations of cash and volunteers time to enhance our residents lives by sponsoring recreational activities, and by providing equipment for our rehabilitative/restorative therapy programs.

- Cash donations insure our residents have activities, both on and off campus, that assist our residents in maintaining interests and activities that are compatible with their health conditions.
- Donations of needed equipment for resident leisure time activities and for our rehabilitative/restorative therapy programs enhance our ability to help residents attain and maintain daily living skills.
- Trained volunteers meet with residents and provide skills (such as letter writing) to insure our residents remain in contact with their friends and families. Also, the volunteers assist staff during off campus activities (ball games, fishing outings, attending community events).

PROGRAM STATUS:

During the 1994-95 biennium, our Silver Bay and Luverne veterans homes were phased up to full operations. Donations and volunteer hours to both homes were significant.

Donations during F.Y. 1994, for all the homes, totaled \$345,849. Volunteer hours were 52,981. At minimum wage, this is a savings to the state of \$225,169.

PLANNED RESULTS:

The agency budget plan is to continue to solicit, receive, and expend funds within the purposes of the donors for the benefit of our residents.

The agency performance measures for this program is to maintain volunteer hours and to increase donations by 5%.

BUDGET AND REVENUE SUMMARY:

Funds received are deposited into the State Treasury and expended through the statewide accounting system in accordance with the intent of the donor.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DESIGNATED CONTRIB - MPLS	82	108	180	180	180	180	180	180	180
DESIGNATED CONTRIB - HASTNG	91	63	193	193	193	193	193	193	193
DESIGNATED CONTRIB - SILVER BAY	22	19	46	46	46	46	46	46	46
DESIGNATED CONTRIB - LUVERNE		27	6	6	6	6	6	6	6
TOTAL EXPENDITURES BY ACTIVITY	195	217	425	425	425	425	425	425	425
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	195	217	425	425	425	425	425	425	425
TOTAL FINANCING	195	217	425	425	425	425	425	425	425
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS
ACTIVITY: DESIGNATED CONTRIB - MPLS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	14	22	26	26	26	26	26	26	26
MISC OPERATING EXPENSES	31	41	42	42	42	42	42	42	42
SUPPLIES/MATERIALS/PARTS	34	44	51	51	51	51	51	51	51
CAPITAL EQUIPMENT	3	1	61	61	61	61	61	61	61
SUBTOTAL STATE OPERATIONS	82	108	180	180	180	180	180	180	180
TOTAL EXPENDITURES	82	108	180	180	180	180	180	180	180
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	82	108	180	180	180	180	180	180	180
TOTAL FINANCING	82	108	180	180	180	180	180	180	180
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS
ACTIVITY: DESIGNATED CONTRIB - HASTNG

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1								
EXPENSES/CONTRACTUAL SRVCS	21	12	11	11	11	11	11	11	11
MISC OPERATING EXPENSES	26	24	36	36	36	36	36	36	36
SUPPLIES/MATERIALS/PARTS	29	19	118	118	118	118	118	118	118
CAPITAL EQUIPMENT	14	8	28	28	28	28	28	28	28
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	91	63	193	193	193	193	193	193	193
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	91	63	193	193	193	193	193	193	193
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	91	63	193	193	193	193	193	193	193
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	91	63	193	193	193	193	193	193	193
FTE BY EMPLOYMENT TYPE:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS
ACTIVITY: DESIGNATED CONTRIB - SILVER BAY

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS		4	20	20	20	20	20	20	20
MISC OPERATING EXPENSES			1	1	1	1	1	1	1
SUPPLIES/MATERIALS/PARTS	17	13	17	17	17	17	17	17	17
CAPITAL EQUIPMENT	5	1	8	8	8	8	8	8	8
OTHER		1							
SUBTOTAL STATE OPERATIONS	22	19	46	46	46	46	46	46	46
TOTAL EXPENDITURES	22	19	46	46	46	46	46	46	46
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	22	19	46	46	46	46	46	46	46
TOTAL FINANCING	22	19	46	46	46	46	46	46	46
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS
ACTIVITY: DESIGNATED CONTRIB - LUVERNE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
SUPPLIES/MATERIALS/PARTS		11	6	6	6	6	6	6	6
CAPITAL EQUIPMENT		10							
OTHER		6							
SUBTOTAL STATE OPERATIONS		27	6	6	6	6	6	6	6
TOTAL EXPENDITURES		27	6	6	6	6	6	6	6
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		27	6	6	6	6	6	6	6
TOTAL FINANCING		27	6	6	6	6	6	6	6
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

PROGRAM: Dedicated Resources
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

Under this program are the residents' trust accounts, canteen operations (in our Minneapolis and Hastings homes), and leasing accounts.

- Under M.S. 198.003, "the board may allow veterans organizations or public or private social service, educational, or rehabilitation agencies or organizations and their clients to use surplus facilities, staff, and other resources of the board and may require the participating agencies or organizations to pay for that use." The revenue is deposited into the State Treasury and credited to a veterans homes resources account in the special revenue fund. Monies in these accounts are appropriated to the board to operate, maintain, and repair the campuses.
- Under M.S. 198.265, "the board may accept money from residents for safekeeping purposes to be returned to such residents on demand." This is accomplished through cashiering operations in each of the homes.
- Under M.S. 198.261, "any profits derived from the operation of canteens and coffee shops at the Minnesota veterans homes shall be used by the board only for the direct benefit of the residents of the homes."

PROGRAM STATUS:

The Minneapolis and Hastings homes lease space that is not suitable for health care. The proceeds from these leases are used to reduce the cost of maintaining the physical plants for these campuses.

Banking services are provided on site for residents in our homes. These banking services enable the residents to deposit or withdraw funds from their personal trust accounts without leaving the homes. The funds are deposited into a special revenue account in the State Treasury. Interest earnings on these accounts, in accordance with statute, is used for the direct benefit of the residents of the homes.

Canteen and coffee shops provide the residents of the Minneapolis and Hastings homes a place to meet with family and friends in a social setting. Through the canteen shops, residents are able to buy personal care items or snacks without leaving the home.

PLANNED RESULTS:

The Minneapolis campus renovation will return buildings that we are currently not able to use for health care to our use. During the renovation process, these buildings will be vacated by their present tenants.

The Hastings home will continue to lease space that is unsuitable to providing health care.

The Silver Bay home will continue to explore opportunities to increase their usage of audio/visual

technology. This will increase educational opportunities available to this section of the State, while minimizing costs of training to the home.

Resident trust account banking services will continue to be offered at each home.

Canteen and coffee shops operations will continue at the Minneapolis and Hastings homes.

BUDGET AND REVENUE SUMMARY:

The agency will continue to lease space surplus or unsuitable to our needs, thereby generating income which is used to maintain the conditions of the buildings or campuses, and to reduce the impact of operations on the general fund.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DEDICATED RESOURCES

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
DEDICATED RESOURCES - MPLS	639	635	647	647	647	647	647	647	647
DEDICATED RESOURCES - HAST	479	568	600	600	600	600	600	600	600
DEDICATED RESOURCES - SILVER BAY	22	61	82	82	82	82	82	82	82
DEDICATED RESOURCES - LUVERNE		1	5	5	5	5	5	5	5
TOTAL EXPENDITURES BY ACTIVITY	1,140	1,265	1,334	1,334	1,334	1,334	1,334	1,334	1,334

SOURCES OF FINANCING:

STATUTORY APPROPRIATIONS:

SPECIAL REVENUE	319	405	442	442	442	442	442	442	442
AGENCY	821	860	892	892	892	892	892	892	892
TOTAL FINANCING	1,140	1,265	1,334	1,334	1,334	1,334	1,334	1,334	1,334

FTE BY EMPLOYMENT TYPE:

REGULAR		7.4	7.4		7.4			7.4	
OVERTIME		.1	.1		.1			.1	
TOTAL FTE		7.5	7.5		7.5	7.5		7.5	7.5

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DEDICATED RESOURCES
ACTIVITY: DEDICATED RESOURCES - MPLS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	1	3	4	4	4	4	4	4	4
MISC OPERATING EXPENSES	569	567	571	571	571	571	571	571	571
SUPPLIES/MATERIALS/PARTS	68	65	72	72	72	72	72	72	72
OTHER	1								
SUBTOTAL STATE OPERATIONS	639	635	647	647	647	647	647	647	647
TOTAL EXPENDITURES	639	635	647	647	647	647	647	647	647
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	61	57	60	60	60	60	60	60	60
AGENCY	578	578	587	587	587	587	587	587	587
TOTAL FINANCING	639	635	647	647	647	647	647	647	647
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DEDICATED RESOURCES
ACTIVITY: DEDICATED RESOURCES - HAST

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	127	230	232	232	232	232	232	232	232
EXPENSES/CONTRACTUAL SRVCS	16	9	11	11	11	11	11	11	11
MISC OPERATING EXPENSES	211	205	225	225	225	225	225	225	225
SUPPLIES/MATERIALS/PARTS	124	124	132	132	132	132	132	132	132
OTHER	1								
SUBTOTAL STATE OPERATIONS	479	568	600	600	600	600	600	600	600
TOTAL EXPENDITURES	479	568	600	600	600	600	600	600	600
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	258	348	369	369	369	369	369	369	369
AGENCY	221	220	231	231	231	231	231	231	231
TOTAL FINANCING	479	568	600	600	600	600	600	600	600
FTE BY EMPLOYMENT TYPE:									
REGULAR		7.4	7.4		7.4		7.4		7.4
OVERTIME		.1	.1		.1		.1		.1
TOTAL FTE		7.5	7.5		7.5		7.5		7.5

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DEDICATED RESOURCES
ACTIVITY: DEDICATED RESOURCES - SILVER BAY

ACTIVITY SUMMARY	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
MISC OPERATING EXPENSES	20	61	70	70	70	70	70	70	70
SUPPLIES/MATERIALS/PARTS			12	12	12	12	12	12	12
OTHER	2								
SUBTOTAL STATE OPERATIONS	22	61	82	82	82	82	82	82	82
TOTAL EXPENDITURES	22	61	82	82	82	82	82	82	82
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			12	12	12	12	12	12	12
AGENCY	22	61	70	70	70	70	70	70	70
TOTAL FINANCING	22	61	82	82	82	82	82	82	82
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: DEDICATED RESOURCES
ACTIVITY: DEDICATED RESOURCES - LUVERNE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
SUPPLIES/MATERIALS/PARTS			1	1	1	1	1	1	1
OTHER			4	4	4	4	4	4	4
SUBTOTAL STATE OPERATIONS			1	5	5	5	5	5	5
TOTAL EXPENDITURES			1	5	5	5	5	5	5
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			1	1	1	1	1	1	1
AGENCY			4	4	4	4	4	4	4
TOTAL FINANCING			1	5	5	5	5	5	5
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

PROGRAM: Grants
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

This program provides the agency with the ability to track grants received by the homes either for the benefit of the residents, or for the benefit of staff.

- Under M.S. 198.16, the board is authorized to accept grants for the benefit of the residents.
- Under Laws of 1993, Chapter 192, Sec. 18, Subd. 3, the Department of Employee Relations (DOER) was granted authority to disburse monies for "health promotion and disease prevention grant program for state agencies." Our homes received funds for our employee wellness programs.

PROGRAM STATUS:

In 1994-95 the homes were recipients of grants for State Employee Health Promotion, from the Department of Employee Relations.

PLANNED RESULTS:

The board office will continue to explore opportunities available to the agency for grants. The agency will explore training grants for staff.

BUDGET AND REVENUE SUMMARY:

The expenditure of funds received under this program are determined by the terms of each grant received.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOMES BOARD
PROGRAM: GRANTS

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
GRANTS - MPLS VETS HOME			1						
GRANTS - SILVER BAY VET HOME			3						
TOTAL EXPENDITURES BY ACTIVITY			4						
SOURCES OF FINANCING:									

STATUTORY APPROPRIATIONS:									
GENERAL			4						
TOTAL FINANCING			4						
FTE BY EMPLOYMENT TYPE:									

TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Chiropractic, Board of

AGENCY DESCRIPTION:

The mission of the Minnesota Board of Chiropractic Examiners (MBCE) is to protect the public interest by ensuring that all chiropractic practitioners meet the necessary qualifications and standards to competently practice their profession in Minnesota. The MBCE strives to achieve this mission by:

- examining practitioners prior to licensure to ensure that they meet or exceed minimal competence,
- responding to complaints about chiropractors and enforcing the laws governing the practice of chiropractic in Minnesota,
- establishing continuing education (CE) requirements and monitoring compliance with those requirements, and
- monitoring existing statutes and administrative rules so that changes can be initiated or requested when those changes would serve to enhance the protection of the public interest.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Costs:					
Direct Costs	\$273	\$290	\$321	\$309	\$313
Indirect Costs					
Administrative Services Unit	0	1	4	10	10
Statewide Indirect	4	0	9	9	14
Attorney General	68	101	120	120	120
Revenue Refunds	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total Costs	\$347	\$394	\$457	\$451	\$460
Revenue:					
Non-Dedicated	<u>\$370</u>	<u>\$453</u>	<u>\$440</u>	<u>\$440</u>	<u>\$440</u>
TOTAL	370	453	440	440	440
Surplus or (Shortfall)	\$23	\$59	\$(17)	\$(11)	\$(20)
Accumulated Ending Surplus/Deficit or Carryforward	26	85	68	57	37

EXPLANATION OF AGENCY'S BUDGET PLAN:

A requested fee increase, beginning with the January 1994 license renewal, resulted in an increase in revenues which were not entirely matched by expenditures, particularly in the area of Attorney General's (AG) costs. This fee increase was originally requested with the expectations of an increase in contested case hearings. Contested case hearings are quite expensive, and it appeared that at least 2 and possibly 3 would be held in F.Y. 1994. However, it is more likely that some of the expected cases will be completed in F.Y. 1995, requiring these expenditures at this time.

Overall, the increased revenue has served to help balance the accumulated ending balance, which exhibited initial deficit in 1990. This occurred as a result of a failure to increase fees at that time, causing expenditures to exceed revenues.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Active licenses	1,511	1,534	1,560	1,585	1,601
Inactive licenses	176	178	180	180	182
Inactive retired licenses	21	22	20	20	20
Acupuncture registrations	262	280	290	297	300
Independent examiner registrations	102	75	80	84	85
Corporation registrations	210	225	230	232	235
Preceptor registrations	40	17	20	20	20
CE sponsorships	N/A	16	16	16	16
Examinations administered	167	112	120	120	125
Complaints received	218	189	200	210	215
Corrective actions	N/A	16	20	20	20
Disciplinary actions	8	7	10	10	10
Peer review requests	106	67	60	55	50

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: CHIROPRACTIC, BOARD OF
PROGRAM: CHIROPRACTIC, BOARD OF
ACTIVITY: CHIROPRACTIC, BOARD OF

ACTIVITY SUMMARY	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	183	181	207	207	207	207	207	207	207
EXPENSES/CONTRACTUAL SRVCS	59	59	78	63	63	63	64	64	64
MISC OPERATING EXPENSES	17	24	27	27	30	30	27	33	33
SUPPLIES/MATERIALS/PARTS	5	6	5	5	5	5	5	5	5
CAPITAL EQUIPMENT	6	17	4	4	4	4	4	4	4
OTHER	7	3	9	9	9	9	9	14	14
SUBTOTAL STATE OPERATIONS	277	290	330	315	318	318	316	327	327
TOTAL EXPENDITURES	277	290	330	315	318	318	316	327	327
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		3			6	
SSP INDIRECT COST INCREASE			SGS					5	
TOTAL AGENCY PLAN ITEMS					3			11	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	273	290	321	306	309	309	307	313	313
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	4		9	9	9	9	9	14	14
TOTAL FINANCING	277	290	330	315	318	318	316	327	327
FTE BY EMPLOYMENT TYPE:									
REGULAR	4.2	4.0	4.5		4.5			4.5	
OVERTIME		.2	.2		.2			.2	
TOTAL FTE	4.2	4.2	4.7		4.7	4.7		4.7	4.7

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: CHIROPRACTIC, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	330	330			330	330		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<16>	<16>			<16>	<16>		
DOCUMENTED RENT/LEASE INC/DEC	1	2			1	2		
SUBTOTAL BASE ADJ.	<15>	<14>			<15>	<14>		
CURRENT SPENDING	315	316			315	316		

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1996-97 Biennial Budget

AGENCY: Dentistry, Board of

AGENCY DESCRIPTION:

The purpose of the Minnesota Board of Dentistry is to protect the public by regulating the practice of dentists, dental hygienists, and dental assistants. Public protection is maintained through licensure, continuing dental education requirements, and complaint resolution and discipline activities. Board rules are amended to reflect changing technology and current standards of care.

REVENUES/COSTS: This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct appropriated and all indirect costs.

Dollars in Thousands					
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs	\$536	\$559	\$654	\$698	\$708
Indirect Costs:					
Statewide Indirect	4	3	15	15	22
Attorney General	208	328	375	420	420
Revenue Refund	-0-	-0-	1	1	1
Administrative Services Unit	-0-	1	8	16	16
Health Professional Service	-0-	-0-	20	-0-	-0-
Dept. of Health	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>
TOTAL COSTS	\$776	\$919	\$1,101	\$1,178	\$1,195
Revenues:					
Non-Dedicated Revenue:	<u>\$869</u>	<u>\$976</u>	<u>\$977</u>	<u>\$1,161</u>	<u>\$1,161</u>
TOTAL REVENUE	\$869	\$976	\$977	\$1,161	\$1,161
Surplus/(Shortfall)	\$93	\$57	\$(124)	\$(17)	\$(34)
Accumulated Ending Surplus/Deficit or Carryforward	\$121	\$178	\$54	\$37	\$3

EXPLANATION OF AGENCY'S BUDGET PLAN:

In order to cover the indirect cost obligations of the board, fees will be increased 18% in F.Y. 1996. No further increase in planned revenues will be required in F.Y. 1997. Included in the direct cost figures are increased appropriations of 1) \$15,000 per year for the development of additional testing modules using videodisc technology, and 2) \$22,000 per year for a project to be done in partnership with the dental professional associations to "grow" respectful relationships in the dental work place and to address abusive behavior where it may occur.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
No. Licensed Dentists	3,888	3,813	3,800	3,815	3,820
No. Licensed Hygienists	2,935	3,016	3,090	3,140	3,200
No. Registered Assistants	4,389	4,587	4,750	4,900	5,000
No. Initial Licenses/Reg.	533	569	570	570	570
No. Lic. by Credentials	27	40	45	45	45
No. Lic. by Cred. Denials	4	2	3	3	3
No. Complaints	302	282	295	300	310
No. Disciplinary Actions	13	13	12	14	14
No. Corrective Action Ag'mts.		8	10	10	11
No. Cont. Ed. Terminations	34	22	37	44	52

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DENTISTRY, BOARD OF
PROGRAM: DENTISTRY, BOARD OF
ACTIVITY: DENTISTRY, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	337	342	378	378	378	378	378	378	378
EXPENSES/CONTRACTUAL SRVCS	111	100	148	147	192	192	149	202	202
MISC OPERATING EXPENSES	73	93	96	96	96	96	96	96	96
SUPPLIES/MATERIALS/PARTS	8	12	12	12	12	12	12	12	12
CAPITAL EQUIPMENT	1	5	20	20	20	20	20	20	20
OTHER	10	10	15	15	15	15	15	22	22
SUBTOTAL STATE OPERATIONS	540	562	669	668	713	713	670	730	730
TOTAL EXPENDITURES	540	562	669	668	713	713	670	730	730
AGENCY PLAN ITEMS:									
									FUND
NON-DEDICATED FEE SPENDING(UP TO 3%)						8			16
SSP INDIRECT COST INCREASE									7
FUNDING OF THE INITIATIVE						37			37
TOTAL AGENCY PLAN ITEMS						45			60
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	536	559	654	653	698	698	655	708	708
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	4	3	15	15	15	15	15	22	22
TOTAL FINANCING	540	562	669	668	713	713	670	730	730
FTE BY EMPLOYMENT TYPE:									
REGULAR	7.9	7.7	8.0		8.0			8.0	
TOTAL FTE	7.9	7.7	8.0		8.0	8.0		8.0	8.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: DENTISTRY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	669	669			669	669		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<2>	<2>			<2>	<2>		
DOCUMENTED RENT/LEASE INC/DEC	1	3			1	3		
SUBTOTAL BASE ADJ.	<1>	1			<1>	1		
CURRENT SPENDING	668	670			668	670		

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1996-97 Biennial Budget

AGENCY: Medical Practice, Board of

AGENCY DESCRIPTION:

The Board of Medical Practice has 2 budget activities. One being the operating activity (Board of Medical Practice) and the other is the Health Professionals Services Program.

In addition to its statutory authority and responsibilities in M.S. 147, 148, and 214 (the regulation of Physicians, Physician Assistants, Physical Therapists, Respiratory Care Practitioners and Athletic Trainers), the Board of Medical Practice was selected to be the designated board for the Health Professional Services Program, M.S. 214.31. In that capacity it is the fiscal agent for the program and provides administrative support.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE, BOARD OF

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
MEDICAL PRACTICE, BOARD OF	1,968	1,891	2,464	3,238	3,238	3,238	3,222	3,239	3,239
TOTAL EXPENDITURES BY PROGRAM	1,968	1,891	2,464	3,238	3,238	3,238	3,222	3,239	3,239
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	1,941	1,869	2,430	3,204	3,204	3,204	3,188	3,188	3,188
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	27	15	27	27	27	27	27	44	44
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7	7	7	7	7	7	7	7
TOTAL FINANCING	1,968	1,891	2,464	3,238	3,238	3,238	3,222	3,239	3,239
FTE BY EMPLOYMENT TYPE:									
REGULAR	25.6	25.9	31.5		31.5			31.5	
TEMP/SEAS/PART_TIME	2.8	3.2	3.2		3.2			3.2	
OVERTIME	.1	.2	.2		.2			.2	
TOTAL FTE	28.5	29.3	34.9		34.9	34.9		34.9	34.9

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: MEDICAL PRACTICE, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	2,464	2,464			2,464	2,464		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<102>	<122>			<102>	<122>		
NON-RECURRING EXPENDITURES	<269>	<269>			<269>	<269>		
DOCUMENTED RENT/LEASE INC/DEC	3	7			3	7		
ATTORNEY GENERAL COSTS	1,142	1,142			1,142	1,142		
SUBTOTAL BASE ADJ.	774	758			774	758		
CURRENT SPENDING	3,238	3,222			3,238	3,222		

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1996-97 Biennial Budget

BUDGET ACTIVITY: Medical Practice Operations
PROGRAM:
AGENCY: Medical Practice, Board of

ACTIVITY DESCRIPTION:

The Board of Medical Practice protects the public by ensuring that all physicians (M.D.), doctors of osteopathic medicine (D.O.), physical therapists (P.T.), physician assistants (P.A.), respiratory care practitioners (R.C.P.), athletic trainers (A.T.), and professional corporations (P.C.) meet the necessary qualifications and standards to competently practice their profession in Minnesota. The board strives to achieve this by 1) licensing M.D. and D.O. applicants, and registering P.T., P.A., R.C.P., A.T., and P.C. applicants; 2) renewing annually licenses and registrations; 3) receiving and taking action on every complaint alleging a violation of statutes by investigating allegations, conducting hearings, taking disciplinary action as indicated, and enforcing board orders; and 4) enforcing continuing medical education requirements.

REVENUE/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs	\$1,941	\$1,869	\$2,232	\$1,883	\$1,867
Attorney General *				1,142	1,142
Indirect Costs					
Statewide Indirect	27	15	27	27	44
Attorney General	642	924	1,000	-0-	-0-
Revenue Refund	4	3	5	5	5
Medical Practice Workshop	-0-	7	7	7	7
Administrative Services Unit		2	20	64	64
Health Professionals Services Program			80	80	80
HIV/HBV Health Dept.	45	41	43	43	43
TOTAL COSTS	\$2,659	\$2,861	\$3,414	\$3,251	\$3,252
Revenue:					
Non-dedicated	\$2,981	\$3,089	\$3,200	\$3,210	\$3,210
Dedicated - Special	-0-	7	7	7	7
Dedicated - Federal					
TOTAL REVENUE	\$2,981	\$3,096	\$3,207	\$3,217	\$3,217
Surplus (Shortfall)	322	235	(207)	(34)	(35)
Accumulated Ending Surplus/Deficit or Carryforward	\$241	\$476	\$269	\$235	\$200

* For F.Y. 1996 and 1997, the Board of Medical Practice will be a Partner Agency with the Attorney General's office (AGO). AGO funds will be appropriated directly to the board and the AGO will invoice the board for services rendered.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board plans to maintain its current level of regulation without increasing expenditures and by assimilating restructuring of fees and the budget cooperative activities such as the Health Professionals Services Program and joint administrative services (see Board of Pharmacy Investment Initiative). The Board of Medical Practice fully supports the joint initiatives.

Revenue and expenditure for F.Y. 1996-97 is decreased due to the board discontinuing the administration of the FLEX and physical therapy examinations. Direct payment for exams and administration test fees are paid by the applicant to the testing agency.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Number of physicians	897	887	890	890	890
Number of physician assistants	32	51	35	35	35
Number of resp. care prac.	50	793	140	100	50
Number of physical therapists	15	180	170	170	170
Number of athletic trainers	0	56	60	30	20
Number of complaints	1,254	1,054	1,100	1,100	1,100
Number of board orders	104	94	100	100	100

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE, BOARD OF
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: MEDICAL PRACTICE OPERATIONS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	1,067	1,119	1,277	1,277	1,277	1,277	1,277	1,277	1,277
EXPENSES/CONTRACTUAL SRVCS	613	551	794	1,587	1,587	1,587	1,571	1,571	1,571
MISC OPERATING EXPENSES	149	159	138	138	138	138	138	138	138
SUPPLIES/MATERIALS/PARTS	49	17	20	20	20	20	20	20	20
CAPITAL EQUIPMENT	43	10	10	10	10	10	10	10	10
OTHER	47	35	27	27	27	27	27	44	44
SUBTOTAL STATE OPERATIONS	1,968	1,891	2,266	3,059	3,059	3,059	3,043	3,060	3,060
TOTAL EXPENDITURES	1,968	1,891	2,266	3,059	3,059	3,059	3,043	3,060	3,060
AGENCY PLAN ITEMS:									
			FUND						
SSP INDIRECT COST INCREASE			SGS					17	
TOTAL AGENCY PLAN ITEMS								17	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	1,941	1,869	2,232	3,025	3,025	3,025	3,009	3,009	3,009
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	27	15	27	27	27	27	27	44	44
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE		7	7	7	7	7	7	7	7
TOTAL FINANCING	1,968	1,891	2,266	3,059	3,059	3,059	3,043	3,060	3,060
FTE BY EMPLOYMENT TYPE:									
REGULAR	25.6	25.9	29.0		29.0			29.0	
TEMP/SEAS/PART_TIME	2.8	3.2	3.2		3.2			3.2	

1996-1997 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE, BOARD OF
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: MEDICAL PRACTICE OPERATIONS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.1	.2	.2		.2		.2		
TOTAL FTE	28.5	29.3	32.4		32.4	32.4	32.4	32.4	

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1996-97 Biennial Budget

BUDGET ACTIVITY: Health Professionals Services
PROGRAM:
AGENCY: Medical Practice, Board of

ACTIVITY DESCRIPTION:

The Board of Medical Practice administers the Health Professional Services Program which is a confidential program approved during the 1994 legislative session designed to monitor the treatment and continuing care of regulated health professionals who may be unable to practice with reasonable skill and safety if their illness is not appropriately managed. Treatment plan activities and practice limitations for physical, mental, or psychological conditions, including chemical abuse and/or dependency, will be monitored for compliance. The enabling legislation provides a non-disciplinary tool for health licensing board to deal with impaired regulated health professionals who recognize their illness and the need for continuing care and/or practice limitations. Current participants in the program include the Boards of Medical Practice, Nursing, Pharmacy, Dentistry, and Podiatry; however, all 13 health-related boards may join the program in the future.

REVENUE/COSTS:

This activity generates no revenue. The total appropriation to the Board of Medical Practice for each fiscal year of operation is shared by the participating boards.

Dollars in Thousands

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
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Costs:

State Gov't Spec Revenue Fund	\$-0-	\$-0-	\$198	\$179	\$179
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Revenues:

State Gov't Spec Revenue Fund	\$-0-	\$-0-	\$198	\$179	\$179
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The boards agree that the pro-rate share of program expenses shall be borne by the boards as follows:

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
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Dentistry	\$-0-	\$-0-	\$19	\$-0-	\$-0-
Medical Practice	-0-	-0-	80	80	80
Nursing	-0-	-0-	80	80	80
Pharmacy	-0-	-0-	18	18	18
Podiatric Medicine	<u>-0-</u>	<u>-0-</u>	<u>1</u>	<u>1</u>	<u>1</u>
TOTAL COSTS	\$-0-	\$-0-	\$198	\$179	\$179

EXPLANATION OF AGENCY'S BUDGET PLAN:

Health Professionals Service Program was created during the 1994 legislative session, M.S. 214.01, subd. 2.; therefore, there is no operation history. Budget assumptions used at the time of creation remain in effect for the F.Y. 1996-97 program. The activity is anticipated to be flat for this biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE, BOARD OF
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: HEALTH PROFESSIONALS SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			119	119	119	119	119	119	119
EXPENSES/CONTRACTUAL SRVCS			28	28	28	28	28	28	28
MISC OPERATING EXPENSES			10	10	10	10	10	10	10
SUPPLIES/MATERIALS/PARTS			25	22	22	22	22	22	22
CAPITAL EQUIPMENT			16						
SUBTOTAL STATE OPERATIONS			198	179	179	179	179	179	179
TOTAL EXPENDITURES			198	179	179	179	179	179	179
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV			198	179	179	179	179	179	179
TOTAL FINANCING			198	179	179	179	179	179	179
FTE BY EMPLOYMENT TYPE:									
REGULAR			2.5		2.5			2.5	
TOTAL FTE			2.5		2.5	2.5		2.5	2.5

1996-97 Biennial Budget

AGENCY: Nursing, Board of

AGENCY DESCRIPTION:

The mission of the Minnesota Board of Nursing is to provide public protection by ensuring that registered nurses and licensed practical nurses meet standards of education and practice through activities authorized in M.S. 148.171-148.285, 214, and 319A. The board strives to achieve this mission through the following activities:

- Testing applicants for licensure as a registered nurse (RN) or licensed practical nurse (LPN) and granting licenses to those who qualify;
- renewing registration of existing licensees;
- registering public health nurses who meet qualifications;
- authorizing nurse practitioners and clinical specialists in psychiatric and mental health nursing to prescribe drugs and therapeutic devices;
- receiving and taking action on complaints alleging a violation of statutes or rules enforced by the board;
- verifying licensure status of Minnesota licensees to other states and countries;
- approving nursing programs which prepare for licensure;
- registering professional nursing corporations;
- collecting a "voluntary surcharge" for a grant program administered by the Higher Education Coordinating Board; and
- developing and applying rules governing nursing practice.

REVENUES/COSTS:

This activity generates dedicated and non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs:	\$1,378	\$1,488	\$1,548	\$1,710	\$1,714
Indirect Costs:					
Statewide Indirect	10	32	36	36	53
Revenue Refund	-0-	-0-	1	1	1
Attorney General	196	296	375	450	500
HIV/HBV Health Dept	28	38	61	61	61
Health Professionals Services Program	-0-	-0-	80	80	80
Administrative Support Unit	-0-	11	11	47	47
TOTAL COSTS	\$1,612	\$1,865	\$2,112	\$2,385	\$2,456
Revenue:					
Non-dedicated	\$1,738	\$1,761	\$2,127	\$2,280	\$2,310
Surplus (Shortfall)	\$126	\$(104)	\$15	\$(105)	\$(146)
Accumulated Ending Surplus/Deficit or Carryforward	\$693	\$589	\$604	\$499	\$353

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to operate its statutorily mandated programs including processing disciplinary complaints in as efficient and effective manner as possible and maintain a high level of public responsiveness utilizing the existing resources.

The plan provides an increase in funding in Attorney General and Administrative Support unit costs. Both increases are due to increases in activity with each unit. Attorney General costs have steadily increased from \$91,000 in F.Y. 1988 to \$296,000 in F.Y. 1994.

The plan also provides an increase in expenses for 2 professional and 1 clerical position. This increase is needed because of increasing workloads due to continuing increases in the number of nurses and numbers of complaints against nurses, the complexity of applications and increase in complaints. This increase will help to eliminate the current backlog of cases.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Credentiailling:					
New licenses granted (RN & LPN)	4,122	4,634	5,000	5,500	6,000
Registrations in effect (RN & LPN)	73,166	75,595	76,000	76,500	77,000
Public Health registrations granted	344	425	500	575	650
Prescribing:					
Nurse Practitioners authorized to prescribe	387	486	600	700	800
Complaints:					
Written jurisdictional complaints received	959	1,020	1,100	1,200	1,300
Disciplinary actions taken	165	210	200	250	300

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NURSING, BOARD OF
PROGRAM: NURSING, BOARD OF
ACTIVITY: NURSING, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	938	1,083	1,171	1,172	1,299	1,299	1,176	1,303	1,303
EXPENSES/CONTRACTUAL SRVCS	308	284	300	291	328	328	295	357	357
MISC OPERATING EXPENSES	137	139	153	134	134	134	130	130	130
SUPPLIES/MATERIALS/PARTS	21	17	14	14	14	14	14	14	14
CAPITAL EQUIPMENT	1				25	25			
OTHER	25	47	39	39	39	39	39	56	56
SUBTOTAL STATE OPERATIONS	1,430	1,570	1,677	1,650	1,839	1,839	1,654	1,860	1,860
TOTAL EXPENDITURES	1,430	1,570	1,677	1,650	1,839	1,839	1,654	1,860	1,860
AGENCY PLAN ITEMS:									
									FUND
SSP INDIRECT COST INCREASE									SGS
FUNDING OF THE INITIATIVE						189		189	SGS
TOTAL AGENCY PLAN ITEMS					189			206	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	1,378	1,488	1,548	1,521	1,710	1,710	1,525	1,714	1,714
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	10	32	36	36	36	36	36	53	53
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV	42	50	93	93	93	93	93	93	93
TOTAL FINANCING	1,430	1,570	1,677	1,650	1,839	1,839	1,654	1,860	1,860
FTE BY EMPLOYMENT TYPE:									
REGULAR	24.5	26.9	29.8		32.8			32.8	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NURSING, BOARD OF
PROGRAM: NURSING, BOARD OF
ACTIVITY: NURSING, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.1	.2	.2		.2		.2		
TOTAL FTE	24.6	27.1	30.0		33.0	33.0		33.0	33.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: NURSING, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	1,677	1,677			1,677	1,677		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<29>	<29>			<29>	<29>		
DOCUMENTED RENT/LEASE INC/DEC	2	6			2	6		
SUBTOTAL BASE ADJ.	<27>	<23>			<27>	<23>		
CURRENT SPENDING	1,650	1,654			1,650	1,654		

1996-97 Biennial Budget

AGENCY: Nursing Home Administrators, Board of

AGENCY DESCRIPTION:

The Board of Examiners for Nursing Home Administrators exists to protect public interests in promoting quality care and effective services to the residents of long-term care facilities and their families by ensuring that nursing home administrators are suitably qualified to fulfill their professional and administrative responsibilities through the board's enforcement of M.S. 144A.19-144A.29 and the board rules chapter 6400.

The board accomplishes its mission by:

1. setting and enforcing educational requirements and examination standards for licensure and administering a continuing education program to update and improve the knowledge and competency of licensed administrators; and
2. investigating complaints of substandard care or other alleged violations of statutes and rules and providing information and consultation and/or mandating compliance with regulations, holding educational and disciplinary conferences and taking legal action to suspend or revoke the licenses of administrators who fail to meet standards.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Direct Costs	\$164	\$167	\$175	\$182	\$188
Indirect Costs:					
Statewide Indirect	-0-	7	6	6	8
Attorney General	10	9	15	15	15
Administrative Services Unit	-	-0-	2	5	5
Total Costs	\$174	\$183	\$198	\$208	\$216
Revenue:					
Non-Dedicated	\$179	\$196	\$195	\$213	\$220
Total Revenue	\$179	\$196	\$195	\$213	\$220
Surplus (Shortfall)	\$5	\$13	\$(3)	\$5	\$4
Accumulated Ending Surplus/Deficit or Carryforward	16	29	26	31	35

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to operate its statutorily mandated licensure and education programs and to

process disciplinary complaints in as efficient and effective a manner as possible to maintain a high level of public responsiveness utilizing existing resources, except for a \$9,000 increase in F.Y. 1996 and a \$10,000 increase in F.Y. 1997 to defray the increased costs of the national licensure examination which will be wholly offset by a proposed increase in the national examination fee to be paid only by applicants who take the test. In spite of increases in numbers of licensed administrators, licensure applicants and complaints to be reviewed and acted upon, the board will continue to operate in the upcoming biennium with essentially the same expenses (adjusted for inflation, rent and Administrative Services Unit increases, increased rates for Attorney General services, and increased national examination costs) as in the past biennium.

Recently expanded computer capabilities have permitted existing staff to assume increased volume of licensure and complaint activities without additional costs. Expenses will be kept in line with receipts by refining communications with licensees to decrease printing and mailing costs, holding the frequency of board and committee meetings constant to the extent possible and having staff perform preliminary work on disciplinary matters to minimize legal costs.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Licenses issued	950	978	985	990	1,005
New license applications processed	73	93	96	100	110
Exams administered	162	199	210	210	220
Educational offerings reviewed	410	540	540	550	550
Complaints addressed	125	141	145	150	150

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NURSING HOME ADM, BOARD OF
PROGRAM: NURSING HOME ADMIN, BOARD OF
ACTIVITY: NURSING HOME ADMIN, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	119	113	116	116	116	116	116	116	116
EXPENSES/CONTRACTUAL SRVCS	18	32	33	33	43	43	34	46	46
MISC OPERATING EXPENSES	10	19	19	15	16	16	15	17	17
SUPPLIES/MATERIALS/PARTS	1	1	2	2	2	2	2	2	2
CAPITAL EQUIPMENT	14		5	5	5	5	5	5	5
OTHER	2	9	6	6	6	6	6	8	8
SUBTOTAL STATE OPERATIONS	164	174	181	177	188	188	178	194	194
TOTAL EXPENDITURES	164	174	181	177	188	188	178	194	194
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		2			4	
SSP INDIRECT COST INCREASE			SGS					2	
FUNDING OF THE INITIATIVE			SGS		9			10	
TOTAL AGENCY PLAN ITEMS					11			16	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	164	167	175	171	182	182	172	186	186
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV		7	6	6	6	6	6	8	8
TOTAL FINANCING	164	174	181	177	188	188	178	194	194
FTE BY EMPLOYMENT TYPE:									
REGULAR	2.0	1.9	2.0		2.0			2.0	
TOTAL FTE	2.0	1.9	2.0		2.0	2.0		2.0	2.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: NURSING HOME ADM, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	181	181			181	181		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<4>	<4>			<4>	<4>		
DOCUMENTED RENT/LEASE INC/DEC		1				1		
SUBTOTAL BASE ADJ.	<4>	<3>			<4>	<3>		
CURRENT SPENDING	177	178			177	178		

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1996-97 Biennial Budget

AGENCY: Optometry, Board of

AGENCY DESCRIPTION:

The Board of Optometry serves to protect the residents of the state of Minnesota by assuring that all practitioners meet state services and competency standards, as set forth in the Minnesota Optometric Practice Act (M.S.148.52-148.62).

The board, in an effort to achieve its goals, closely reviews all applications for licensure, administers a jurisprudence examination to test applicants knowledge of state optometry laws, monitors continuing education, and processes consumer complaints.

The effort put forth by the members of the Optometry board and continued use of a nationally standardized examination will assure citizens that the licensed optometrist providing their primary care is qualified to practice optometry, and meets the standard of competency required in the state of Minnesota.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Actual F.Y. 1993</u>	<u>Actual F.Y. 1994</u>	<u>Estimated F.Y. 1995</u>	<u>Estimated F.Y. 1996</u>	<u>Estimated F.Y. 1997</u>
Direct Costs:	\$60	\$64	\$79	\$78	\$79
Indirect Costs:					
Statewide Indirect	9	5	3	3	4
Attorney General	6	8	9	10	11
Administrative Services Unit	<u>-0-</u>	<u>-0-</u>	<u>1</u>	<u>2</u>	<u>2</u>
Total Costs	\$75	\$77	\$92	\$93	\$96
Revenue:					
Non-Dedicated	\$78	\$96	\$93	\$95	\$97
Total Revenue	\$78	\$96	\$93	\$95	\$97
Surplus (Shortfall)	\$3	\$19	\$1	\$2	\$1
Accumulated Ending Surplus/Deficit or Carryforward	\$9	\$28	\$29	\$31	\$32

EXPLANATION OF AGENCY'S BUDGET PLAN:

With an increase in expenses of \$5,000 the members of the Board of Optometry can more closely monitor the continuing development of the nationally standardized examination currently accepted by the Minnesota Board of Optometry. This will be accomplished by board members serving on

committees, acting as examiners, or participating as an observer to the administration of the examination. The continued effort put forth by the members of the Optometry Board and continued use of a nationally standardized examination will assure citizens that the licensed optometrist providing their primary care is qualified to practice optometry and meets the standard of competency required in the state of Minnesota.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>Actual F.Y. 1993</u>	<u>Actual F.Y. 1994</u>	<u>Estimated F.Y. 1995</u>	<u>Estimated F.Y. 1996</u>	<u>Estimated F.Y. 1997</u>
Applicants for Licensure:					
by examination	25	34	40	40	40
by reciprocity	1	2	-0-	-0-	-0-
Licenses Granted:					
by examination	39	42	40	40	40
by reciprocity	-0-	2	1	-0-	-0-
license renewals	781	771	791	811	831
licenses cancelled	28	42	20	20	20
continuing education programs reviewed	94	53	50	50	50
telephone inquiries (not resulting in complaint filed)	120	130	135	140	145
complaints processed	5	4	5	5	5

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OPTOMETRY, BOARD OF
PROGRAM: OPTOMETRY, BOARD OF
ACTIVITY: OPTOMETRY, BOARD OF

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	42	44	50	50	51	51	50	51	51
EXPENSES/CONTRACTUAL SRVCS	11	10	14	12	12	12	12	12	12
MISC OPERATING EXPENSES	6	8	11	10	15	15	10	16	16
SUPPLIES/MATERIALS/PARTS		1	2						
CAPITAL EQUIPMENT			2						
OTHER	10	6	3	3	3	3	3	4	4
SUBTOTAL STATE OPERATIONS	69	69	82	75	81	81	75	83	83
TOTAL EXPENDITURES	69	69	82	75	81	81	75	83	83
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		1			2	
SSP INDIRECT COST INCREASE			SGS					1	
FUNDING OF THE INITIATIVE			SGS		5			5	
TOTAL AGENCY PLAN ITEMS					6			8	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	60	64	79	72	78	78	72	79	79
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	9	5	3	3	3	3	3	4	4
TOTAL FINANCING	69	69	82	75	81	81	75	83	83
FTE BY EMPLOYMENT TYPE:									
REGULAR	.9	1.0	1.0		1.0			1.0	
TEMP/SEAS/PART_TIME		.1	.1		.1			.1	
TOTAL FTE	.9	1.1	1.1		1.1	1.1		1.1	1.1

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: OPTOMETRY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	82	82			82	82		
BASE ADJUSTMENTS								
----- APPROPRIATIONS CARRIED FWD	<7>	<7>			<7>	<7>		
SUBTOTAL BASE ADJ.	<7>	<7>			<7>	<7>		
----- CURRENT SPENDING	75	75			75	75		

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1996-97 Biennial Budget

AGENCY: Pharmacy, Board of

AGENCY DESCRIPTION:

The Board of Pharmacy has 2 budget activities. One is the operations activity (Pharmacy Operations) and the other is the Administrative Services Unit.

The Administrative Services Unit was created by the 1993 Legislature. It serves the 13 health-related licensing boards. As agreed to by the various boards, the Board of Pharmacy has assumed supervisory responsibilities for the Administrative Services Unit.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY, BOARD OF

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
PHARMACY, BOARD OF	608	614	744	674	908	908	675	908	908
TOTAL EXPENDITURES BY PROGRAM	608	614	744	674	908	908	675	908	908
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	580	595	736	666	900	900	667	894	894
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	18	17	8	8	8	8	8	14	14
STATUTORY APPROPRIATIONS:									
FEDERAL	10	2							
TOTAL FINANCING	608	614	744	674	908	908	675	908	908
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.2	9.1	10.5		14.0			14.0	
TEMP/SEAS/PART_TIME			.4		.4			.4	
TOTAL FTE	8.2	9.1	10.9		14.4	14.4		14.4	14.4

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: PHARMACY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	744	744			744	744		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<71>	<71>			<71>	<71>		
DOCUMENTED RENT/LEASE INC/DEC	1	2			1	2		
SUBTOTAL BASE ADJ.	<70>	<69>			<70>	<69>		
CURRENT SPENDING	674	675			674	675		

1996-97 Biennial Budget

BUDGET ACTIVITY: Pharmacy Operations
PROGRAM:
AGENCY: Pharmacy, Board of
 (Continuation)

2. Examination of prospective pharmacists: In F.Y. 1994, the board tested 136 full board candidates and 123 reciprocity candidates compared to 154 full board and 95 reciprocity candidates in F.Y. 1992. In F.Y. 1996 and F.Y. 1997 we are expecting to examine 160 full board and 125 reciprocity candidates.

3. Complaints received from the public, other agencies, and board surveyors: In F.Y. 1994, the board received 56 written complaints compared to 77 written complaints in F.Y. 1992. The board attributes the decline in complaints to the addition of another inspector to the board's staff in F.Y. 1993, thus allowing us to correct improper practice before it results in conduct which becomes the subject of a complaint.

4. Disciplinary actions: In F.Y. 1994, the board conducted 10 disciplinary actions compared with 15 disciplinary actions in F.Y. 1992. Due to the fact that the number of licensees is expected to rise in F.Y. 1996 and 1997 and that the grounds for disciplinary action are expected to be strengthened, the number of disciplinary actions is also expected to rise.

PERFORMANCE INDICATORS

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Board cand. examined	133	136	160	170	175
Reciprocity cand. examined	95	123	125	125	130
New licenses	200	209	220	225	230
Pharmacist licenses renewed	5,015	5,064	5,100	5,150	5,200
Facility inspections	1,850	2,000	2,050	2,100	2,150
Facility licenses renewed	1,966	1,980	1,990	2,000	2,010
Professional Ed. reviewed	296	320	320	335	335
Complaints processed	75	56	60	70	80
Disciplinary actions	10	10	18	20	24

"Complaints processed" does not include telephone complaints not followed up in writing by the complaining party, complaints referred to other boards, complaints remedied in a less than formal manner, and deficiencies noted by board surveyors.

The Board of Pharmacy will be expanding its computer system in F.Y. 1995. Due to this implementation, it will be easier and quicker to gain information for outside inquiries and will allow our surveyors to gather information in a more timely manner so that more inspections can be accomplished.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-97 Biennial Budget

BUDGET ACTIVITY: Pharmacy Operations
 PROGRAM: Pharmacy Operations
 AGENCY: Pharmacy, Board of

AGENCY DESCRIPTION:

The Minnesota Board of Pharmacy exists to protect the public from adulterated, misbranded, and illicit drugs and from unethical or unprofessional conduct on the part of pharmacists or other licensees, and to provide a reasonable assurance of professional competency in the practice of pharmacy by enforcing the Pharmacy Practice Act M.S. 151, State Controlled Substances Act M.S. 152 and various other statutes. The board strives to fulfill its mission through a combination of regulatory activity, and technical consultation and support for pharmacy practices, through the issuance of advisories on pharmacy practice issues and through education of pharmacy practitioners.

In order to meet our objectives for F.Y. 1996 and F.Y. 1997, the board's enforcement of the Pharmacy Practice Act, the State Controlled Substances Act, and other miscellaneous acts will involve: 1) testing applicants for licensure; 2) licensing successful candidates; 3) renew licenses of existing licensees; 4) reviewing continuing education participation of licensees; 5) licensing and inspecting pharmacies, drug wholesalers, drug manufacturers, medical gas distributors, and controlled substance researchers; 6) investigating complaints; 7) providing technical assistance, consultation, and training to pharmacists and other health professionals, and 8) developing and applying rules governing the various aspects of pharmacy practice. The board sets fees to ensure recovery of the costs of its operations.

The program has continued to slowly grow over recent years, with the nature and number of complaints and the number of licensees affecting resource allocation.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs	\$580	\$587	\$618	\$700	\$694
Indirect Costs					
Revenue Refunds	1	1	1	1	1
Statewide Indirect	18	17	8	8	14
Attorney General	27	13	24	26	28
Administrative Services Unit	-0-	1	6	23	23
Health Professionals					
Services Program	-0-	-0-	17	17	17
TOTAL COSTS	\$626	\$619	\$674	\$775	\$777

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Revenue:					
Non-dedicated - Gen'l	\$664	\$683	\$700	\$709	\$716
Surplus/(Shortfall)	\$38	\$64	\$26	\$(66)	\$(61)
Accumulated Ending Surplus/Deficit or Carryforward	\$132	\$196	\$222	\$156	\$95

EXPLANATION OF AGENCY'S BUDGET PLAN:

Two initiatives are included in the budget request for the Pharmacy Operations portion of our overall request. These involve examination costs and a board inspector.

The examinations, upon which licensure in the health professions, including Pharmacy, is based, must be psychometrically sound. This is recognized by the legislature in M.S. 214.03, where the health boards are required to use a "National Exam," if one is available. The National Association of Boards of Pharmacy (NABP) makes available the NABPLEX exam which is used by 49 of the 50 states, including Minnesota. NABP has announced that the fee for the NABPLEX exam will be increasing on 1-1-96, therefore, the board's costs for this exam must be increased. The increased costs, from a current \$150 per exam to \$250 per exam, will be recovered through a corresponding increase in the exam fees charged to the candidates for licensure. The total amount of increase of both expenditures and revenues will be \$15,000 per year.

The board is charged with, among other things, inspecting and licensing all pharmacies, drug wholesalers, drug manufacturers, and medical gas distributors in Minnesota. To accomplish these inspections, the board employs 4 full-time surveyors.

In August 1994, one of the board's surveyors underwent very serious and extensive surgery for the removal of 2 brain tumors. It is not expected that this individual will return to full-time employment until some time in 1995. Even then it is doubtful that she will be able to be on the road extensively, as is required of board surveyors.

Accommodations, as required under the Americans with Disability Act, will be made for her. It is anticipated that she will be placed in charge of complaint investigation coordination and disciplinary monitoring. The board, however, needs a full complement of 4 surveyors to accomplish our field investigations.

The board, therefore, requests the authorization to increase expenditures to the extent needed to hire an additional surveyor and to provide the associated office and computer equipment.

The costs involved in this initiative will be covered by the carryforward of excess revenues from previous years. The board currently has a carryforward of approximately \$222,000 which will be drawn down by \$66,000 in F.Y. 1996 and \$61,000 in F.Y. 1997.

WORKLOAD/EFFICIENCY MEASUREMENTS:

1. Pharmacy, Wholesaler, Manufacturer, and Medical Gas Distributor inspections: In F.Y. 1994, the board inspected 2,000 facilities compared to 1,800 facilities in F.Y. 1992.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY, BOARD OF
PROGRAM: PHARMACY, BOARD OF
ACTIVITY: PHARMACY, BOARD OF

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	383	425	450	450	527	527	450	515	515
EXPENSES/CONTRACTUAL SRVCS	114	96	82	76	91	91	77	92	92
MISC OPERATING EXPENSES	57	58	72	63	68	68	63	73	73
SUPPLIES/MATERIALS/PARTS	9	4	14	14	14	14	14	14	14
CAPITAL EQUIPMENT	21								
OTHER	24	23	8	8	8	8	8	14	14
SUBTOTAL STATE OPERATIONS	608	606	626	611	708	708	612	708	708
TOTAL EXPENDITURES	608	606	626	611	708	708	612	708	708
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING(UP TO 3%)			SGS		5			10	
SSP INDIRECT COST INCREASE			SGS					6	
FUNDING OF INITIATIVE			SGS		92			80	
TOTAL AGENCY PLAN ITEMS					97			96	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	580	587	618	603	700	700	604	694	694
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	18	17	8	8	8	8	8	14	14
STATUTORY APPROPRIATIONS:									
FEDERAL	10	2							
TOTAL FINANCING	608	606	626	611	708	708	612	708	708

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY, BOARD OF
PROGRAM: PHARMACY, BOARD OF
ACTIVITY: PHARMACY, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.2	9.0	9.0		10.0			10.0	
TEMP/SEAS/PART_TIME			.4		.4			.4	
TOTAL FTE	8.2	9.0	9.4		10.4	10.4		10.4	10.4

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1996-97 Biennial Budget

BUDGET ACTIVITY: Administrative Services Unit (ASU)
PROGRAM:
AGENCY: Pharmacy, Board of

AGENCY DESCRIPTION:

The Administrative Services Unit (ASU) is a service unit of the health-related licensing boards that is currently under the supervision of the Executive Director of the Board of Pharmacy. The ASU was established by the legislature in the 1993 session.

Since the mid-1970s, the health-related licensing boards received certain financial budgeting, purchasing, and printing services from the Minnesota Department of Health. By mutual agreement between the health-related licensing boards and the Minnesota Department of Health, those services previously provided by the Minnesota Department of Health would be assumed by a service unit housed with the boards and funded by them. The result of this agreement was the ASU that was established and funded for the 1994-95 biennium.

The health-related licensing boards have been pleased with the success of this agreement and are proposing that this unit be expanded to provide additional shared services.

REVENUE/COSTS:

This activity generates no revenue. The total appropriation to the Board of Pharmacy for each fiscal year of operation is shared by all boards.

Dollars in Thousands				
F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997

Costs:					
State Govt. Spec. Revenue Fund	\$-0-	\$8	\$63	\$200	\$200
Revenue:					
State Govt. Spec. Revenue Fund	\$-0-	\$8	\$63	\$200	\$200
Surplus/Shortfall	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Based on a formula developed by the boards, the fee revenue necessary to cover the cost of this appropriation would be allocated as follows:

Dollars in Thousands				
F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997

Board of Medical Practice	\$-0-	\$2	\$20	\$64	\$64
Board of Nursing	-0-	2	11	47	47
Board of Social Work	-0-	1	4	14	14
Board of Pharmacy	-0-	1	23	23	23
Board of Dentistry	-0-	1	8	16	16
Board of Chiropractic	-0-	1	4	10	10
Board of Psychology	-0-	-0-	4	10	10

Dollars in Thousands

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
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Board of Marriage & Family Therapy	\$-0-	\$-0-	\$1	\$3	\$3
Board of Veterinary Medicine	-0-	-0-	2	3	3
Board of Nursing Home Admin.	-0-	-0-	2	5	4
Board of Optometry	-0-	-0-	1	2	1
Board of Podiatric Medicine	-0-	-0-	1	1	2
Board of Dietetics-Nutrition Practice	-0-	-0-	-0-	2	2
Total	\$-0-	\$8	\$63	\$200	\$200

EXPLANATION OF AGENCY'S BUDGET PLAN:

The agency plan includes expansion of the administrative support activities provided to the health-related licensing boards by a central administrative services unit. An appropriation was approved in 1993 to provide budgeting, financial analysis, transaction processing, purchasing, and printing services to the 13 health-related boards. In light of the success of this initial program, it is now proposed to expand the Administrative Services Unit by adding 2.5 new positions to the unit. These new positions will bring the purchasing/printing position to full-time and provide a computer programmer and a research analyst, both of who will be available to provide services to all of the health licensing boards.

The ASU expense dollars, shown in these budget documents as being allocated to each board, are approximations only. The costs attributable to the financial and buyer positions will actually be based 85% on the relative sizes of each board's budget and 15% on the number of transactions processed for each board. The Management Information Systems Coordinator expenses will be assigned, based on hours spent providing services to each of the various boards. The Research Analysts expenses will be assigned on a pro rate share, based on the relative size of each board's budget after subtracting expenses assignable to a specific board as a result of time spent on special projects.

The exact amount of total expenses, assignable to each board for the operations of the ASU, will, thus, not be known until the end of each fiscal year. As a result, the approximations contained in these budget documents were calculated, based strictly on the relative sizes of total board budgets.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-97 Biennial Budget

AGENCY: Podiatry, Board of

AGENCY DESCRIPTION:

The responsibility of the Board of Podiatric Medicine is the protection of the public from incompetent, unethical, and/or unprofessional health services through the regulation of the practice of podiatric medicine. The board carries out its responsibility by ensuring that only persons who meet the legal qualifications for licensure are granted a license to practice; periodically reexamining its procedures in an effort to improve the quality of podiatric medical services provided to the public; and disciplining with fairness and consistency those licensees who violate laws pertaining to the ethical and competent practices of podiatric medicine.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Direct Costs	\$30	\$30	\$30	\$31	\$32
Indirect Costs:					
Statewide Indirect	-0-	6	5	5	6
Administrative Services Unit		-0-	1	1	1
Health Professionals Services Program	-0-	-0-	1	1	1
Attorney General	8	8	8	8	8
HIV/HBV Health Department	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Costs	\$39	\$46	\$47	\$48	\$50
Revenue:					
Non-dedicated	<u>\$38</u>	<u>\$40</u>	<u>\$45</u>	<u>\$47</u>	<u>\$48</u>
Total Revenue	\$38	\$40	\$45	\$47	\$48
Surplus (shortfall)	\$(1)	\$(6)	\$(2)	(1)	(2)
Accumulated Ending Surplus/Deficit or Carryforward	14	8	6	5	3

EXPLANATION OF AGENCY'S BUDGET PLAN:

The only increase in direct appropriations requested for F.Y. 1996-97 is due to the 3% inflation factor. The indirect costs for Attorney General services and HIV/HBV monitoring by the Department of Health will probably remain fairly constant.

ISSUES AFFECTING AGENCY'S OPERATIONS:

A number of licensees currently practicing were born before 1930, and a few others maintain their licenses even though they reside in other states and do not come into Minnesota to practice. Because

of the small number of licensees (131 at present) and a correspondingly high renewal fee (\$500 at present), any loss of licensees — even one — has a large impact on revenue. Although the board adopted a fairly large increase in fees (\$50 per license or renewal) in F.Y. 1994 in order to cover anticipated expenditures, 9 licensees (out of state or retired) did not renew, for a net loss of income of \$4,500, an amount needed to balance the budget.

Unless enough podiatrists come into the state each year for the next 3 years to more than compensate for attrition due to failure to renew, the estimated revenues for F.Y. 1996 and F.Y. 1997 as shown above will be too high at the current renewal fee and the board will be forced to adopt another fee increase, and/or seek other organizational patterns rather than maintain its present separate office and (part-time) staff. The revenue figures for F.Y. 1996 and F.Y. 1997 are based upon the assumption that there will be an average gain of 5 new licensees over renewal failures per year.

Other factors contributing to an increase in expenditures are 1) the trend toward the health-related boards collectively financing services that formerly were provided by another state agency or not available at all, such as purchasing, payroll, bill-paying, technical services; and 2) cost of hardware/software to connect to Statewide System Project. While this board's share of these costs is not part of the operating budget, the costs must be covered by fees. As services are added, the costs will rise.

MEASUREMENT OF BOARD ACTIVITIES:

	Actual <u>F.Y. 1993</u>	Actual <u>F.Y. 1994</u>	Est. <u>F.Y. 1995</u>	Est. <u>F.Y. 1996</u>	Est. <u>F.Y. 1997</u>
Total number licensees	128	129	136	143	147
Number new licensees	13	14	14	12	12
Number temporary permits	15	16	18	18	18
Number terminations—non-renew	8	9	5	4	4
Number written complaints	19	13	18	20	20
Number complaints dismissed	20	10	12	12	12
Number corrective actions	*	3	2	3	3
Number licensees disciplined	0	2	1	1	1
Avg. number months to dismiss	10	5	6	6	6
Avg. number months-discipline	-	11	10	11	11

*Law was not in effect for F.Y. 1993.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY, BOARD OF
PROGRAM: PHARMACY, BOARD OF
ACTIVITY: ADMIN SCVS UNIT - HEALTH BDS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		5	88	33	170	170	33	170	170
EXPENSES/CONTRACTUAL SRVCS		1	9	9	9	9	9	9	9
MISC OPERATING EXPENSES			6	6	6	6	6	6	6
SUPPLIES/MATERIALS/PARTS		2	5	5	5	5	5	5	5
CAPITAL EQUIPMENT			10	10	10	10	10	10	10
SUBTOTAL STATE OPERATIONS		8	118	63	200	200	63	200	200
TOTAL EXPENDITURES		8	118	63	200	200	63	200	200
AGENCY PLAN ITEMS:									
			FUND						
ADMINISTRATIVE SERVICES UNIT EXPANSION			SGS		137			137	
TOTAL AGENCY PLAN ITEMS					137			137	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV		8	118	63	200	200	63	200	200
TOTAL FINANCING		8	118	63	200	200	63	200	200
FTE BY EMPLOYMENT TYPE:									
REGULAR		.1	1.5		4.0			4.0	
TOTAL FTE		.1	1.5		4.0	4.0		4.0	4.0

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PODIATRY, BOARD OF
PROGRAM: PODIATRY, BOARD OF
ACTIVITY: PODIATRY, BOARD OF

ACTIVITY SUMMARY	Est.			FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	2	3	2	2	2	2	2	2	2
EXPENSES/CONTRACTUAL SRVCS	20	20	21	21	22	22	21	23	23
MISC OPERATING EXPENSES	8	7	6	6	6	6	6	6	6
SUPPLIES/MATERIALS/PARTS			1	1	1	1	1	1	1
OTHER		6	5	5	5	5	5	6	6
SUBTOTAL STATE OPERATIONS	30	36	35	35	36	36	35	38	38
TOTAL EXPENDITURES	30	36	35	35	36	36	35	38	38
AGENCY PLAN ITEMS:									
									FUND
NON-DEDICATED FEE SPENDING (UP TO 3%)						1			2
SSP INDIRECT COST INCREASE									1
TOTAL AGENCY PLAN ITEMS						1			3
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	30	30	30	30	31	31	30	32	32
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV		6	5	5	5	5	5	6	6
TOTAL FINANCING	30	36	35	35	36	36	35	38	38
FTE BY EMPLOYMENT TYPE:									
TOTAL FTE									

1996-97 Biennial Budget

AGENCY: Psychology, Board of

AGENCY DESCRIPTION:

The practice of psychology in Minnesota affects the public health, safety, and welfare. The regulations in M.S. 148.88 through 148.98 protect the public from the practice of psychology by unqualified persons and from unethical or unprofessional conduct by persons licensed to practice psychology. This agency exists to enforce these statutes and the rules promulgated thereto, by ensuring that only persons who meet the qualifications for licensure are granted licensure, and by disciplining with fairness and consistency those licensees who violate rules and laws pertaining to the ethical and competent practice of psychology.

The board was created to protect the public. It accomplishes that goal by enforcing rules and laws for licensing psychologists and psychological practitioners, and by regulating their professional conduct. The board administers to applicants a state and a national standardized examination on the practice of psychology, educates the public about the requirements for licensure and the rules of conduct for licensees, requires and approves continuing education for licensees, and accepts and investigates complaints from the public (and other licensees), which allege violations of the Psychology Practice Act by licensees of this board.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs:	\$315	\$311	\$322	\$393	\$396
Indirect Costs:					
Statewide	2	18	8	8	12
Attorney General	165	185	226	250	250
Revenue Refund	-0-	-0-	1	1	1
Administrative Services Unit	-0-	4	4	10	10
Total Cost	\$482	\$518	\$561	\$662	\$669
Revenue:					
Non-dedicated	\$497	\$418	\$550	\$674	\$735
Total Revenue	497	418	550	674	735
Balance	\$15	\$(100)	\$(11)	\$12	\$66
Accumulated Ending Surplus/Deficit or Carryforward	\$33	\$(67)	\$(78)	\$(66)	\$-0-

EXPLANATION OF AGENCY'S BUDGET PLAN:

Service delivery has been identified in the past as a factor of highest priority for this board.

Despite the increasing number of licensees, and current operation of the agency with a minimum number of staff, the agency has been working to reach a higher level of customer satisfaction with our service to the general public, and our licensees and applicants. In keeping with this philosophy, the board is currently involved with a major effort to rewrite our statute to make it easier to read and understand, to update parts of it, and to add additional safeguards for the protection of the public. A similar project is scheduled to follow in approximately 1 year to update the agency's rules, make them easier to understand, and raise fees.

The factor with the highest impact on program policy, service delivery, and expenditures is the enactment of laws affecting the practice of psychology. Subsequent rule making impacts the budget greatly. With the number of complaints increasing, and the agency's commitment to faster, yet efficient handling of those complaints, the budget is impacted once again with staff and attorney general's costs. Long-range effects include changes in the delivery of psychological services, demystifying the licensure process for applicants and graduate psychology programs in Minnesota, and decreasing the length of the complaint handling process to the benefit of the complainants and those being complained about.

Master's level licensure in Minnesota was discontinued by 1991; legislation, except for the group of licensees eligible for grandparenting. There is a large group of persons who have declared their intent to be licensed at the master's level as licensed psychologist, under the grandparenting provision of the law. An influx of those applicants for examinations and licensure are expected during the 1996-97 biennium, since they will be completing their graduate programs and fulfilling the other qualifications for licensure. This will increase the number of licensees, applicants for examinations, and potentially complaints on licensees and on applicants.

The plan also provides for an increase in fees and expenses to cover the cost of 2 additional positions and an increase in the Attorney General Office expenses. The positions are needed to cover the high number of complaints against licensees and applicants which have steadily increased from 193 per year in F.Y. 1993 to 534 complaints in F.Y. 1994.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	Actual	Actual	Projected
	F.Y. 1992-93	F.Y. 1994-95	F.Y. 1996-97
Total No. Licensees-LP*	2,800	3,200	3,950
No. New Licensees-LP	223	465	750
Total No. Licensees-PP**	-	5	10
No. New Licensees-PP	-	5	5
No. Applicants for Examination	929	916	1,266
No. Complaints Received	193	534	800
No. Complaints Closed/Dismissed	45	255	450
No. Licensees Disciplined	9	40	70

*LP=Licensed Psychologist

**PP=Psychological Practitioner

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PSYCHOLOGY, BOARD OF
PROGRAM: PSYCHOLOGY, BOARD OF
ACTIVITY: PSYCHOLOGY, BOARD OF

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	177	243	244	244	302	302	244	302	302
EXPENSES/CONTRACTUAL SRVCS	42	35	39	40	46	46	41	47	47
MISC OPERATING EXPENSES	22	25	35	28	30	30	28	32	32
SUPPLIES/MATERIALS/PARTS	40	5	4	4	4	4	4	4	4
CAPITAL EQUIPMENT	30				11	11		11	11
OTHER	6	21	8	8	8	8	8	12	12
SUBTOTAL STATE OPERATIONS	317	329	330	324	401	401	325	408	408
TOTAL EXPENDITURES	317	329	330	324	401	401	325	408	408
AGENCY PLAN ITEMS:									
NON-DEDICATED FEE SPENDING(UP TO 3%)						2		4	
FUNDING OF THE INITIATIVE						75		75	
SSP INDIRECT COST INCREASE								4	
TOTAL AGENCY PLAN ITEMS						77		83	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	315	311	322	316	393	393	317	396	396
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	2	18	8	8	8	8	8	12	12
TOTAL FINANCING	317	329	330	324	401	401	325	408	408
FTE BY EMPLOYMENT TYPE:									
REGULAR	4.7	6.4	5.6		7.6			7.6	
TEMP/SEAS/PART_TIME	.1		.1		.1			.1	
TOTAL FTE	4.8	6.4	5.7		7.7	7.7		7.7	7.7

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: PSYCHOLOGY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	330	330			330	330		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<7>	<7>			<7>	<7>		
DOCUMENTED RENT/LEASE INC/DEC	1	2			1	2		
SUBTOTAL BASE ADJ.	<6>	<5>			<6>	<5>		
CURRENT SPENDING	324	325			324	325		

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1996-97 Biennial Budget

AGENCY: Veterinary Medicine, Board of

AGENCY DESCRIPTION:

The Board of Veterinary Medicine is the licensing agency for veterinarians in Minnesota, established under M.S. 156 to ensure that veterinary practitioners meet and maintain competency standards.

The board reviews all license applications, prepares and administers the State Board Examination, and administers the National Board Examination and Clinical Competency Test to qualified applicants. Consumer complaints are processed and investigated. When indicated, the board inspects veterinary premises for sanitation, conducts license disciplinary hearings and disciplines veterinarians found to be in violation of M.S.156. The board also develops, alters or amends rules governing the practice of veterinary medicine in Minnesota. Routinely, fees are collected for licensure examinations, annual license renewal, certifying new veterinary corporations, and annually renewing current corporations

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Actual</u> <u>F.Y. 1993</u>	<u>Actual</u> <u>F.Y. 1994</u>	<u>Estimated</u> <u>F.Y. 1995</u>	<u>Estimated</u> <u>F.Y. 1996</u>	<u>Estimated</u> <u>F.Y. 1997</u>
Direct Costs:	\$104	\$106	\$110	\$142	\$151
Indirect Costs:					
Revenue Refund	-0-	-0-	1	1	1
Statewide Indirect	2	10	4	4	5
Attorney General	14	30	30	35	40
Administrative Services Unit	-0-	0	2	3	3
Total Costs	\$120	\$146	\$147	\$185	\$200
Revenue:					
Non-dedicated	\$135	\$139	\$146	\$183	\$191
Difference	\$15	\$(7)	\$(1)	\$(2)	\$(9)
Accumulated Ending Surplus/Deficit or Carryforward	\$25	\$18	\$17	\$15	\$6

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will be implementing a mandatory continuing education requirement as a prerequisite for annual license renewal. This will result in increased administrative workload for the office administrator and the executive director. Complaints against veterinarians have increase 45% within the last 4 years, resulting in escalating attorney general fees as well as greatly increased

administrative costs for rulemaking and for managing complaint resolution efforts and disciplinary activities. The increased administrative workload will be met by increasing the current 1.25 FTE of the part-time staff by an additional .35 FTE (F.Y. 1996) and .50 FTE (F.Y. 1997). This additional staff expense, plus anticipated higher attorney general expenditures will be met by an increase in license fees. Also impacting the budget figures is an anticipated price increase for the national examinations used by the board for examination of licensure candidates; this cost is recouped directly from the candidates and does not necessitate a fee increase.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>Actual</u> <u>F.Y. 1993</u>	<u>Actual</u> <u>F.Y. 1994</u>	<u>Estimated</u> <u>F.Y. 1995</u>	<u>Estimated</u> <u>F.Y. 1996</u>	<u>Estimated</u> <u>F.Y. 1997</u>
Examination Applicants	140	136	150	150	150
New Licenses Issued	137	131	140	145	145
Licenses Renewed	2,700	2,800	2,900	3,000	3,100
Licenses Dropped or Lapsed	40	50	50	75	75
Complaints Processed	40	44	50	55	60

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERINARY MED, BOARD OF
PROGRAM: VETERINARY MEDICINE, BOARD OF
ACTIVITY: VETERINARY MEDICINE, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	64	65	70	69	89	89	69	97	97
EXPENSES/CONTRACTUAL SRVCS	24	24	25	24	37	37	24	37	37
MISC OPERATING EXPENSES	14	12	13	13	14	14	13	15	15
SUPPLIES/MATERIALS/PARTS	1		2	2	2	2	2	2	2
CAPITAL EQUIPMENT		4							
OTHER	3	11	4	4	4	4	4	5	5
SUBTOTAL STATE OPERATIONS	106	116	114	112	146	146	112	156	156
TOTAL EXPENDITURES	106	116	114	112	146	146	112	156	156
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING (UP TO 3%)			SGS		1			2	
SSP INDIRECT COST INCREASE			SGS					1	
FUNDING OF THE INITIATIVE			SGS		33			41	
TOTAL AGENCY PLAN ITEMS					34			44	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	104	106	110	108	142	142	108	151	151
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	2	10	4	4	4	4	4	5	5
TOTAL FINANCING	106	116	114	112	146	146	112	156	156
FTE BY EMPLOYMENT TYPE:									
REGULAR	1.3	1.3	1.3		2.1			2.1	
TOTAL FTE	1.3	1.3	1.3		2.1	2.1		2.1	2.1

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: VETERINARY MED, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	114	114			114	114		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<2>	<2>			<2>	<2>		
SUBTOTAL BASE ADJ.	<2>	<2>			<2>	<2>		
CURRENT SPENDING	112	112			112	112		

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1996-97 Biennial Budget

AGENCY: Dietetics and Nutrition Practice, Minnesota Board of

AGENCY DESCRIPTION:

Laws of Minnesota for 1994, Chapter 613, creating the Board of Dietetics and Nutrition Practice states the practice of dietetic and nutrition services plays an important part in the attainment and maintenance of health. In addition, dietetics and nutrition services affects public health, safety, and welfare and is subject to regulation and control in the public interest.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to cover all direct - indirect costs.

Dollars in Thousands					
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Direct Costs	\$-0-	\$-0-	\$41	\$63	\$64
Indirect Costs					
Statewide Indirect	-0-	-0-	-0-	-0-	4
Attorney General	-0-	-0-	10	10	10
Admin. Svc. Unit	-0-	-0-	1	2	2
Revenue Refund	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL COSTS	\$-0-	\$-0-	\$52	\$75	\$80
Revenue:					
Non-dedicated	\$-0-	\$-0-	\$-0-	\$106	\$83
Surplus/(Shortfall)	\$-0-	\$-0-	\$(52)	\$31	\$3
Accumulated Ending Surplus/Deficit or Carryforward			\$(52)	\$(21)	\$(18)

EXPLANATION OF AGENCY'S BUDGET PLAN:

Laws of Minnesota for 1994, Chapter 13, Section 17 appropriated \$185,000 from the special revenue fund to be available to the board until 6-30-95. In reviewing the fiscal note prepared for the 1994 session it was determined that the Board of Dietetic and Nutrition Practice could conceivably spend \$52,000 in F.Y. 1995. The proposed budget for F.Y. 1995 is based on the shared time usage of the executive director for the Board of Optometry and shared office space. The budgets for F.Y. 1996 and F.Y. 1997 are based on the Dietetic and Nutrition Practice Board employee full time staff for the board and separate office space. Because of the time needed to start the Board of Dietetics and Nutrition Practices, revenues will not be collected during F.Y. 1995. The board will be generating additional revenue during the next 5 years to recover the operating cost of F.Y. 1995.

WORKLOAD EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Applications	0	0	0	550	-
Renewals	0	0	0	0	550

Preparation of the fiscal note was based on an initial 550 persons being licensed by this newly created board. Estimates of additional persons on a yearly basis has not been determined at this time.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DIETETIC & NUTRITION PRACTICE BD
PROGRAM: DIETETICS & NUTRITION, BOARD OF
ACTIVITY: DIETETICS & NUTRITION, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES			26	26	36	36	26	38	38
EXPENSES/CONTRACTUAL SRVCS			3	3	9	9	3	8	8
MISC OPERATING EXPENSES			6	6	7	7	6	7	7
SUPPLIES/MATERIALS/PARTS			1	1	2	2	1	2	2
CAPITAL EQUIPMENT			5	5	9	9	5	9	9
SUBTOTAL STATE OPERATIONS			41	41	63	63	41	64	64
TOTAL EXPENDITURES			41	41	63	63	41	64	64
AGENCY PLAN ITEMS:									
									FUND
ANNUALIZED NEW PROG COST						22		23	SGS
TOTAL AGENCY PLAN ITEMS						22		23	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV			41	41	63	63	41	64	64
TOTAL FINANCING			41	41	63	63	41	64	64
FTE BY EMPLOYMENT TYPE:									
REGULAR			.5		.9			.9	
TOTAL FTE			.5		.9	.9		.9	.9

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1996-97 Biennial Budget

AGENCY: Social Work, Board of

Dollars in Thousands

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
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AGENCY DESCRIPTION:

The Minnesota Board of Social Work, in accordance with M.S. Ch. 148B, regulates social work practice. The board's regulatory scheme is intended to insure that: 1) social workers meet the necessary requirements for initial licensure; 2) social workers obtain the supervision and continuing education necessary for continued licensure, as monitored by a biennial renewal process; and 3) social workers comply with the laws and the rules that the board is empowered to enforce.

While the primary tool for insuring compliance with the laws and rules is the complaint process, the board also monitors licensees' scope of practice. The board also educates licensees and the public about appropriate social work practice.

The board is composed of 11 members, of which 8 are licensed social workers and 3 are public members. The board's enabling legislation requires that members reflect the different practice settings and the diversity encompassed by the social work profession.

At its strategic planning retreat in September 1994, the board established the following three priorities:

1. By July 1996, to have in place a complaint process where all new routine complaints are resolved within 6 months, and where non-routine complaints are resolved within 1 year. Further, customers and stakeholders will have a complete understanding of the complaint process.
2. By July 1996, to have a proposal for a simplified licensing structure that is consistent with and furthers quality social work practice for the public.
3. By January 1996, to have in place a process whereby stakeholders are informed of the board's purpose, vision, and regulations, as well as expected standards of practice; customers are aware of the board's purpose and vision, have an understanding of the scope of practice of social work, and the availability of a complaint process; and the board is aware of customer and stakeholder concerns.

These priorities will guide the direction of the board's work in the next biennium.

REVENUES/COSTS:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

Direct Costs:	\$438	\$434	\$446	\$553	\$492
Indirect Costs:					
Revenue Refund	1	1	1	1	1
Statewide Indirect	1	10	18	18	24
Administrative Services Unit	-0-	1	4	14	14
Attorney General Services	<u>60</u>	<u>133</u>	<u>117</u>	<u>150</u>	<u>150</u>
Total Costs	\$500	\$579	\$586	\$736	\$681
Revenue:					
Non-Dedicated	\$393	\$559	\$630	\$640	\$650
Total Revenue	\$393	\$559	\$630	\$640	\$650
F.Y. Surplus (Shortfall)	\$(107)	\$(20)	\$44	\$(96)	\$(31)
Accumulated Ending Surplus/Deficit or Carryforward	\$117	\$97	\$141	\$45	\$14

EXPLANATION OF AGENCY'S BUDGET PLAN:

Although there remains volatility in the board's licensee base due to expired licenses and voluntary termination of licenses by persons employed in settings for which licensure is voluntary, the board is beginning to experience relative stability in the license base. For example, decreases in licensees because of expired licenses and terminated licenses during F.Y. 1994 was offset by the number of initial licenses issued. At this point, however, the board expects a gradual increase in the number of licensees and accompanying receipts. This increase should allow the board to avoid raising licensure fees for the next biennium. Similarly, the board anticipates that the large increase in the level of attorney services needed during the current biennium will level off. While the board expects a continued increase in attorney services, the increase will be more gradual.

The agency plan includes 3 approved initiatives. First, the board intends to add 1.0 staff person to its Complaint Unit. Because of the increasing volume of complaints, as well as the current workload related to pending complaints, the board believes that an increase in staff is necessary. This initiative is consistent with the board's established priority regarding the timeliness of its handling of complaints. Without this additional position, the board will not be able to achieve its objective of processing complaints in a manner which is fair both to the customer of social work services who has been allegedly harmed and to the social worker who is the subject of the complaint. Second, the board intends to complete the microfilming of its license records. This project was initiated in F.Y. 1992 and F.Y. 1993, but funding levels in F.Y. 1994 and F.Y. 1995 have not been sufficient for the board to complete this project. Given the lack of attention to this project, the volume of files which need to be microfilmed continues to increase. This data management function is essential, as the board needs to have a safe back-up system for its license records. Third, the board intends to update its computer equipment in order to improve the board's efficiency and effectiveness in processing applications and responding to inquiries. Also, this upgrade would allow the board to accommodate the complexity of its new database which it has developed over the past 2 years.

1996-97 Biennial Budget

AGENCY: Social Work, Board of
(Continuation)

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Total Current Licensees	8,612	8,693	8,800	8,925	9,050
Licensed Social Worker	4,893	4,948	5,000	5,075	5,150
Lic. Graduate Social Worker	652	685	750	800	850
Lic. Independent Social Worker	925	898	850	800	750
Lic. Indep. Clinical Soc. Worker	2,142	2,162	2,200	2,250	2,300
Number of Complaints	120	150	175	200	225
Number of Disciplinary Actions	6	6	12	15	20

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SOCIAL WORK, BOARD OF
PROGRAM: SOCIAL WORK, BOARD OF
ACTIVITY: SOCIAL WORK, BOARD OF

ACTIVITY SUMMARY	FY 1996			FY 1997					
	FY 1993	FY 1994	Est. FY 1995	Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	316	316	333	333	369	369	333	369	369
EXPENSES/CONTRACTUAL SRVCS	87	76	76	69	112	112	70	86	86
MISC OPERATING EXPENSES	28	35	33	33	33	33	33	33	33
SUPPLIES/MATERIALS/PARTS	3	3	4	4	4	4	4	4	4
CAPITAL EQUIPMENT					35	35			
OTHER	5	14	18	18	18	18	18	24	24
SUBTOTAL STATE OPERATIONS	439	444	464	457	571	571	458	516	516
TOTAL EXPENDITURES	439	444	464	457	571	571	458	516	516
AGENCY PLAN ITEMS:									
									FUND
NON-DEDICATED FEE SPENDING (UP TO 3%)						3			6
SSP INDIRECT COST INCREASE									6
FUNDING OF THE INITIATIVE						111			46
TOTAL AGENCY PLAN ITEMS						114			58
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	438	434	446	439	553	553	440	492	492
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	1	10	18	18	18	18	18	24	24
TOTAL FINANCING	439	444	464	457	571	571	458	516	516
FTE BY EMPLOYMENT TYPE:									
REGULAR	8.9	8.6	8.8		9.8			9.8	
TEMP/SEAS/PART_TIME	.2								

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SOCIAL WORK, BOARD OF
PROGRAM: SOCIAL WORK, BOARD OF
ACTIVITY: SOCIAL WORK, BOARD OF

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
OVERTIME	.1								
TOTAL FTE	9.2	8.6	8.8		9.8	9.8		9.8	9.8

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: SOCIAL WORK, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	464	464			464	464		
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<8>	<8>			<8>	<8>		
DOCUMENTED RENT/LEASE INC/DEC	1	2			1	2		
SUBTOTAL BASE ADJ.	<7>	<6>			<7>	<6>		
CURRENT SPENDING	457	458			457	458		

1996-97 Biennial Budget

AGENCY: Marriage and Family Therapy, Board of

AGENCY DESCRIPTION:

The Minnesota Board of Marriage and Family Therapy was established in 1987 under M.S. 148b. The board licenses marriage and family therapists who have met established standards of graduate education, post degree professional experience, and continuing education and who have passed the national licensure examination. The board protects the public by ensuring appropriate licensure and by acting upon complaints against licensed and non-licensed therapists.

Over 800 professionals have been licensed under this authority.

The board began licensing in 1989 through a grandparenting process. Permanent rules were finalized in late 1991 and most people who may be licensed under those rules are now completing their graduate education and the 2 years of post-degree supervised experience. Therefore, it is anticipated that the number of requests for licensure will be greatly increased during the F.Y. 1996-97 biennial budget.

REVENUES/COSTS:

This board generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to cover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Direct Costs	\$88	\$89	\$100	\$95	\$96
Indirect costs					
Statewide Indirect	2	7	3	3	5
Attorney General	6	6	6	7	7
Revenue Refund	-0-	-0-	1	1	1
Administrative Services Unit	-0-	-0-	1	3	3
Total Costs	\$96	\$102	\$111	\$109	\$112
Revenue:					
Non-dedicated	\$94	\$98	\$111	\$109	\$112
Surplus/(Shortfall)	\$(2)	\$(4)	\$-0-	\$-0-	\$-0-
Accumulated Ending Surplus/Deficit or Carryforward	\$8	\$4	\$4	\$4	\$4

EXPLANATION OF AGENCY'S BUDGET PLAN:

The Board of Marriage and Family Therapy is requesting a budget of \$95,000 for F.Y. 1996 and \$96,000 for F.Y. 1997. This funding covers the boards operational costs. The board sets fees to ensure recovery of its operational costs.

WORKLOAD/EFFICIENCY MEASUREMENTS:

Number of licenses issued 1989-1993 = 687

	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
No. licensed by exam	18	21	30	30	30
No. of complaints	36	18	20	20	20
No. of disciplinary actions	24	12	12	12	12
No. of licenses terminated for cause	21	0	1	0	0

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MARR & FAM THER, BOARD OF
PROGRAM: MARRIAGE AND FAMILY THERAPY, BOARD
ACTIVITY: MARRIAGE AND FAMILY THERAPY, BOARD

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	59	64	65	62	62	62	62	62	62
EXPENSES/CONTRACTUAL SRVCS	15	12	14	13	13	13	13	13	13
MISC OPERATING EXPENSES	11	10	12	11	12	12	11	13	13
SUPPLIES/MATERIALS/PARTS	2	1	8	8	8	8	8	8	8
CAPITAL EQUIPMENT		1	1						
OTHER	3	8	3	3	3	3	3	5	5
SUBTOTAL STATE OPERATIONS	90	96	103	97	98	98	97	101	101
TOTAL EXPENDITURES	90	96	103	97	98	98	97	101	101
AGENCY PLAN ITEMS:									
			FUND						
NON-DEDICATED FEE SPENDING (UP TO 3%)			SGS		1			2	
SSP INDIRECT COST INCREASE			SGS					2	
TOTAL AGENCY PLAN ITEMS					1			4	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATE GOVT SPEC REV	88	89	100	94	95	95	94	96	96
OPEN APPROPRIATIONS:									
STATE GOVT SPEC REV	2	7	3	3	3	3	3	5	5
TOTAL FINANCING	90	96	103	97	98	98	97	101	101
FTE BY EMPLOYMENT TYPE:									
REGULAR	1.7	1.5	1.6		1.6			1.6	
TOTAL FTE	1.7	1.5	1.6		1.6	1.6		1.6	1.6

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: MARR & FAM THER, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.96	F.Y.97	F.Y.96	F.Y.97	F.Y.96	F.Y.97	F.Y.96	F.Y.97
F.Y.95 FUNDING LEVEL	103	103			103	103		
BASE ADJUSTMENTS								
----- APPROPRIATIONS CARRIED FWD	<6>	<6>			<6>	<6>		
SUBTOTAL BASE ADJ.	<6>	<6>			<6>	<6>		
----- CURRENT SPENDING	97	97			97	97		

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1996-97 Biennial Budget

AGENCY: Telecommunications Access for Communication Impaired Persons (TACIP)

AGENCY DESCRIPTION:

The Telecommunications Access for Communication Impaired Persons (TACIP) Board was created in 1987 to "establish and administer a program to distribute communication devices to eligible communication-impaired persons and to create and maintain a telecommunication relay service."

The operation of the TACIP Board programs is provided by the Minnesota Department of Human Services - Deaf and Hard of Hearing Services Division, which operates the Equipment Distribution Program (EDP) through its Regional Service Centers for the Deaf and Hard of Hearing and the Deafness, Education and Advocacy Foundation (DEAF), the organization which operates the Minnesota Relay Service (MRS). Administrative oversight of both programs and the MRS relay facility is provided by the TACIP Board and its 4-member staff. Although it functions as a separate state agency, TACIP receives fiscal and operation support through an inter-agency agreement with the Minnesota Department of Administration.

REVENUES:

TACIP has 3 sources of revenue: a surcharge, which is assessed on all telephone access lines in Minnesota; revenue from reselling intrastate and interstate long distance telephone service; and reimbursement from the National Exchange Carriers Association (NECA) for relay service provided on interstate long distance calls.

Surcharge

The access line surcharge is the main source of revenue for the TACIP Board. M.S. 237.52, subd. 2 establishes a surcharge as the funding mechanism and establishes a maximum of 20 cents per access line. The Public Utilities Commission (PUC) is responsible for approving TACIP's annual budget and setting the surcharge at a level which will generate sufficient funding for the board and its programs. The current surcharge of \$0.17 will produce an estimated \$4,745,840 in F.Y. 1995. Access line growth is projected to be 1.5% per year.

Long Distance Revenue

The TACIP Board began reselling long distance service to MRS users in March 1994. When a customer calls into the MRS and would like to place a long distance intrastate or interstate call, the call is placed over the state of Minnesota's long distance network (currently provided under contract by MCI). TACIP purchases the long distance service from the state (Department of Administration) and resells it to the MRS caller. Long distance revenue is projected to grow at a rate of 5% per year.

NECA Reimbursement

The Federal Communications Commission (FCC) has ordered all interexchange carriers (long distance companies) to reimburse telecommunication relay service (TRS) providers for the relay service provided on interstate calls. The FCC requested NECA to establish and administer a "shared

fund" to which interexchange carriers will pay into based upon their gross revenues. TRS providers are then reimbursed on a per-minute basis for relay service on interstate calls. Interstate call volume is expected to grow at a rate of 5% per year.

Actual and projected revenues for F.Y. 1993-97 are listed below:

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Surcharge @ \$0.17	\$2,750	\$4,613	\$4,746	\$4,817	\$4,889
Long Distance	-0-	30	76	80	84
NECA	-0-	134	327	344	361
Interest	47	15	7	7	8
Seminar Fees	-0-	4	-0-	-0-	-0-
Total Annual Revenue	<u>\$2,797</u>	<u>\$4,792</u>	<u>\$5,156</u>	<u>\$5,248</u>	<u>\$5,342</u>
Balance Forward	<u>1,498</u>	<u>560</u>	<u>540</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$4,295</u>	<u>\$5,348</u>	<u>\$5,696</u>	<u>\$5,248</u>	<u>\$5,342</u>
Expenditures	3,735	4,812	5,696	5,428	5,342
Bal. Fwd. Out	560	540	-0-	-0-	-0-

EXPLANATION OF AGENCY'S BUDGET PLAN:

TACIP is anticipating a growth in the number of access lines within Minnesota at an annual rate of 1.5%. This growth rate will generate an equal increase in revenue. If it appears that TACIP will be unable to meet demands for service and comply with federal mandates for TRS at the current funding levels, the board will submit a formal request to the PUC to increase the surcharge to a level that will adequately fund TACIP programs. Increases from TACIP's other revenue sources, long distance service and NECA reimbursement, will act to offset the need for future surcharge increases. The current surcharge is \$0.17 and the maximum permitted under the TACIP statute is \$0.20.

The expenditures displayed in the budget exhaust the estimated revenues which are currently authorized. In addition, expenditures are expected to increase in excess of a million dollars each year of the 1996-97 biennium. The shortfall will be addressed as follows:

- 1) The board will submit a request to the PUC to increase the surcharge from \$.17 to \$.20 as authorized by current law. This will generate approximately \$1.7 million during the biennium.
- 2) The board has proposed legislation which will add the users of cellular telephones to those required to pay the surcharge. This will generate nearly \$1 million during the biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: TELECOMM ACCESS COMM IMPAIRED PERSONS BD
PROGRAM: TACIP BOARD-COMM IMPAIRED
ACTIVITY: TACIP BOARD-COMM IMPAIRED

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	125	140	163	169	169	169	169	169	169
EXPENSES/CONTRACTUAL SRVCS	3,201	4,142	4,992	4,515	4,515	4,515	4,581	4,581	4,581
MISC OPERATING EXPENSES	276	384	408	427	427	427	451	451	451
SUPPLIES/MATERIALS/PARTS	86	61	27	28	28	28	29	29	29
CAPITAL EQUIPMENT	23	60	57	60	60	60	63	63	63
OTHER	24	25	49	49	49	49	49	49	49
SUBTOTAL STATE OPERATIONS	3,735	4,812	5,696	5,248	5,248	5,248	5,342	5,342	5,342
TOTAL EXPENDITURES	3,735	4,812	5,696	5,248	5,248	5,248	5,342	5,342	5,342
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,735	4,812	5,696	5,248	5,248	5,248	5,342	5,342	5,342
TOTAL FINANCING	3,735	4,812	5,696	5,248	5,248	5,248	5,342	5,342	5,342
FTE BY EMPLOYMENT TYPE:									
REGULAR	1.0	2.0	3.5		3.5			3.5	
TEMP/SEAS/PART_TIME	1.9	1.2							
TOTAL FTE	2.9	3.2	3.5		3.5	3.5		3.5	3.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: TELECOMM ACCESS COMM IMPAIRED PERSONS BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	5,696	5,696			5,696	5,696		
BASE ADJUSTMENTS								
DED STAT APPROP SPENDING	<448>	<354>			<448>	<354>		
SUBTOTAL BASE ADJ.	<448>	<354>			<448>	<354>		
CURRENT SPENDING	5,248	5,342			5,248	5,342		

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1996-97 Biennial Budget

AGENCY: Disability, Minnesota State Council on (MSCOD)

AGENCY DESCRIPTION:

The Minnesota State Council on Disability (MSCOD) was created in 1973. The statutory authority is M.S. 256.482. Policy for MSCOD is set by a council of 21 members, appointed by the governor, with representation from each of the economic development regions in the state.

The mission of the MSCOD is to expand opportunities for all children and adults with a disability throughout Minnesota, without regard to disability, and to advocate policies and programs which will promote the independence of children and adults with disabilities and protect their right to participate fully in society.

Specific statutory duties given to MSCOD are: 1) advising the governor, the legislature, and state agencies on matters pertaining to public policy, programs, services, and facilities for persons with disabilities; 2) encouraging and assisting with the development of coordinated interdepartmental goals and objectives and the coordination of programs, services, and facilities for persons with disabilities; 3) serving as a source of information to people with disabilities and the general public on matters pertaining to disabilities; 4) researching, formulating, and advocating plans, programs, and policies to serve the needs of persons who are disabled; and 5) initiating or intervening in administrative or judicial proceedings which directly affect the legal rights of persons with a disability.

REVENUES:

None.

GOALS AND OBJECTIVES:

Health Care: Our health care system will be based on the principles of 1) non-discrimination; 2) comprehensiveness; 3) appropriateness; 4) equity; 5) efficiency; and 6) consumer control. Represents the interests of the disability community in discussion of health care services on the MN Health Care Commission, Regional Coordinating Boards, and committees of the Minnesota Department of Health and the Department of Human Services:

- Research health care issues and prepare papers, letters, and testimony.
- Advocate for inclusion of long term care issues in health care reform.
- Work with disability community and other organizations in health care reform.

Accessibility: People with disabilities will be able to freely interact in all aspects of society without encountering barriers, obstacles, inconvenience or exclusion.

- Educate state agencies, counties, cities, and the public on the accessibility codes.
- Support the Department of Education's requests for grants for school accessibility.
- Work with the Building Code Standards Division of the Department of Administration to develop new state building codes.
- Educate architecture schools on the importance of including an accessibility component in the curriculum of their program.

Employment: Barriers to employment for persons with disabilities will be decreased.

- Work with other state agencies to improve employment options in state government for people with disabilities.
- Educate employers and individuals of employment rights of persons with disabilities.
- Educate people on and advocate for Social Security/Medicaid employment incentives.

Transportation: Appropriate, accessible and affordable transportation will be provided to all persons with disabilities.

- Work out a coordinated strategy for increasing accessible transportation in Minnesota.
- Advocate for a constitutional amendment establishing a dedicated transit fund.

Rights: Discrimination against individuals with disabilities will be decreased.

- Educate employers and individuals on civil rights laws for persons with disabilities
- Provide technical assistance on the Americans With Disabilities Act (ADA) and other civil rights laws.
- Conduct training sessions on the ADA and other civil rights laws pertaining to disability.

Education: Educational services will meet the individualized needs of students with disabilities.

- Protect the education rights of students with disabilities.
- Assess the effectiveness of efforts to educate students with disabilities.
- Monitor policies and legislation which would affect students with disabilities.

Public Education/Information: MSCOD will provide information to people with disabilities and the general public on matters pertaining to disabilities.

- Information and referral inquiries — 13,000 inquiries per year.
- Technical assistance inquiries — 5,000 inquiries per year.
- Workshops and forums — 2,000 in attendance per year.
- The connector, a newsletter with a circulation of 9,000 — 4 issues per year.
- Capitol Ideas, an intermittent news bulletin to disability organizations on current issues of concern to the disability community - a total of 5,000 copies per year.

EXPLANATION OF AGENCY'S BUDGET PLAN:

Whenever possible MSCOD will work in cooperation with other state agencies and private sector organizations dealing with disabilities. Cooperating jointly with other organizations is not only cost effective but it also provides citizens of Minnesota with input on our public policy recommendations. MSCOD will use interagency agreements, cosponsorships, and coalition building as a means of working more efficiently and involving as many citizens as possible. MSCOD will work through cosponsorship with other agencies and community organizations in the areas of rights, accessibility, employment, transportation, health care, and education. For instance, in the area of rights and access for people with disabilities, the council will work in conjunction with other organizations involved in the Statewide Steering Committee on the Americans With Disabilities Act and with the Great Lakes Disability and Business Technical Assistance Center. On employment issues, MSCOD is the state's representative of the Presidents Committee on Employment of People With Disabilities. With an emphasis on working cooperatively with other agencies and disability community related organizations, MSCOD expects to maintain a high level of performance in an economical manner.

GOVERNOR'S RECOMMENDATION:

The Governor intends to submit legislation removing Minnesota State Council on Disability from state agency status. State financial support will continue at the level of the agency plan for F.Y. 1996 and F.Y. 1997 but will come in the form of a grant, free from the administrative controls imposed on state agencies.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: CNCL ON DISABILITY
PROGRAM: CNCL ON DISABILITY
ACTIVITY: CNCL ON DISABILITY

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	381	388	405	405	405		405	405	
EXPENSES/CONTRACTUAL SRVCS	77	90	90	92	97		93	103	
MISC OPERATING EXPENSES	67	63	79	69	69		69	69	
SUPPLIES/MATERIALS/PARTS	26	21	10	10	10		10	10	
CAPITAL EQUIPMENT	31		3	3	3		3	3	
=====	=====	=====	=====	=====	=====		=====	=====	
SUBTOTAL STATE OPERATIONS	582	562	587	579	584		580	590	
LOCAL ASSISTANCE						584			590
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	582	562	587	579	584	584	580	590	590
AGENCY PLAN ITEMS:									
									FUND
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SMALL AGENCY 3%						5		10	GEN
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS						5		10	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	572	557	578	570	575	575	571	581	581
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	6	1	5	5	5	5	5	5	5
FEDERAL	1	2	1	1	1	1	1	1	1
GIFTS AND DEPOSITS	3	2	3	3	3	3	3	3	3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	582	562	587	579	584	584	580	590	590
FTE BY EMPLOYMENT TYPE:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
REGULAR	9.0	9.3	9.0		9.0			9.0	
TEMP/SEAS/PART_TIME	.6	.4	.4		.4			.4	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	9.6	9.7	9.4		9.4			9.4	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: CNCL ON DISABILITY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	587	587	578	578	8	8	1	1
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<10>	<10>	<10>	<10>				
DOCUMENTED RENT/LEASE INC/DEC	2	3	2	3				
SUBTOTAL BASE ADJ.	<8>	<7>	<8>	<7>				
CURRENT SPENDING	579	580	570	571	8	8	1	1

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1996-97 Biennial Budget

AGENCY: Office of the Ombudsman for Mental Health and Mental Retardation

AGENCY DESCRIPTION:

The Office of the Ombudsman for Mental Health and Mental Retardation is an independent state agency created in 1987 by M.S. 245.91-97. The Office is organized on a regional basis with staff located throughout the state to provide direct assistance to consumers with mental illness, developmental disabilities, chemical dependency, and children experiencing emotional disturbance. The office assists consumers to obtain services meeting the highest attainable standard and intervenes through advocacy and mediation to resolve disputes and difficulties in ways which are fair and equitable and protect those least able to care for themselves. Through investigatory and monitoring activities we review all serious injuries and deaths of consumers residing in licensed facilities, and we identify systemic problems and issues that affect the adequacy and quality of services delivered to all consumers. The Ombudsman synthesizes the overall work of the agency to make recommendations to elected officials, government agencies, and service providers about systemic issues needing attention.

REVENUES:

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The Office of Ombudsman has been operating on a crisis level budget. This came about in 1993 when all agencies were requested to reduce their F.Y. 1994 base budgets by 5%; the result was that this agency bore a reduction that represented more than twice that amount. Because of this reduction in funding, both the Governor and Legislature supported a supplemental appropriation for F.Y. 1995, which was passed but lost when the bill was vetoed for other reasons.

This Office is mandated by law to maintain a regional office located at each regional treatment center (8 RTCs). In addition, more than 25% of the work load comes from Ramsey and Hennepin Counties where there is no regional treatment center. Two advocates cover the metro counties (other than Anoka, which has a RTC). The office is also mandated to provide statewide death and serious injury review and review of systemic issues, which presently requires two staff. Due to these mandates, approximately 88% of our budget is allocated to wages and benefits. Past biennium reductions have cut more deeply than is prudent for this agency to continue to serve some of Minnesota's most vulnerable citizens.

The agency budget request includes base funding plus 3% per year inflation on operating expenses as authorized by the Department of Finance. This funding will cover increases in rent and inflation in operating costs. Current fixed operating costs are approximately \$110,000.

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
3% inflation on operating expenses	\$3	\$6	\$6	\$6
Current Spending	885	885	885	885

ISSUES AFFECTING AGENCY'S OPERATIONS:

The number of individuals in Minnesota who are receiving services for mental illness, mental retardation, chemical dependency, and children with an emotional disturbance is increasing. This potential client base consists of over 105,000 citizens. Based on our mandate, any of these individuals or their families should expect assistance when contacting our office. This client base is currently served by 13 professional and three support staff.

During the last decade, state regional treatment centers have downsized and two centers are presently in the final stages of closure. This population shift from large facilities to small residential options has greatly expanded the community presence of this agency. Advocates were also accessible to hundreds of clients served by RTCs. In the community based settings, these citizens live in smaller group homes dispersed over a larger area. Much more travel time is expended to provide customer services in this expanding environment. It is even more important to have advocacy services available to these individuals due to the potential risks of living in more isolated individual settings.

Increasingly, this office is solicited to mediate between parties and to provide input to policy makers on a large array of issues affecting consumers experiencing mental disabilities. We actively utilize our data and experience to identify recurrent systemic problems that need attention from the legislature, state agency heads, and service providers. Our goal is to bring about change that leads to improving effectiveness and efficiency of the service delivery system, while assuring that consumers who are least able to care for themselves are protected.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the addition of the Advocacy Operations initiative. This initiative, which is detailed on the following page, will enable the office to better serve its clients.

The Governor intends to submit legislation removing the Ombudsman for Mental Health and Mental Retardation from state agency status. State financial support will continue at the level of the agency plan for F.Y. 1996-97 but will come in the form of a grant, free from the administrative controls imposed on state agencies.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OMBDSMN FOR MH & MR
PROGRAM: OMBUDSMAN FOR MH & MR
ACTIVITY: OMBUDSMAN FOR MH & MR

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	831	771	788	774	774		774	774	
EXPENSES/CONTRACTUAL SRVCS	64	49	52	53	53		53	53	
MISC OPERATING EXPENSES	58	41	44	44	47		44	50	
SUPPLIES/MATERIALS/PARTS	15	10	12	12	12		12	12	
CAPITAL EQUIPMENT	5		2	2	2		2	2	
SUBTOTAL STATE OPERATIONS	973	871	898	885	888		885	891	
LOCAL ASSISTANCE						1,132			1,097
TOTAL EXPENDITURES	973	871	898	885	888	1,132	885	891	1,097
AGENCY PLAN ITEMS:									
SMALL AGENCY 3/4 INC					3			6	
TOTAL AGENCY PLAN ITEMS					3			6	
GOV'S INITIATIVES:									
(A) ADVOCACY OPERATIONS						244			206
TOTAL GOV'S INITIATIVES						244			206
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	973	871	898	885	888	1,132	885	891	1,097
TOTAL FINANCING	973	871	898	885	888	1,132	885	891	1,097
FTE BY EMPLOYMENT TYPE:									
REGULAR	17.1	15.9	16.3		20.0			20.0	

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OMBDSMN FOR MH & MR
PROGRAM: OMBUDSMAN FOR MH & MR
ACTIVITY: OMBUDSMAN FOR MH & MR

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	.5	.4							
TOTAL FTE	17.6	16.3	16.3		20.0			20.0	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: OMBDSMN FOR MH & MR

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	898	898	898	898				
BASE ADJUSTMENTS								
APPROPRIATIONS CARRIED FWD	<14>	<14>	<14>	<14>				
DOCUMENTED RENT/LEASE INC/DEC	1	1	1	1				
SUBTOTAL BASE ADJ.	<13>	<13>	<13>	<13>				
CURRENT SPENDING	885	885	885	885				

F.Y. 1996-97 BUDGET INITIATIVE

AGENCY: Office of Ombudsman for Mental Health and Mental Retardation
PROGRAM: Office of Ombudsman for Mental Health and Mental Retardation
ACTIVITY: Office of Ombudsman for Mental Health and Mental Retardation

ITEM TITLE: Advocacy Operations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
Ombuds. for MH/MR	\$244	\$206	\$206	\$206
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statute(s) affected: M.S.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$244,000 in F.Y. 1996 and \$206,000 in F.Y. 1997. This funding will enable the agency to maintain current staffing levels and also establish two additional regional offices to provide mandated advocacy services for individuals with mental illnesses or mental retardation and related conditions, persons who are chemically dependent, and to children with emotional disturbances who are living in the community.

The Governor intends to submit legislation removing the Ombudsman for Mental Health and Mental Retardation from state agency status. State financial support will continue at the level of the agency plan for F.Y. 1996-97 but will come in the form of a grant, free from the administrative controls imposed on state agencies.

RATIONALE:

The number of individuals who are receiving services for mental illness, mental retardation, chemical dependency and emotional disturbance in children in Minnesota is increasing. Advocates are available to hundreds of clients served by RTCs. During the last decade, these RTCs have downsized and two centers are presently in the final stages of closure. This population shift from large facilities to small residential options has greatly expanded the community presence of this agency. In the community based settings, these citizens live in smaller group homes dispersed over a larger area. Much more travel time is expended to provide customer services in this expanding environment. It is even more important to have advocacy services available to these individuals due to the potential risks of living in more isolated individual settings.

Based on our mandate, any of the potential client base of over 105,000 citizens should expect

assistance when contacting this office. This client base is currently served by 13 professional and three support staff. Past biennium reductions have cut deeply into the agency's budget so that an increase in funding is needed just to maintain current staffing and service levels. Additional funding is also needed to increase staffing and service levels to meet the needs of the state's vulnerable population, whom the agency is mandated to serve, and to improve the professionalism of the agency.

PROGRAM OUTCOMES:

The requested funding will enable the agency to restore staffing to an appropriate number, as some staff are currently on unpaid leaves of absence, or positions have been left vacant. This will help the agency to respond immediately to phone calls and to more adequately handle the volume of work to be done. The funding will also establish two regional community based offices, to replace those that were formerly housed within Moose Lake and Faribault RTCs. A children's program will also be implemented, to meet the needs of this growing population. This will include establishing a specialist position to serve children and the families of children receiving services.

Finally, technology and equipment upgrades, funding for ongoing staff training, and a one-time expense to cover potential retirement payoffs of two current employees will help the agency to operate in an improved professional manner.

LONG-TERM IMPACT:

As changes in the service delivery system continue to occur, this funding will enable the Ombudsman to assist those citizens who are least able to cope with change, and to monitor the effects of the evolving service system on individuals.

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1996-97 Biennial Budget

1996 and F.Y. 1997 but will come in the form of a grant, free from the administrative controls imposed on state agencies.

AGENCY: Office of Ombudsperson for Families

AGENCY DESCRIPTION:

The Office of Ombudsperson for Families is authorized by M.S. 257.0755 and was created in 1991. The original legislation required the office to operate independently but under the auspices of the following groups: the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans. Each of these groups selected its own ombudsperson. In 1994 the legislature changed the relationship between the Office and the councils by removing them from the auspices of the councils and required that they work in collaboration with the councils. Also under this legislation, the selection of the ombudsperson was changed from the councils to a community-specific board. Four community-specific boards were created. Each consists of 5 members. The chair of each of the 4 councils appoints the community-specific board. The members of the 4 community-specific boards are required to meet together at least 4 times a year to advise the ombudspersons on overall policies.

Each ombudsperson has the authority to investigate decisions, acts, and other matters of an agency, program, or facility providing protection or placement services to children of color.

REVENUES:

None.

GOALS:

The goal of the Office of Ombudsperson for Families is to ensure that all laws governing the protection of children and their families are implemented in a culturally competent manner.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The office is funded from a transfer from the Department of Human Services, of \$92,000 each year, a General Fund appropriation made to the Department of Education and transferred to the Office of Ombudspersons, of \$32,000 in F.Y. 1996 and \$36,000 in F.Y. 1997 and direct General Fund appropriations of \$101,000 each year.

The ombudspersons were originally housed with the related councils. With the clarifying language regarding the independent nature of the office and in order to better communicate between the four ombudspersons, common office space is now used.

Each of the ombudspersons have served on a part-time basis. The 1994 legislature approved additional funding with the intent of making the positions full-time. However, the current spending level provides basic support funding and approximately three-quarter time salary funding. Additional funding in the agency plan provides for full salary funding for the 4 ombudspersons.

GOVERNOR'S RECOMMENDATION:

The Governor intends to submit legislation removing the Office of Ombudsperson for Families from state agency status. State financial support will continue at the level of the agency plan for F.Y.

1996-1997 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OMBUDSPERSON FOR FAMILIES
PROGRAM: OMBUDSPERSON FOR FAMILIES

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
BLACK MINNESOTAN FAMILIES			42	46	58	58	47	59	59
ASIAN PACIFIC FAMILIES			67	46	55	55	47	56	56
SPANISH SPEAKING FAMILIES			55	46	56	56	47	57	57
INDIAN FAMILIES			70	46	56	56	47	57	57
TOTAL EXPENDITURES BY ACTIVITY			234	184	225	225	188	229	229
AGENCY PLAN ITEMS:			FUND						
ANNUALIZED NEW PROG COST			GEN		41			41	
TOTAL AGENCY PLAN ITEMS					41			41	
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL			106	92	133	133	96	137	137
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE			128	92	92	92	92	92	92
TOTAL FINANCING			234	184	225	225	188	229	229
FTE BY EMPLOYMENT TYPE:									
REGULAR			4.0		4.0			4.0	
TOTAL FTE			4.0		4.0			4.0	

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
 BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
 BY SEC SEQ

AGENCY: OMBUDSPERSON FOR FAMILIES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	234	234	106	106	128	128		
BASE ADJUSTMENTS								
BIENNIAL APPROPRIATIONS APPROPRIATIONS CARRIED FWD	32 <82>	36 <82>	32 <46>	36 <46>	<36>	<36>		
SUBTOTAL BASE ADJ.	<50>	<46>	<14>	<10>	<36>	<36>		
CURRENT SPENDING	184	188	92	96	92	92		