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MINNESOTA BIENNIAL BU

Health & Human Services 2000-01

Presented by Governor Jesse Ventura
to the 81st Legislature

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Health &
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Services

2000-01 BIENNIAL BUDGET

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The Governor's 2000-01 Biennial Budget can be viewed at
the Department of Finance's web site at:
<http://www.finance.state.mn.us/bis>

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2000-01 Biennial Budget

Bill Summary: Health and Human Services

The Health and Human Services area includes income maintenance, health care, and public health services for Minnesotans. The figures shown below for the 2000-01 biennium include forecast entitlement increases, the Governor's recommended budget changes, and \$396 million for the Minnesota Families Foundation.

HHS Funding (\$000s)	1998-99 Biennium				2000-01 Biennium			
	General Fund	% of Total	All Funds	% of Total	General Fund	% of Total	All Funds	% of Total
Human Services	4,614,277	96.49	11,070,900	94.46	5,152,674	96.01	13,026,256	94.82
Health	117,612	2.46	530,498	4.53	153,417	2.86	572,332	4.17
Veterans Home Board	43,761	0.92	88,646	0.76	53,016	0.99	104,267	0.76
Emergency Medical Svcs Reg Bd	1,959	0.04	7,621	0.07	3,007	0.06	8,644	0.06
Medical Practice Board			4,592	0.04			7,643	0.06
Nursing Board			4,223	0.04			4,511	0.03
Ombud For Mental Health & M R	2,747	0.06	2,747	0.02	2,906	0.05	2,906	0.02
Pharmacy Board			2,200	0.02			2,437	0.02
Dentistry Board			1,535	0.01			1,629	0.01
Social Work Board			1,438	0.01			1,365	0.01
Disability Council	1,275	0.03	1,281	0.01	1,323	0.02	1,329	0.01
Psychology Board			995	0.01			1,202	0.01
Nursing Home Admin Board			775	0.01			1,154	0.01
Chiropractors Board			705	0.01			746	0.01
Ombudsperson For Families	318	0.01	663	0.01	397	0.01	731	0.01
Veterinary Medicine Board			364				387	
Marriage & Family Therapy Board			237				270	
Dietetics & Nutrition-Practice			192				205	
Optometry Board			189				201	
Podiatry Board			81				109	
Total	4,781,949		11,719,882		5,366,740		13,738,324	

NOTE: General Fund amounts are direct appropriated amounts only.

REVISED

2000-01 Biennial Budget
Bill Summary: Health and Human Services
(Continued)

Base Adjustments by Category	F.Y. 2000		F.Y. 2001	
	General Fund	All Funds	General Fund	All Funds
Attorney General Costs	63	78	128	159
New Programs to Agency Base	(6,719)	(8,204)	(9,059)	(10,522)
Biennial Appropriations	1,054	1,054	250	250
Caseload/Enrollment Change	27,707	55,491	123,267	301,700
Capital Project Operating Costs	1,179	1,179	3,922	3,922
Fund Change/Consolidation		(7)		(7)
One-time Appropriations	(8,194)	(24,845)	(8,194)	(24,877)
Doc. Space Rental/Lease	5,747	6,570	5,829	6,705
Small Agency Operational Expense	10	48	19	96
Statewide Administrative Systems	387	423	387	423
2000-01 Salary & Benefit Base	7,503	8,342	15,252	16,955
Program/Agency Sunset	(275)	(275)	(275)	(518)
System Development Cost		(50)		(486)
Transfers Between Agencies	(16,408)	(16,408)	(17,706)	(17,706)
Uniform Pension Bill Reduction	(361)	(361)	(361)	(361)
Totals	11,693	23,035	113,459	275,733

Note: Individual base adjustments may be positive or negative depending on the item and adjustment category; all category amounts shown here are net figures.

General Fund amounts are for direct appropriations only.

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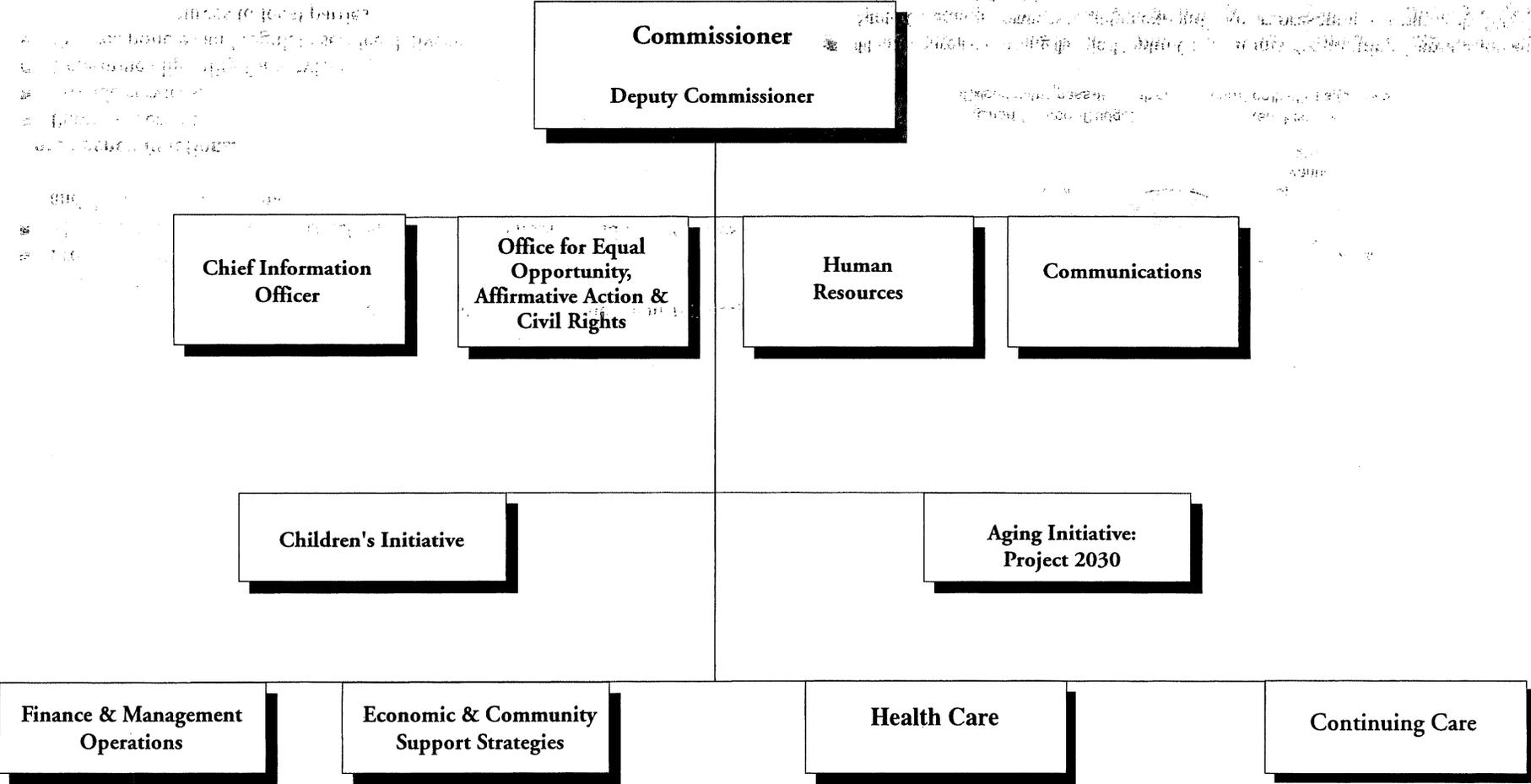
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2000-01 Biennial Budget
Agency Executive Summary

AGENCY: Human Services, Department of (DHS)

AGENCY MISSION AND VISION:

The mission of the DHS is to provide health care, economic assistance, and social services to Minnesotans whose personal or family resources are inadequate to meet their basic needs.

Strategies and policies that are used to achieve the agency's mission are based on the following core values:

- We focus on people, not programs.
- We are responsible for the common good.
- We recognize and act upon our mutual responsibility to each other.
- We provide safety nets and ladders up for the people we serve.
- We are partners with communities to mobilize supports and help people function and succeed.

KEY SERVICE STRATEGIES:

- Rely on prevention first. Connect clients to family and community resources; government interventions are a last resort.
- Design ladders out of the safety net that complement, rather than replace, family, community, and church responsibilities.
- Provide safety nets that are well-defined and promote self-reliance.
- Measure value (consumer satisfaction, cost-effectiveness), build on successes, and discard ineffective methods.

Core agency functions.

- Purchase services.
- Provide services.
- Determine eligibility for services.
- Enforce policies and regulate service delivery.
- Distribute resources to local parties.
- Disseminate information on services and policies to local entities, providers, and general public.
- Evaluate effectiveness of existing policy and services.

OPERATING ENVIRONMENT:

The following services are provided through DHS appropriations:

- Basic health care for over 500,000 low income families, children, elderly, and disabled.
- Nursing home and group home care for over 32,000 (Nursing Facilities - 29,000; Intermediate Care Facilities for the Mentally Retarded - 3,800).
- Treatment services in regional treatment centers for over 20,000 chemically dependent, mentally ill, and developmentally disabled individuals.
- Temporary cash assistance for families in crisis, serving approximately 48,000 families in the Minnesota Family Investment Program (MFIP).
- Cash assistance for disabled and elderly, serving approximately 34,000 individuals (Minnesota Supplemental Aid and General Assistance).
- Services for children, including child support enforcement for 224,000 cases (families, individuals) child protection, foster care, and adoption.

Human Services Financing

- The following chart shows the 1998-99 biennium funding sources for human services expenditures.

DHS Expenditures by Fund

F.Y. 1998-99 Biennium - Total Funds \$10,301,384,000

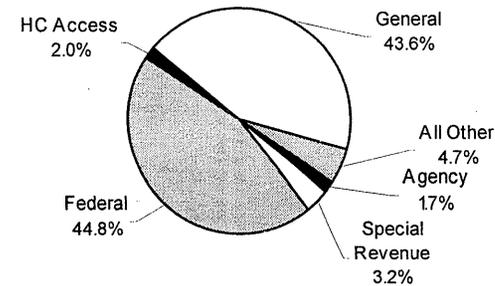


Chart Source: Budget Information System Fiscal Pages
Excludes the pass-through child support collections (\$769.5)

- Health care (including Basic Health Care Grants, Continuing Care Grants and State-Operated Services) related expenditures represent approximately 80% of DHS' general fund budget.

2000-01 Biennial Budget

Agency Executive Summary

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

- The following chart shows total General Fund expenditures by program.

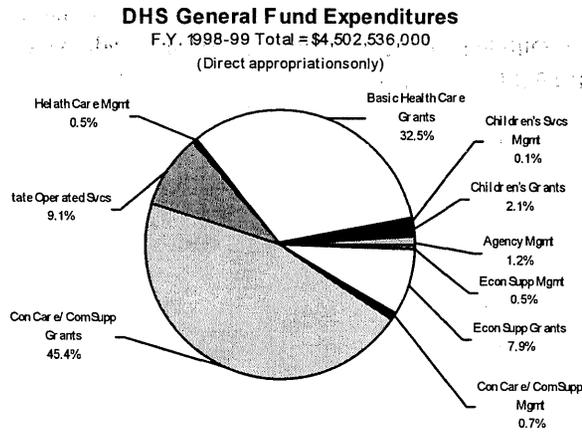


Chart Source: Budget Information System Fiscal Pages

- In recent biennia, the rate of General Fund expenditure growth for human services has been less than the statewide expenditure growth.

DHS Expenditure Growth Compared To Statewide Expenditure Growth General Fund Only

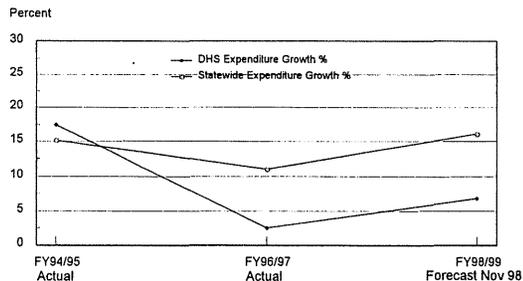


Chart Source: Dept. of Finance Fund Balance Statements

- Minnesota's strong economy has allowed for lower than expected entitlement spending.
- Over \$970 million of original 1996-97 biennium and 1998-99 biennium General Fund appropriations were eventually cancelled.
- The November forecast anticipated approximately \$270 million less for entitlement spending in F.Y. 2000-01 than was forecast last February.
- However, human services cost growth accelerates under a weakening economy. A weakening economy also lowers state revenue growth, and this compounds the problem of funding the growing demand for safety net services.
- In recent years, reserve strategies have been employed to provide some cushion for economic downturns and federal funding changes. Currently there are reserves held in both economic assistance and health care accounts.

Acute Health Care

Successes:

- Reliastar named Minnesota as the healthiest state.
- Minnesota has one of the lowest rates of uninsured.
- The number of uninsured children has been reduced by 40%.
- MinnesotaCare has kept 4,600 families off welfare.

Pressures:

- Existing programs need to be simplified and made to work better. Of the 60-80,000 children still uninsured, 85% are likely to be eligible for existing programs.
- Access to health care for working families and working persons with disabilities can be improved. The availability of health care and child care are key to keeping families off welfare.
- Erosion of public fee-for-services payment rates may limit access to services. Public payment rates have not kept up with those of other health care purchasers.
- Providers are requesting significant increases to managed care rates.
- Small markets with fewer provider networks present challenges for competitive, market-based purchasing.
- Outcome measures are needed to inform health care purchasing and public decision making.

Continuing Care (Including Long-Term Care)

Successes:

- Moratorium on new nursing home construction has resulted in more at-home care for the elderly.
- Project 2030/Aging Initiative has heightened public awareness of the need to plan ahead for self-sufficient retirement.

**2000-01 Biennial Budget
Agency Executive Summary**

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

- Regional treatment centers are in the final stages of downsizing. State-operated services focus has been shifted to community-based needs.
- Community-based care has expanded for persons with disabilities and persons with mental illnesses.

Pressures:

- Minnesota's population is aging. Options are needed to encourage people to plan for their long-term care needs.
- Seniors need immediate relief from the high cost of drugs.
- There is a significant number of persons with disabilities on waiting lists for community-based services.
- It is difficult for care providers to hire and keep staff in the existing employment market.
- There is growing demand for community-based mental health services.
- Purchasing and quality assurance strategies must continue to adapt to the movement from institutional care to at-home and community care.

Economic Assistance (Welfare)

Successes:

- Welfare caseloads have dropped from 64,000 in F.Y. 1994 to 48,000 in F.Y. 1998.
- There are more people working. Approximately 30% of the MFIP caseload is working as compared to 10% in the old Aid to Families with Dependent Children program.
- Minnesota's child support collection system is considered to be the best in the country.

Pressures:

- The national 60-month time limit for welfare recipients will first take effect in F.Y. 2003.
- The decline in the welfare caseload means that the remaining recipients are often more difficult to employ and harder for job placement workers to serve.
- Affordable housing is unavailable to many working families.

Children's Services

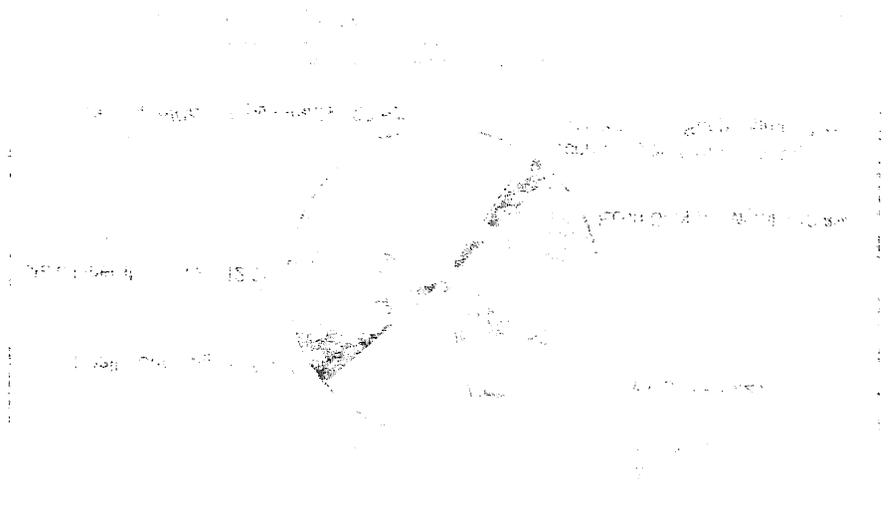
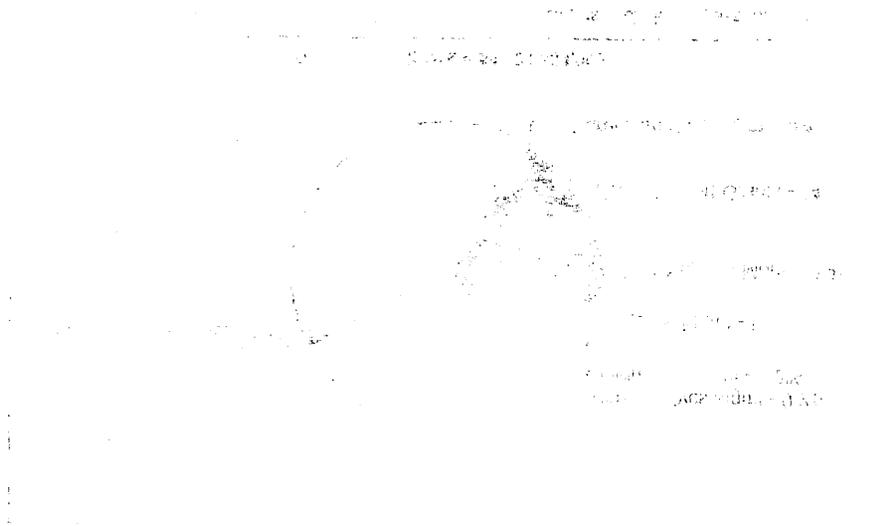
Successes:

- Out-of-home placement of children has leveled off.
- There are more community options available for families to get help.
- Adoptions and relative custody are being used as an option to temporary foster care placement.
- Changes to the child welfare system have begun that will encourage earlier intervention, earlier planning, and a better balance between the desire for reunification and child safety needs.

Pressures:

- There are 10,000 substantiated cases of abuse or neglect annually.
- Approximately 17,500 children are in out-of-home placement.
- Requests for assistance for adolescents are often ignored due to limited local resources.
- Counties are requesting relief from child welfare costs.

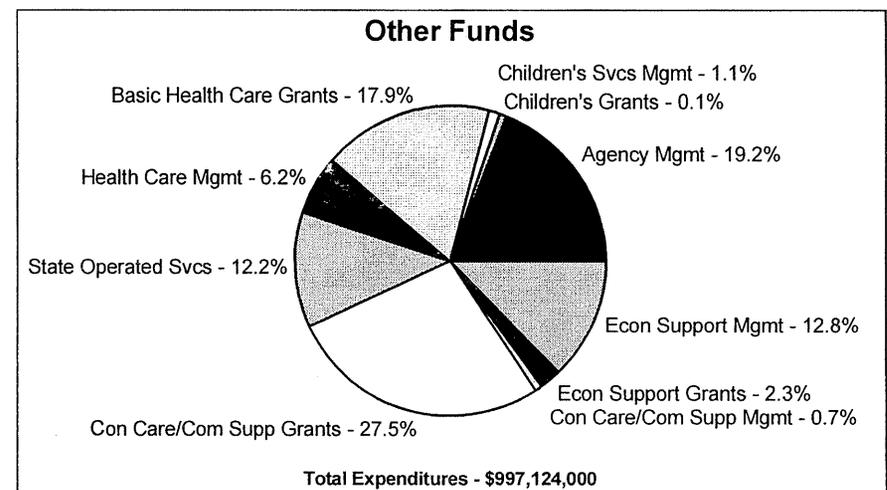
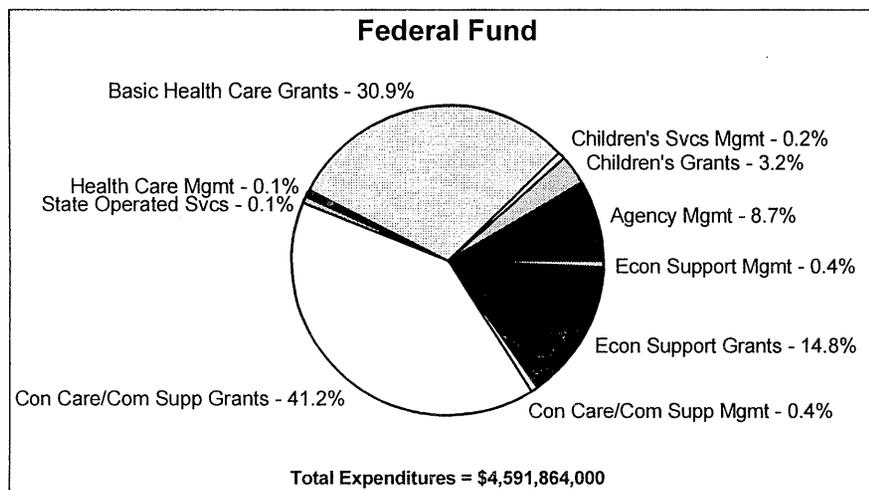
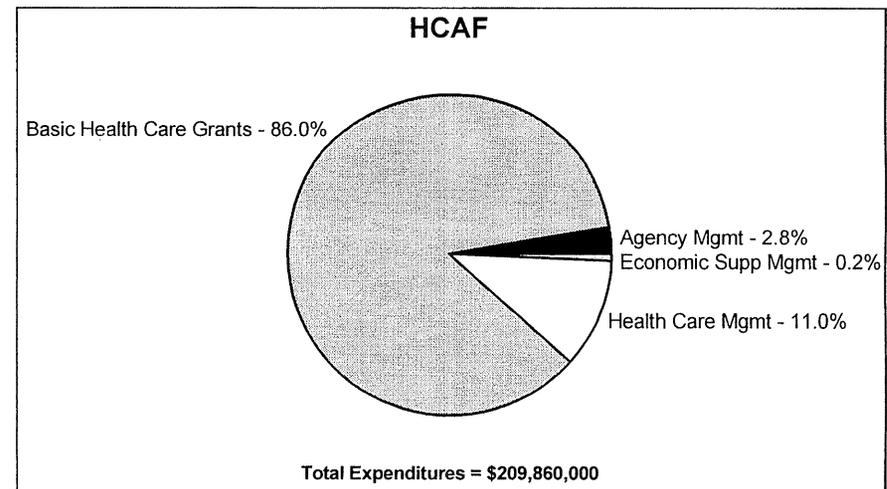
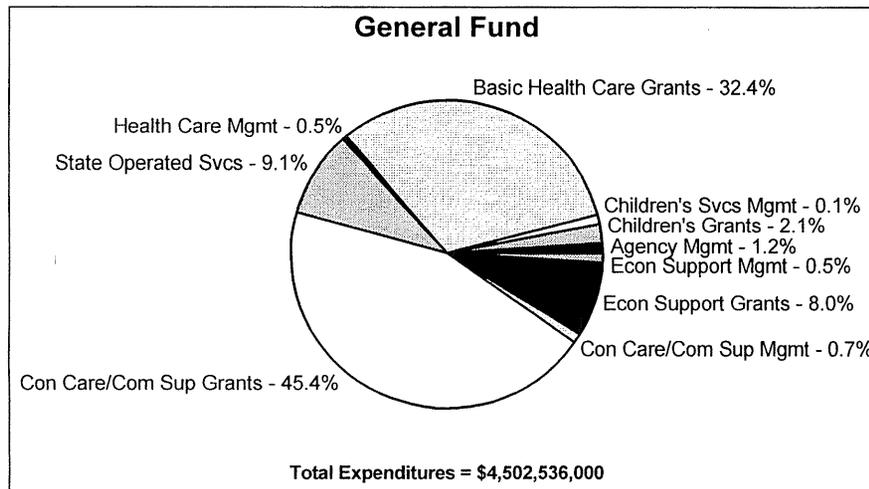
Budget proposals for the F.Y. 2000-01 biennium are made to build on policy success and respond to pressures within the parameters of available resources. Overall, the proposals are informed by the key strategies to achieve the department's mission. Particular examples of policy decisions in the context of these strategies are found in the Agency Budget Briefs.



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Agency FY 1998/99 Expenditures By Fund & Program

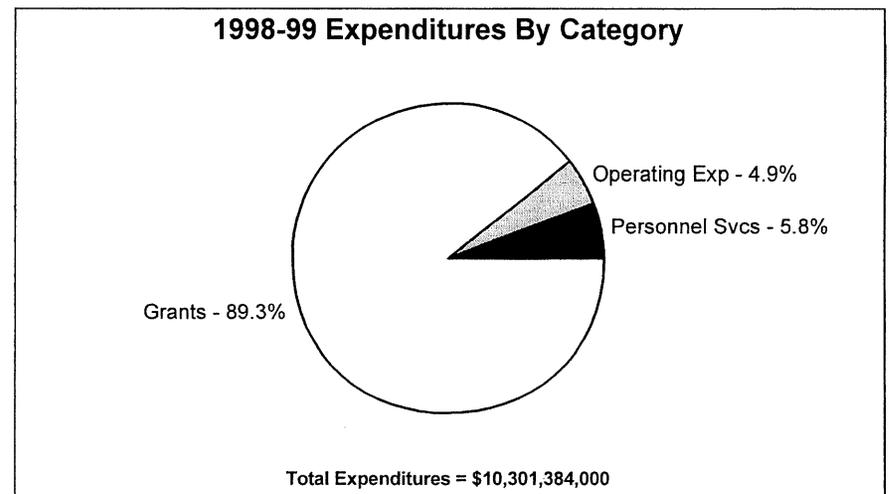
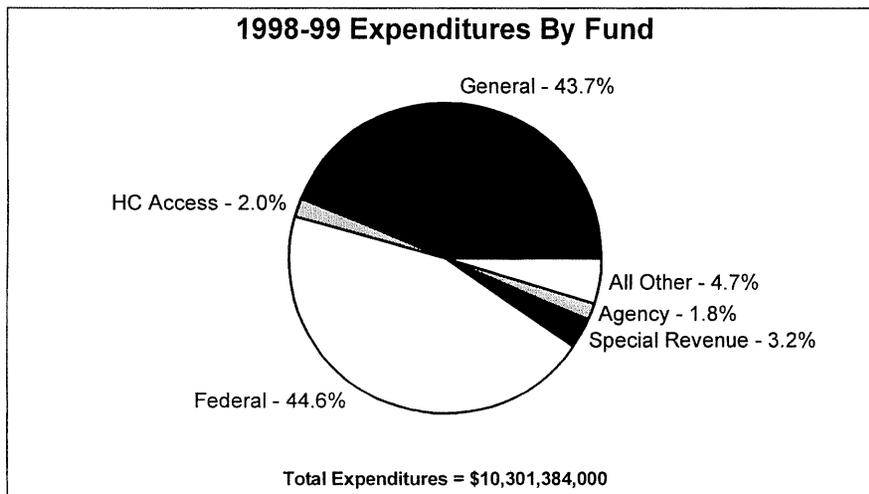
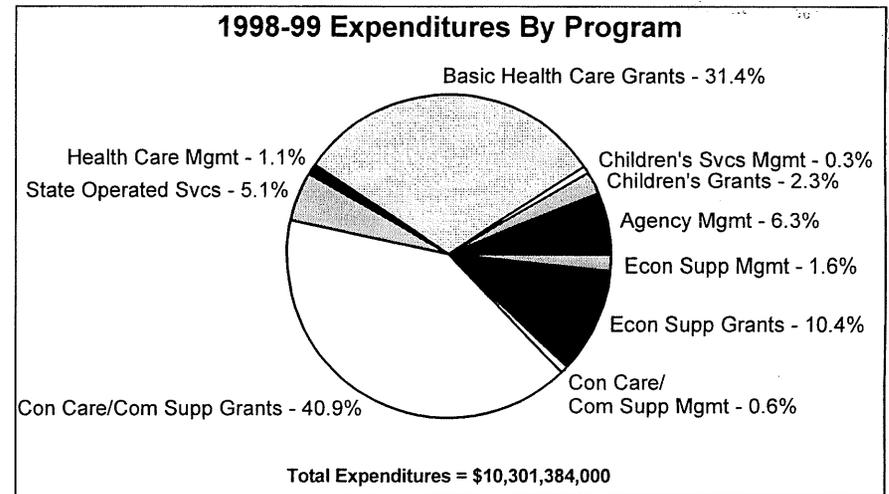
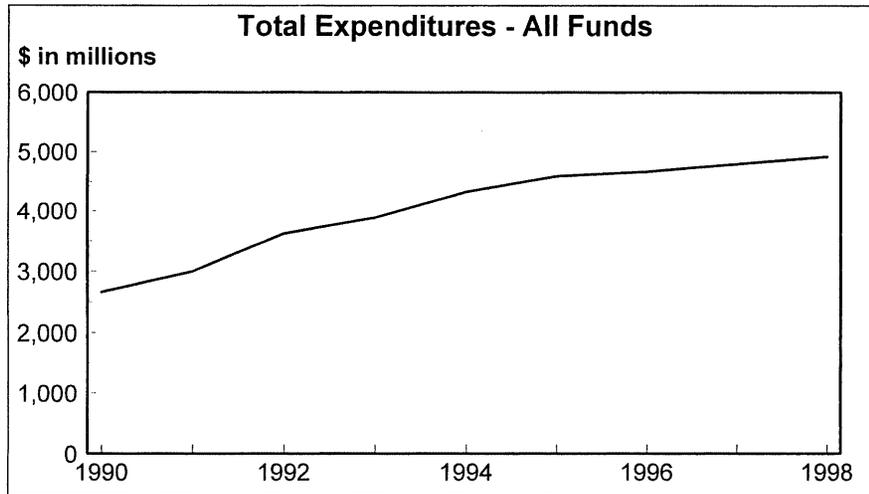
Data Source - Budget Information System Fiscal Pages



Charts exclude the pass-through of Child Support Collections (\$769.5 million in FY 1998-99)

Department Of Human Services Agency-wide Trends & Perspectives

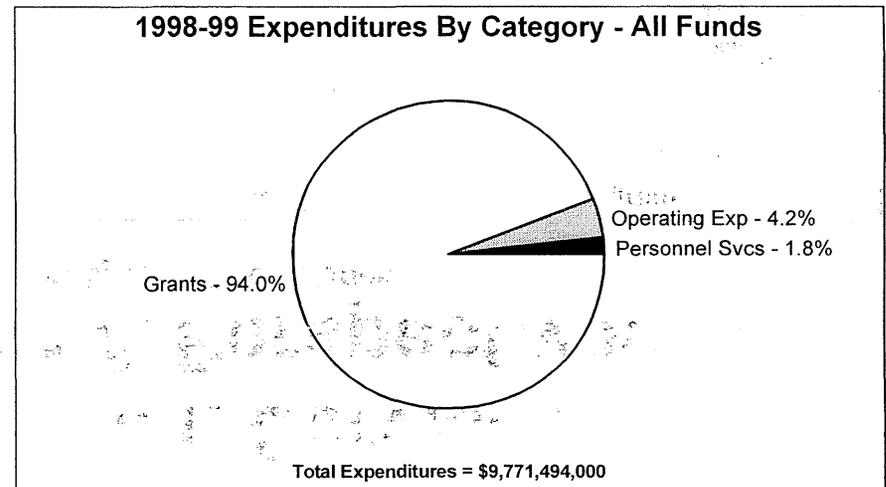
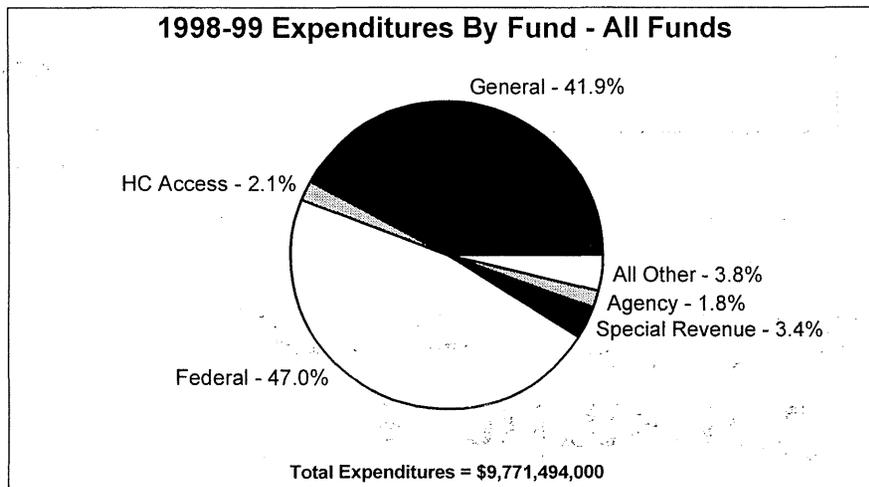
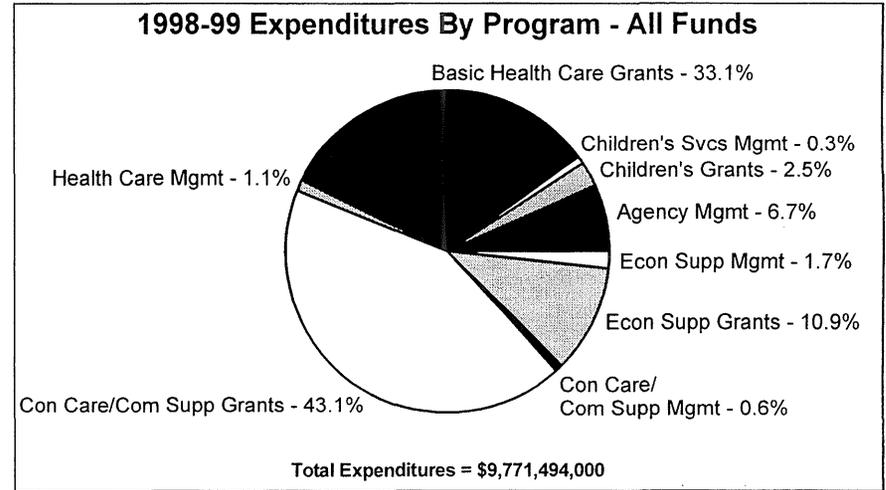
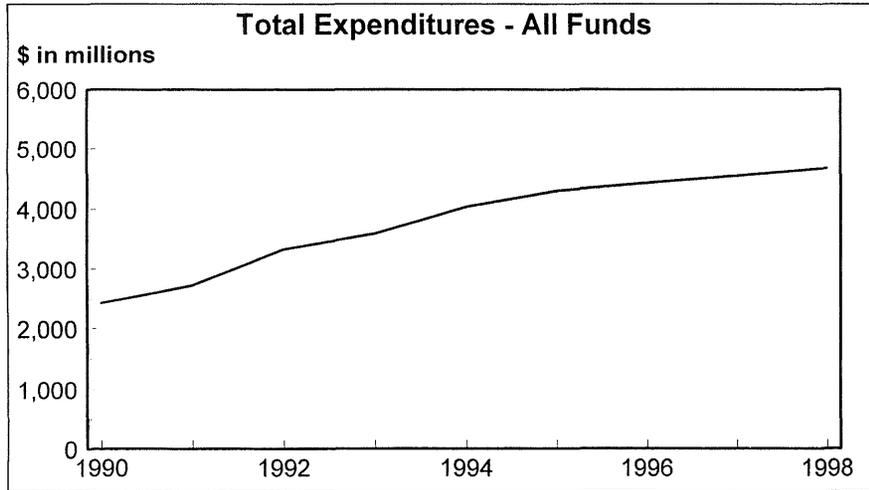
Data Source - Budget Information System Fiscal Pages



Charts exclude the pass-through of Child Support Collections (\$769.5 million in FY 1998-99)

Department Of Human Services Central Office Trends & Perspectives

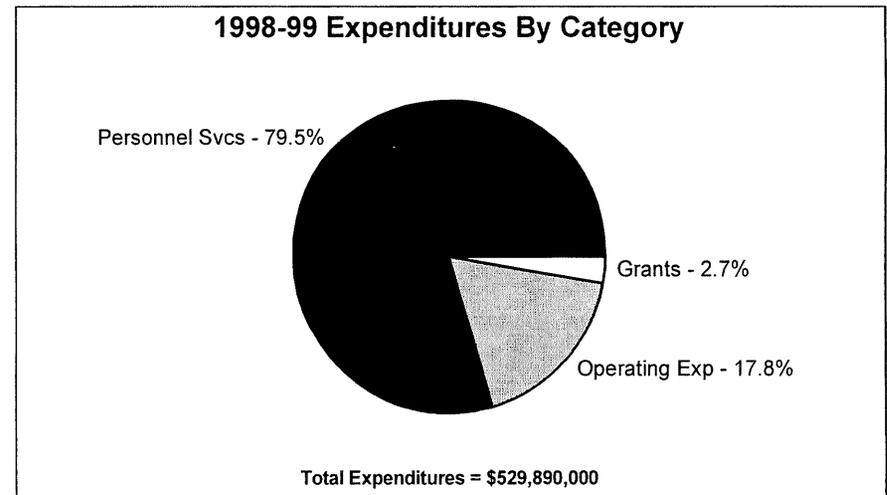
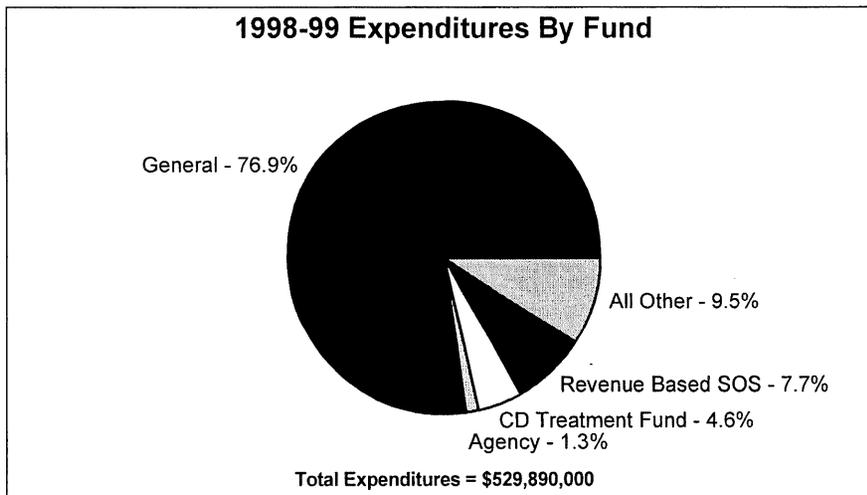
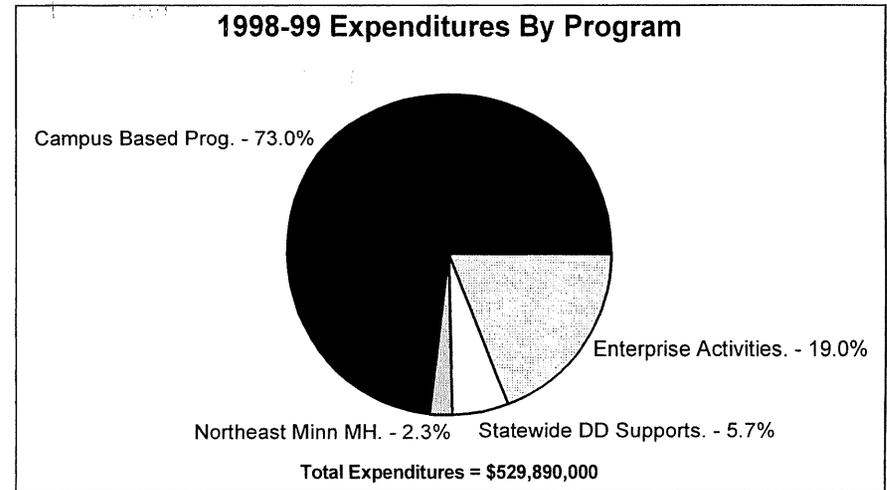
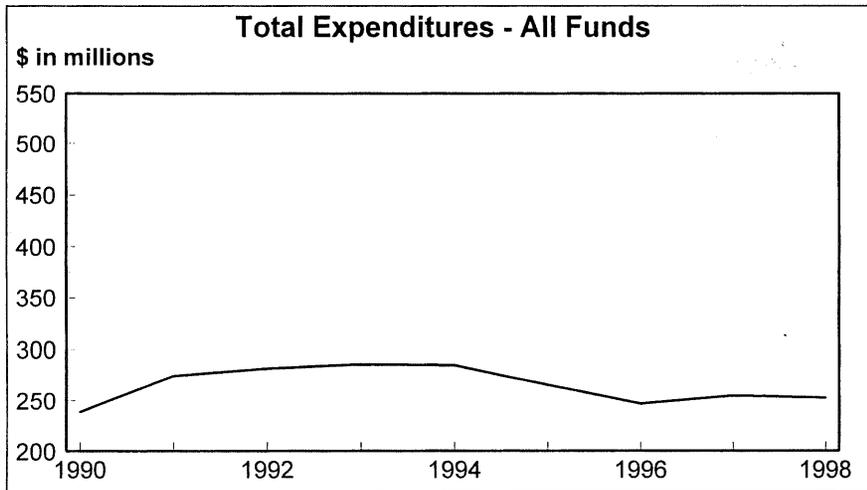
Data Source - Budget Information System Fiscal Pages



Charts exclude the pass-through of Child Support Collections (\$769.5 million in FY 1998-99)

Department Of Human Services State Operated Services Trends & Perspectives

Data Source - Budget Information System Fiscal Pages



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
AGENCY MANAGEMENT	306,443	303,309	348,686	358,840	612,267	356,116	498,790	459,062	70.4%
CHILDREN'S GRANTS	87,281	105,249	136,082	122,442	134,351	122,416	136,311	29,331	12.2%
CHILDREN'S SERVICES MANAGEMENT	8,163	11,215	16,243	11,434	12,839	11,168	12,573	(2,046)	-7.5%
BASIC HEALTH CARE GRANTS	1,508,543	1,542,703	1,693,199	1,910,251	1,932,435	2,054,063	2,083,006	779,539	24.1%
HEALTH CARE MANAGEMENT	47,546	46,865	62,804	58,934	64,034	59,753	63,867	18,232	16.6%
STATE OPERATED SERVICES (SOS)	255,054	252,902	276,988	278,526	274,506	284,966	279,720	24,336	4.6%
CONT CARE & COMM SUPP GRANTS	1,984,581	2,045,489	2,164,327	2,270,140	2,287,963	2,363,974	2,403,471	481,618	11.4%
CONT CARE & COMM SUPP MGMT	26,304	26,724	32,075	30,301	30,543	30,607	30,861	2,605	4.4%
ECONOMIC SUPPORT GRANTS	519,152	822,733	1,015,466	965,620	1,001,725	967,681	987,408	150,934	8.2%
ECONOMIC SUPPORT MANAGEMENT	54,799	71,732	96,109	85,172	88,509	84,201	91,077	11,745	7.0%
Total Expenditures	4,797,866	5,228,921	5,841,979	6,091,660	6,439,172	6,334,945	6,587,084	1,955,356	17.7%

FINANCING BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,137,683	2,197,783	2,304,753	2,503,546	2,547,349	2,603,102	2,661,325	
STATE GOVERNMENT SPECIAL REVENUE	595	440	462	485	485	507	507	
HEALTH CARE ACCESS	75,723	85,092	124,768	132,813	139,234	164,244	169,779	
SPECIAL REVENUE	0	0	2,210	670	0	914	0	
TOBACCO SETTLEMENT	0	0	0	0	253,350	0	142,550	
LOTTERY CASH FLOW	0	1,097	2,103	1,150	1,150	1,150	1,150	
OPEN APPROPRIATIONS:								
SPECIAL REVENUE	0	0	340	340	340	340	340	
STATUTORY APPROPRIATIONS:								
GENERAL	291,647	182,043	193,123	206,049	206,049	218,149	218,149	
STATE GOVERNMENT SPECIAL REVENUE	1,037	513	753	641	641	641	641	
HEALTH CARE ACCESS	12,268	14,973	23,345	25,612	25,612	28,635	28,635	
SPECIAL REVENUE	136,607	150,832	177,822	87,068	87,068	85,600	85,600	
FEDERAL	2,042,262	2,201,080	2,390,784	2,510,077	2,554,685	2,608,451	2,655,196	
AGENCY	87,543	382,166	568,542	568,528	568,528	568,528	568,528	
GIFT	385	160	435	188	188	63	63	
ENDOWMENT	8	7	8	8	8	8	8	
CHEMICAL DEPENDENCY TREATMENT	12,108	12,133	12,207	12,207	12,207	12,207	12,207	
REVENUE BASED STATE OPER SVCS	0	602	40,324	42,278	42,278	42,406	42,406	

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	4,797,866	5,228,921	5,841,979	6,091,660	6,439,172	6,334,945	6,587,084
FTE BY EMPLOYMENT TYPE:							
FULL TIME	4.999.2	4.913.9	4.986.7	5.027.7	4.976.9	5.079.2	5.007.6
PART-TIME, SEASONAL, LABOR SER	1.069.8	1.080.4	1.021.8	1.061.0	1.061.0	1.060.9	1.060.9
OVERTIME PAY	102.0	97.8	84.5	84.5	84.5	84.5	84.5
Total Full-Time Equivalent	6.171.0	6.092.1	6.093.0	6.173.2	6.122.4	6.224.6	6.153.0

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Human Services, Department of (DHS)

**Fund: General Fund
(including the TANF Reserve)**

	Dollars in Thousands		
	F.Y. 2000	F.Y. 2001	Biennium
<u>BASE YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$2,488,360	\$2,488,360	\$4,976,720
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	57	116	173
New Program to Agency Base	(7,179)	(9,519)	(16,698)
Agency Technical Reallocations	-0-	-0-	-0-
Biennial Appropriations	804	-0-	804
Case Load/Enroll Change	27,707	123,267	150,974
Capital Project Operating Costs	631	2,449	3,080
One-Time Appropriations	(2,110)	(2,110)	(4,220)
Doc. Space Rental/Lease	3,471	3,190	6,661
Statewide Admin. System	343	343	686
2000-01 Salary & Benefit Base	6,623	13,465	20,088
Program/Agency Sunset	(275)	(275)	(550)
Transfers Between Agencies	(14,542)	(15,840)	(30,382)
Uniform Pension Bill Reductions	(344)	(344)	(688)
<u>BASE LEVEL (for 2000-2001)</u>	\$2,503,546	\$2,603,102	\$5,106,648
<u>BUDGET CHANGE ITEMS</u>	43,803	58,223	102,026
<u>GOVERNOR'S RECOMMENDATIONS</u>	\$2,547,349	\$2,661,325	\$5,208,674

In forwarding its mission to provide health care, economic assistance and social services to Minnesotans whose personal or family resources are inadequate to meet their basic human needs, the Minnesota Department of Human Services (DHS) budget accomplishes important policy objectives based on several key strategies. This section of the Agency Budget Brief covers base information and decision items affecting the state's General Fund and the Temporary Assistance to Needy Families (TANF) reserve account. Examples of policy choices follow.

Prevention first, government interventions as a last resort:

- Efforts to help children with severe emotional disturbance are supported in this budget. These efforts will help families connect with community resources and therapeutic assistance to prevent removal of the child from the family home. While some of this assistance will be supplemented with public money, the focus is to prevent higher cost and more intrusive government action.
- To prevent seniors from needing to access more intrusive, more expensive government-subsidized services, full funding of the senior drug program is proposed. With drug costs rising, low income seniors on fixed incomes are finding it hard to pay for housing and health needs. This effort will help low-income seniors pay for prescription drugs with seniors paying a premium to receive subsidized coverage.
- Seniors who need help to remain living at home will also get help through a collection of changes in alternative care grants. These changes, though relatively technical, will improve services to seniors and prevent institutionalization.
- More than 600 families who have children with mental retardation will get help caring for them at home. Family Support Grants will be increased to help parents provide care, thereby avoiding institutionalization of their children.

Ladders designed to help people out of the safety net, ladders that complement rather than replace family, community and church responsibilities:

- The DHS budget supports continuation of concurrent permanency planning for children who are in out-of-home placement. This effort identifies other family or community members who might be potential adoptive parents if family reunification is not possible. This effort helps reduce the amount of time a child would be in safety net services and supports the responsibility extended families have for one another.
- Adoption assistance for children with special needs is increased to provide ladders for children out of the foster care safety net. This funding complements the typical expenses of having a child by helping adoptive parents purchase such items as special medical equipment which they could otherwise not afford.

**2000-01 Biennial Budget
Agency Budget Brief**

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

Fund: General Fund
(including the TANF Reserve)

- The Minnesota Family Investment Program (MFIP), the state's main anti-poverty welfare program for families, will continue to provide ladders out of the safety net. Funding is provided to support families by maintaining the MFIP exit level at 120% of poverty; due to changes in the federal poverty standard, the MFIP exit level had fallen to 118% and was at-risk of falling further.
- Families not on MFIP will get additional support for self-sufficiency. These families want to work, but current policies make them choose between working more than 100 hours or keeping their Medical Assistance (MA) health care benefits. This policy change would encourage work and protect the health of children.
- Increased funding is provided for employment and training services for families on welfare who want to become gainfully employed. This includes a transfer of funding to the Minnesota Department of Economic Security (DES).
- This budget helps disabled individuals who want to be more self-reliant. Often disabled individuals are discouraged from going to work because they risk losing their MA benefits, not making enough to purchase comprehensive safety net care, and not receiving broad enough health care as a job benefit. Policy changes allow retention of MA for these disabled individuals.
- With an endowment from tobacco settlement payments, the Minnesota Families Foundation is created outside of state government to finance activities that help individuals and families become self-sufficient, thereby reducing dependency on government programs.

Safety nets that are well-defined and promote self-reliance.

- The safety net will be appropriately strengthened through selected acute health care providers' rate increases. These increases will affect many providers, including physicians, hospitals, mental health professionals, and dentists. These increases will help make rates in publicly funded health care more competitive with other purchasers so that enrollees can retain access to safety net health care services.

- Rates are also increased for long-term health services such as nursing facilities, nursing homes, Intermediate Care Facilities for the Mentally Retarded (ICFs/MR), home health agencies, and other providers of continuing care for elderly and disabled Minnesotans. These rates will help address the difficulty in attracting workers to these safety net health services jobs at current salaries.
- Food Assistance is extended for legal non-citizens.

Measure value, build on successes and discard ineffective methods.

- Funding is provided to ensure value for the money spent on publicly-funded health care. New benchmarks for performance would be established.
- Funding is provided for the Social Services Information System (SSIS) that will improve child welfare services and provide better data for decision making.
- Improvements would be made in managing pharmacy benefits and therapy coverage to ensure the most efficient use of dollars.
- Telemedicine is supported for MA, General Assistance Medical Care, and MinnesotaCare. This would provide a new method for access to specialized services particularly for rural Minnesotans.
- Additional investments are made to measure the performance of MFIP.
- Reductions in selected grant programs to fund newer or higher-level priorities in the agency's budget.

Overall, new investments in human services are targeted at key strategies. However, there are also several federal compliance issues in home care and child support, as well as a collection of accounting changes and transfers that affect the human services bottom line but do not reflect expansion or changes in services. Transfers of unobligated federal TANF funds temporarily reduce General Fund spending in child care and social services. There is also a transfer of general funds into the Human Services budget to cover the cost of funding Battered Women's Shelters under General Assistance for one more year.

**2000-01 Biennial Budget
Agency Budget Brief**

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

Fund: General Fund
(including the TANF Reserve)

Explanation of Base Adjustments.

Many base level adjustment categories reflect technical changes. These include:

- Adjustments in the “New Program to Agency Base” category decrease the base by \$16.7 million for the biennium. These program annualizations lower the base due to a \$28.8 million decrease to the Elderly Waiver program.
- Caseload/Enrollment Changes increase the base by \$151 million and reflect forecast changes in DHS entitlement programs. In past years, changes had been listed as a decision item. More detail about forecast programs is included in the Budget Activity narrative
- Capital Project Operating Costs increase the base by \$3.1 million. This amount is associated with building projects at St. Peter and Moose Lake Regional Treatment Centers.
- Transfers Between Agencies decrease the base by \$30.4 million. Most of the change is due to the current law transfer of the Battered Women’s Shelter program to the Department of Crime Victim’s Services.

In addition to technical changes, the budget includes certain policy base adjustments:

- 2000-01 Salary & Benefit Adjustment increases the base by \$20.1 million to cover an estimated 3% annual increase for compensation-related expenses.
- Documented Space Rental/Lease adjustments increase the base by \$6.7 million. This adjustment reflects higher lease rates and additional space costs that were not in the base during the 1998-99 biennium. At present, DHS central offices are spread among nine different buildings in the Twin Cities.

Dollars in Thousands

Budget Change Items	F.Y. 2000	F.Y. 2001	Biennium
DHS Base Reductions	\$(1,914)	\$(1,914)	\$(3,828)
Community Based Alternatives for SED Children	1,764	2,707	4,471
Adoption Assistance	942	1,986	2,928
SSIS - Ongoing Operations	825	825	1,650
Refinance MA School Reimbursement	296	(6,109)	(5,813)
Improve Pharmacy Benefit Management	97	1,112	(1,015)
Increase Payments for Hospital Facilities	1,675	5,255	6,930
Maintain Access Professional Providers	3,936	7,188	11,124
Improve Access to Dental Services	4,272	4,827	9,099
HC - Children & Working Families	(889)	(37)	(926)
PT, OT, Speech Language Pathology	(90)	(826)	(916)
MA/GAMC/MNCare for Telemedicine	489	664	1,153
Work Incentives/Persons w/Disabilites	138	232	370
Senior Drug Program Funding	8,421	12,767	21,188
Limited English Proficiency	200	200	400
Performance Measurement for Health Care	2,010	2,010	4,020
SOS Safety Net	-0-	-0-	-0-
DD Downsizing & Statewd Supports	(6,862)	(8,645)	(15,507)
Statewide Asset Preserve & Repairs	724	724	1,448
COLA - MH Transition Services	70	142	212
TANF to CSSA	(15,000)	(15,000)	(30,000)
Expand Family Support Grant Program	1,000	2,000	3,000
Home Health Services. - Fed. Compliance	275	1,352	1,627
COLA-NF ICF/MRs, CC Providers	15,249	41,658	56,907
Alternative Care Choice	1,980	2,103	4,083
Alternative Care Funding Adjustment	1,326	(306)	1,020
Increase Asset Level	225	245	470
GRH Board Care Service Transfer	(593)	(1,186)	(1,779)
GRH Support Room & Board Rate Alloc.	-0-	(1,526)	(1,526)
GRH Conversion Rate	-0-	-0-	-0-
Demo Project/ People w/Disabilities	727	688	1,415
Elim. TANF/Continue Non-Citizen Food	1,723	2,033	3,756
MFIP Exit Level	306	495	801
Child Support Fees	204	136	340
Delay Battered Women Shelter Transfer	16,681	-0-	16,681
Conversion of GA/GAMC to SSI/MA	(81)	(2,093)	(2,174)
Child Support Operations	2,700	5,000	7,700
Adopt BBA Phase-out FHQC & RHC	<u>977</u>	<u>1,760</u>	<u>2,737</u>
TOTAL	\$43,803	\$58,223	\$102,026

The proposed DHS budget contains budget change items which recommend changes (reductions and increases) to the adjusted F.Y. 2000-01 base appropriation. In total, these budget change items increase DHS General Fund appropriations by \$43.8 million in F.Y. 2000 and \$58.2 million in F.Y. 2001. In addition to these General Fund appropriation changes, the DHS budget proposals impact the General Fund by changing revenues and by transfers.

**2000-01 Biennial Budget
Agency Budget Brief**

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

Fund: General Fund
(including the TANF Reserve)

Net Effect of DHS Budget Proposals on the General Fund:

	<u>Dollars in Thousands</u>		
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
Total Budget Change Items	43,803	58,223	102,026
Transfer from State TANF Res	(4,666)	0	(4,666)
Net (increase)/Decrease in Revenue	<u>3,151</u>	<u>2,657</u>	<u>5,808</u>
NET EFFECT ON GENERAL FUND	42,288	60,880	103,168

The recommended changes in spending from the federal TANF reserve reflect a strategy of maximizing federal participation while also targeting spending where it is most needed. Transfers from TANF to other block grants are done only in the F.Y. 2000-01 biennium to allow for a re-assessment of TANF and the welfare reform environment in the next biennial budget. Additionally, the TANF strategy ensures that ongoing spending does not outstrip the annual amount of the federal block grant. Sufficient TANF reserves are left in the federal account to draw upon in the event of a recession.

	<u>Dollars in Thousands</u>		
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
Continue Concurrent Perm. Planning	9,700	9,700	19,400
Enhanced Empl. Services	9,880	10,275	20,155
MFIP Perf. Management	330	330	660
MFIP Exit Level	2,341	3,857	6,198
Non-Citizen Food Benefits	2,357	2,583	4,940
DES Interagency for Empl. Svcs.	5,000	5,000	10,000
Transfer to Title XX (CSSA)	15,000	15,000	30,000
Transfer to CCDF (BSF)	<u>30,700</u>	<u>30,125</u>	<u>60,825</u>
TOTAL TANF CHANGES	75,308	76,870	152,178

Approximately 80% of the DHS budget is spent on health care and health care-related items. Approximately 7% is spent on economic assistance and approximately 13% on social services, children's programs and other services. In recent times, DHS spending has been lower than state revenue growth, reflective of the counter-cyclical nature of the safety net budget. Human services costs go up during economic downturns when revenues are least available to support growth. Human services costs go down during periods of economic growth with forecast reductions contributing to state surpluses. Human services clients are often the last to benefit from economic growth and the first to feel the effects of economic downturns.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Human Services, Department of **Fund:** Health Care Access Fund

	<u>Dollars in Thousands</u>		
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$115,392	\$115,392	\$230,784
 <u>BASE ADJUSTMENT</u>			
New Programs to Agency Base	(1,501)	(1,501)	(3,002)
Caseload/Enrollment Change	18,208	49,365	67,573
One-Time Appropriations	(334)	(334)	(668)
Doc. Space Rental/Lease	802	833	1,635
Statewide Administration System	10	10	20
2000 Salary & Benefit Base	<u>236</u>	<u>479</u>	<u>715</u>
 <u>BASE LEVEL (for 2000 and 2001)</u>	\$132,813	\$164,244	\$297,057
 <u>BUDGET CHANGE ITEMS</u>			
MNCare Policy Clarification	1,237	1,510	2,747
Increase Pymts. For Hospital Facilities	512	1,533	2,045
Maintain Access Professional Providers	1,175	2,937	4,112
Improve Access to Dental Services	1,849	2,545	4,394
HC - Children & Working Families	(544)	(4,569)	(5,113)
MA, GAMC, MnCare Pymts for Telemedicine	98	169	267
Work Incentives for Persons w/Disabilities	(27)	(55)	(82)
Improve MnCare Process & Mgmt.	<u>2,121</u>	<u>1,465</u>	<u>3,586</u>
Subtotal	6,421	5,535	11,956
 <u>GOVERNOR'S RECOMMENDATION</u>	\$139,234	\$169,779	\$309,013

The Department of Human Services (DHS) receives appropriations from the Health Care Access Fund (HCAF) to cover provider payments and operational costs of the MinnesotaCare subsidized insurance program. Children and parents with children under 21 years, pregnant women at or below 275% of the federal poverty guideline, single adults (over 21 years), and couples without children at or below 175% of the federal poverty guidelines are eligible. Primary operation activities include eligibility determination, processing invoices and payments, and the collection of premiums paid by enrollees.

DHS generates revenue from premium payments made by MinnesotaCare enrollees. These payments are deposited into HCAF. In addition, MinnesotaCare

earns federal revenues for payments on behalf of participants who qualify for federal Medicaid reimbursement.

Decisions about the MinnesotaCare program are made within the context of overall department and health care goals. Prevention, the promotion of self-reliance, and the measurement of value are key strategies. Because MinnesotaCare policy changes are made in the context of overall health policy, there are often interactive effects with the state's General Fund which pays for General Assistance Medical Care (GAMC) and the state share of the federal/state funded Medical Assistance (MA) program.

The following policy changes are included in this budget:

- MinnesotaCare policy clarifications, which remove co-payments for low-income parents in MinnesotaCare, as a federal compliance condition for receiving federal financial participation for these enrollees, amending the 4-month disenrollment period for premium nonpayment to 1 month, and adding a category of people affected by barriers that discourage cancellation of private insurance to access the program.
- A request to cover an anticipated MinnesotaCare deficit for F.Y. 1999, due primarily to delay in receiving federal financial participation for selected categories of enrollees.
- A proposal to strengthen the safety net through selected acute health care providers' rate increases. These increases will help make rates in publicly funded health care more competitive with other purchasers so that enrollees can retain access to health care services.
- Improvements to the processing and eligibility determination activities of MinnesotaCare to improve efficiency and response time for enrollees.
- A request to allow working families and disabled individuals to retain MA benefits as they go to work. This would mean a decrease to the MinnesotaCare budget and an increase in the General Fund.
- Funding for telemedicine that provides a new method for access to specialized services, particularly for rural Minnesotans.

Base level adjustments are provided to programs that reflect planned funding changes from the F.Y 1999 base. In addition, base level adjustments are provided for rent increases, 3% annual compensation-related increases, and costs of caseload and enrollment increases in MinnesotaCare.

Department of Human Services
FY 1999 FTE Summary by OPERATING STRUCTURE & Fund

Business/Division	General Fund	HC Access Fund	Spec. Rev. Fund	Fed. Rev. Fund	Other Fund	All Funds
Children's Initiative						
Family & Childrens Services Division	12.40	0.00	5.00	47.70	0.00	65.10
SSIS Development	0.00	0.00	38.00	0.00	0.00	38.00
Children's Mental Health	8.90	0.00	0.00	0.00	0.00	8.90
Community Services Division	6.00	0.00	0.00	14.80	0.00	20.80
Subtotal - Children's Initiative	27.30	0.00	43.00	62.50	0.00	132.80
Continuing Care Strategies						
HIV / AIDS Division	2.00	0.00	0.00	3.00	0.00	5.00
Mental Health Division	11.20	0.00	0.50	12.30	2.00	26.00
Residential Program Mgmt Division	9.00	0.00	0.00	0.00	0.00	9.00
Chemical Dependency Division	5.00	0.00	0.00	16.50	0.00	21.50
Comm Supp Minn Disabilities	65.30	0.00	14.00	1.00	0.00	80.30
Subtotal - Continuing Care Strategies	92.50	0.00	14.50	32.80	2.00	141.80
Aging Initiative: Project 2030						
Aging & Adult Services Division	19.80	0.00	1.00	21.60	1.00	43.40
Audits	19.00	0.00	0.00	0.00	0.00	19.00
Long Term Care Facilities	20.00	0.00	0.00	0.00	0.00	20.00
Subtotal - Aging Initiative: Project 2030	58.80	0.00	1.00	21.60	1.00	82.40
Finance & Management Operations						
Budget Analysis Division	10.00	0.00	0.00	0.00	0.00	10.00
Financial Management Division	35.70	7.80	13.30	4.80	0.00	61.60
Licensing Division	38.20	0.00	0.00	12.60	19.00	69.80
Management Services Division	32.80	6.00	0.00	2.00	0.00	40.80
Reimbursements Division	56.00	0.00	13.00	0.00	0.00	69.00
Reports & Forecasts Division	11.30	2.50	0.00	0.00	0.00	13.80
Internal Audits Office	5.00	0.00	0.00	0.00	0.00	5.00
Health Care Operations Division	4.00	8.00	170.10	0.00	0.00	182.10
Provider Appeals Division	6.80	0.00	0.00	0.00	0.00	6.80
Appeals & Regulations	24.30	2.30	0.00	0.00	1.30	27.90
Subtotal - Finance & Management Operations	224.10	26.60	196.40	19.40	20.30	486.80
Health Care Strategies						
Health Care for Families & Children	21.50	163.10	30.00	0.00	0.00	214.60
Performance Measurement & Quality Improvement	27.40	4.10	0.00	17.80	0.00	49.30
Purchasing & Service Delivery	54.00	24.90	39.60	0.00	0.00	118.50
Subtotal - Health Care Strategies	102.90	192.10	69.60	17.80	0.00	382.40
Economic & Community Support Strategies						
Families with Children (ECSS) Division	36.20	0.00	0.00	0.00	0.00	36.20
Child Support Enforcement Division	27.00	0.00	171.30	0.00	0.00	198.30
MAXIS Operations Division	0.00	0.00	145.70	0.00	0.00	145.70
Program Assess & Integrity Division	56.00	4.00	1.00	0.00	0.00	61.00
Adult Support Division	6.50	0.00	6.50	8.50	0.00	21.50
Deaf Services Division	36.40	0.00	14.70	0.00	0.00	51.10
Subtotal - Economic & Community Support Strategies	162.10	4.00	339.20	8.50	0.00	513.80
Agency-wide Operations						
Information & Technology Strategies	34.60	2.00	26.00	0.00	0.00	62.60
Executive Offices	9.50	0.00	0.00	0.00	0.00	9.50
Human Resources Division	30.70	1.00	0.00	0.00	0.00	31.70
EEO / AA Office	12.90	0.00	0.00	0.00	0.00	12.90
Subtotal - Agency-wide Operations	87.70	3.00	26.00	0.00	0.00	116.70
Central Office Total	755.40	225.70	689.70	162.60	23.30	1,856.70
State Operated Services Total	3,365.50	0.00	0.70	1.50	868.60	4,236.30
Department Total	4,120.90	225.70	690.40	164.10	891.90	6,093.00

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Department of Human Services
FY 1999 FTE Summary by PROGRAM STRUCTURE & Fund

Program / Budget Activity	General Fund	HC Access Fund	Spec. Rev. Fund	Fed. Rev. Fund	Other Fund	All Funds
Agency Management						
Financial Operations	113.00	10.30	25.30	4.80	0.00	153.40
Legal & Regulatory Operations	69.30	2.30	0.00	12.60	20.30	104.50
Management Operations	125.50	9.00	13.00	2.00	0.00	149.50
Subtotal - Agency Management	307.80	21.60	38.30	19.40	20.30	407.40
Children's Grants						
Children's Grants	0.00	0.00	0.00	9.30	0.00	9.30
Subtotal - Children's Grants	0.00	0.00	0.00	9.30	0.00	9.30
Children's Services Management						
Children's Services Management	21.30	0.00	44.00	38.40	0.00	103.70
Subtotal - Children's Services Management	21.30	0.00	44.00	38.40	0.00	103.70
Basic Health Care Grants						
Minnesotacare Grants	0.00	0.00	0.00	0.00	0.00	0.00
MA Basic Health Care Grant-F&C	0.00	0.00	0.00	0.00	0.00	0.00
MA Basic Health Care Grant-E&D	0.00	0.00	0.00	0.00	0.00	0.00
GAMC Grants	0.00	0.00	0.00	0.00	0.00	0.00
Health Care Non-Entitlement	0.00	0.00	0.00	3.00	0.00	3.00
Subtotal - Basic Health Care Grants	0.00	0.00	0.00	3.00	0.00	3.00
Health Care Management						
Health Care Policy Admin	22.90	10.60	0.00	0.00	0.00	33.50
Health Care Operations	84.00	189.50	239.70	17.80	0.00	531.00
Subtotal - Health Care Management	106.90	200.10	239.70	17.80	0.00	564.50
Cont Care & Comm Supp Grants						
Community Social Serv Grants	0.00	0.00	0.00	0.00	0.00	0.00
Consumer Support Grants	0.00	0.00	0.00	0.00	0.00	0.00
Aging Adult Services Grants	0.00	0.00	0.00	10.30	0.00	10.30
Deaf & Hard of Hearing Grants	0.00	0.00	0.00	0.00	0.00	0.00
Mental Health Grants	0.00	0.00	0.00	11.00	0.00	11.00
DD Community Support Grants	0.00	0.00	0.00	0.00	0.00	0.00
MA LTC Waivers & Home Care	0.00	0.00	0.00	0.00	0.00	0.00
MA Long Term Care Facilities	0.00	0.00	0.00	0.00	0.00	0.00
Alternative Care Grants	0.00	0.00	0.00	0.00	0.00	0.00
Group Residential Housing	0.00	0.00	0.00	0.00	0.00	0.00
CD Entitlement Grants	0.00	0.00	0.00	0.00	0.00	0.00
CD Non-Entitlement Grants	0.00	0.00	0.00	11.00	0.00	11.00
Subtotal - Cont Care & Comm Supp Grants	0.00	0.00	0.00	32.30	0.00	32.30
Cont Care & Comm Supp Mgmt						
Cont Care & Comm Supp Mgmt	193.70	0.00	30.20	33.90	3.00	260.80
Subtotal - Cont Care & Comm Supp Mgmt	193.70	0.00	30.20	33.90	3.00	260.80
Economic Support Grants						
Assistance to Families Grants	0.00	0.00	0.00	0.00	0.00	0.00
Assist Family Grants-CO Manage	0.00	0.00	0.00	0.00	0.00	0.00
Work Grants	0.00	0.00	0.00	0.00	0.00	0.00
MN Family Investment Plan-MFIP	0.00	0.00	0.00	0.00	0.00	0.00
AFDC & Other Assistance	0.00	0.00	0.00	0.00	0.00	0.00
Child Support Management	0.00	0.00	0.00	0.00	0.00	0.00
General Assistance	0.00	0.00	0.00	0.00	0.00	0.00
Minnesota Supplemental Aid	0.00	0.00	0.00	0.00	0.00	0.00
Refugee Services	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal - Economic Support Grants	0.00	0.00	0.00	0.00	0.00	0.00
Economic Support Management						
Economic Support Policy - Adm	69.70	0.00	0.00	8.50	0.00	78.20
Economic Support Operations	56.00	4.00	337.50	0.00	0.00	397.50
Assist Family Grants - St Mgm	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal - Economic Support Management	125.70	4.00	337.50	8.50	0.00	475.70
Central Office Total	755.40	225.70	689.70	162.60	23.30	1,856.70
State Operated Services Total	3,365.50	0.00	0.70	1.50	868.60	4,236.30
Department Total	4,120.90	225.70	690.40	164.10	891.90	6,093.00

1/29/99

Note: The Program Structure highlights the agency's key programs and services.

**1998
Federal Poverty Guidelines**

Size of Family Unit	Poverty Guideline	150%	175%	200%	225%	250%	275%
1	8,050	12,075	14,088	16,100	18,113	20,125	22,138
2	10,850	16,275	18,988	21,700	24,413	27,125	29,838
3	13,650	20,475	23,888	27,300	30,713	34,125	37,538
4	16,450	24,675	28,788	32,900	37,013	41,125	45,238
5	19,250	28,875	33,688	38,500	43,313	48,125	52,938
6	22,050	33,075	38,588	44,100	49,613	55,125	60,638
7	24,850	37,275	43,488	49,700	55,913	62,125	68,338
8	27,650	41,475	48,388	55,300	62,213	69,125	76,038
9+	Add \$2,800 Each	Add \$4,200 Each	Add \$4,900 Each	Add \$5,600 Each	Add \$6,300 Each	Add \$7,000 Each	Add \$7,700 Each

Source : Federal Register Vol. 63, No. 36, P. 9235-9238, Feb.24, 1998.

Note:

For the purposes of determining poverty rates, the guidelines are applied to gross cash income.
The various programs using the guidelines for eligibility purposes apply them in a variety of ways.

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**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Human Services, Department of (DHS)

REVENUE SOURCES:

The Department of Human Services (DHS) generates non-dedicated revenue that is deposited into the state's General Fund, dedicated revenue that is earmarked specifically for DHS programs, and receives federal funds and foundation grants.

Non-dedicated revenue includes:

- charges for the cost of care for residents of Regional Treatment Centers (RTC) and other appropriations-based state-operated programs/services;
- surcharges on health care providers;
- recoveries and refunds from third-party payers, clients, and providers;
- administrative cost reimbursements from federal agencies;
- licensing fees.

Non-dedicated revenue is deposited into the General Fund except for licensing fees and a portion of the cost-of-care receipts, which are deposited into the Cambridge Bank Fund. The Cambridge Bank Fund was established to guarantee state bonds issued to generate funds needed to repay banks as the result of a tax lawsuit finding against the state. Non-dedicated revenue is estimated to be \$257 million in F.Y. 1999, which is approximately 4.5% of the total department budget.

Dedicated revenue includes:

- federal funds;
- MinnesotaCare client premiums;
- cost of care for residents of state-operated waived service homes, day training and habilitation services, chemical dependency treatment programs, and other revenue-based programs/services (i.e., the Neurorehabilitation Hospital, outpatient services and shared service contracts);
- consolidated chemical dependency treatment fund billings;
- background check fees from Personal Care Provider Organizations (PCPO) facilities;
- county funds received for their share of entitlement programs;
- foundation grants for projects consistent with DHS goals, directions, and core values.

Dedicated revenue is estimated to be \$3.3 billion in F.Y. 1999, which is approximately 57% of the total department budget.

Dedicated Revenue - Federal:

This revenue is deposited into the department's federal fund and is expended on clients and client services or is passed through to counties and other service providers. Total dedicated federal revenue for F.Y. 1999 is approximately \$2.4 billion.

Some examples of federal revenue include the following:

- Medical Assistance (MA) (federal Medicaid - Title XIX of the Social Security Act) of approximately \$1.7 billion in F.Y. 1999.
- Temporary Assistance for Needy Families (TANF) (Title IV-A of the Social Security Act, formerly Aid to Families with Dependent Children (AFDC)) of approximately \$236 million in F.Y. 1999.
- Social Services (Title XX of the Social Security Act) of approximately \$45 million in F.Y. 1999.
- Foster Care (Title IV-E of the Social Security Act) of approximately \$97 million in F.Y. 1999.
- Child Welfare (Title IV-B of the Social Security Act) of approximately \$9 million in F.Y. 1999.
- Other federal revenue programs include, but are not limited to, Refugee Assistance, Child Support Enforcement, Mental Health, Chemical Dependency, Food Stamp Administration, and Older Americans.

FEE STRUCTURE:

Fees are often a significant source of income for other state agencies; however, DHS sees comparatively little revenue from this source. Licensing activities are the main source of DHS fees.

Licensing:

State statute requires DHS to charge fees for licensing, monitoring, and investigating the following:

- Day and residential programs for persons with developmental disabilities or related conditions, mental illness, chemical dependency, or physical handicaps.
- Child care centers.
- Group homes and residential treatment centers for children.
- Adult day care programs.
- Mental health centers.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

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

Fees, which are set in rule, are charged for these services and are deposited into the Cambridge Bank Fund. Licensing fee revenue is estimated at \$625 thousand in F.Y. 1999.

Background Studies:

DHS conducts background studies on people who provide services in a variety of licensed and unlicensed settings, as well as people who apply for chemical dependency counselor licensure. The groups of people studied and the funding for these studies are listed below:

- Studies funded from General Fund appropriations:
 - People in direct contact with clients in programs directly licensed by DHS.
 - DHS licensed adult foster care providers, also registered with the Minnesota Department of Health (MDH) as providers of housing with services.
 - DHS licensed adult foster care providers, also licensed by DHS to provide waived services to developmentally disabled people, where counties have elected to participate in a pilot project.
- Studies funded via an interagency contract with MDH:
 - People in direct contact with clients in facilities licensed by MDH.
 - Applicants for chemical dependency counselor licensure.
- Studies funded via fees charged to recoup costs:
 - Employees of PCPO. The fees collected under the PCPO background study activity are estimated at \$41 thousand per year.

State Operated Services (SOS):

State statute authorizes DHS to charge for the cost of care of residents of SOS.

- Cost of care per diem rates are calculated annually for appropriations-based SOS services. Receipts are deposited into the General Fund and the Cambridge Bank Fund as non-dedicated revenue and are estimated at \$90 million in F.Y. 1999.
- Cost of care rates for revenue-based SOS services are negotiated annually with counties and other payers. Receipts from these services are deposited primarily into an enterprise fund as dedicated revenue, and are estimated at \$55 million in F.Y. 1999.

RECENT CHANGES:

DHS revenue has maintained a steady annual increase for many years due primarily to the growth of federal entitlement programs. Several recent changes have affected revenue, and more changes are anticipated.

- The federal Omnibus Appropriations for F.Y. 1999 (H.R. 105-825), signed into law on 10-21-98, reduced Minnesota's Social Services Block Grant (Title XX of the Social Security Act) from \$41.6 million/year to \$33.3 million/year in F.Y. 1999. Nearly all of these funds are passed through to counties, so local agencies are most affected by the federal reductions.
- The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) eliminated the AFDC entitlement programs and replaced it with the Temporary Assistance to Needy Families (TANF) grant. TANF is a block grant which freezes the amount of money states get for assistance to needy families at a historic base level. Minnesota's amount is based on F.Y. 1994 spending. Minnesota's TANF grant has been established at \$268 million/year.
- Cost of care non-dedicated revenue has been decreasing for several years as RTC residents have been placed in community settings. This trend is expected to continue. In addition, SOS is in the process of evaluating its services to determine which appropriation-based services can be moved into revenue-based/enterprise services. As SOS moves to revenue-based/enterprise services, non-dedicated revenues will continue to decrease.
- The SOS will change billing practices during the F.Y. 2000-01 biennium. When SOS financial management and clinic systems upgrades are complete, DHS will convert all cost-of-care charges from an all-inclusive per diem to a service-specific cost basis. This change is recommended by the federal government and will make SOS accounting consistent with procedures used throughout the health care system. This change in how cost-of-care charges are calculated potentially may increase revenues but will not affect where funds are deposited.
- The establishment of the Child Support Enforcement Payment Center (CSPC) has resulted in increased dedicated revenue for DHS. This is pass-through money, receipted by DHS and paid out to custodial parents or refunded to public assistance programs. Centralized disbursement of collections began during F.Y. 1998 and the CSPC went statewide on 11-1-98. The increase in revenue was \$312 million in F.Y. 1998 and is estimated to be \$460 million in F.Y. 1999, F.Y. 2000, and F.Y. 2001.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

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

- The Health Care Financing Administration has decreased the federal financial participation percentage in the Medicaid (Title XIX) program, which increases state costs for the MA program. The federal MA percentage has gone from 53.6% in F.Y. 1997 to 52.14% in F.Y. 1998 and 51.5% in F.Y. 1999. It will decline slightly to 51.48% in F.Y. 2000.

FORECAST BASIS:

The department is anticipating a flattening of the traditional growth in revenue as federal funds available to Minnesota decline and cost-of-care receipts decrease.

BUDGET CHANGE ITEMS:

Several DHS change items include revenue effects. These revenue increases and decreases are detailed within each budget change item proposal.

Administrative Reimbursement

- Most DHS revenue effects result from federal reimbursement of administrative expenditures.
- Eligible administrative expenditures are reimbursed by federal agencies at various percentages, known as the federal financial percentage rates, or FFP rates. There are many FFP rates.
- Not all administrative expenditures are eligible for federal reimbursement. For example, administrative expenditures that benefit state-only programs do not receive FFP.
- For simplicity and consistency, DHS has constructed budget change items using 2 rates of effective federal reimbursement. The General Fund FFP rate is 44%. The Health Care Access Fund FFP rate is 33%.
- Most federal administrative expenditure reimbursement is non-dedicated revenue; i.e., it is deposited into the state General Fund as it is earned.

Systems Cost Reimbursement

- Statutory authority allows DHS to retain federal administrative reimbursement for major computer systems expenditures. This dedicated revenue is deposited into DHS's major systems funds as it is earned.

Cost of Care Reimbursement - SOS

- Reimbursement for the cost of care of clients of the SOS facilities is received from Medicaid, Medicare, commercial insurance, client resources, county poor relief, and responsible relatives. This reimbursement is non-dedicated revenue. It is deposited into the state General Fund and the Cambridge Bank Fund.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
NON-DEDICATED REVENUE:									
DEPARTMENTAL EARNINGS:									
GENERAL	32.044	35.450	20.836	20.836	18.920	20.836	18.435	(18,931)	-33.6%
CAMBRIDGE DEPOSIT FUND	79.601	63.857	69.801	49.801	47.288	49.801	46.613	(39,757)	-29.7%
GRANTS:									
GENERAL	6,319	0	0	0	0	0	0	0	
OTHER REVENUES:									
GENERAL	83,177	83,600	82,422	82,574	88,518	82,734	85,666	8,162	4.9%
HEALTH CARE ACCESS	5,104	1,820	2,000	2,000	2,670	2,000	2,483	1,333	34.9%
AGENCY	0	3,684	100	100	100	100	100	(3,584)	-94.7%
TAXES:									
GENERAL	88,039	85,945	84,201	85,581	85,581	86,217	86,217	1,652	1.0%
Total Non-Dedicated Receipts	294,284	274,356	259,360	240,892	243,077	241,688	239,514	(51,125)	-9.6%
DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS (INTER-AGENCY):									
SPECIAL REVENUE	90	96	125	125	125	125	125	29	13.1%
DEPARTMENTAL EARNINGS:									
GENERAL	36,668	38,467	10,017	9,973	9,973	9,973	9,973	(28,538)	-58.9%
STATE GOVERNMENT SPECIAL REVENUE	0	39	41	41	41	41	41	2	2.5%
HEALTH CARE ACCESS	11,496	14,613	22,645	23,406	23,406	23,406	23,406	9,554	25.6%
SPECIAL REVENUE	1,488	1,341	1,068	1,068	1,068	1,068	1,068	(273)	-11.3%
FEDERAL	8,037	6,917	7,500	7,500	7,500	7,500	7,500	583	4.0%
AGENCY	3	17	5	5	5	5	5	(12)	-54.5%
CHEMICAL DEPENDENCY TREATMENT	11,926	12,671	12,793	12,793	12,793	12,793	12,793	122	.5%
REVENUE BASED STATE OPER SVCS	0	11	36,614	39,481	39,481	39,657	39,657	42,513	116.1%
GRANTS:									
GENERAL	259,425	145,884	178,418	189,255	189,255	189,255	189,255	54,208	16.7%
STATE GOVERNMENT SPECIAL REVENUE	758	600	600	600	600	600	600	0	.0%
HEALTH CARE ACCESS	0	0	200	200	200	200	200	200	100.0%
SPECIAL REVENUE	39,524	17,689	42,625	36,565	36,565	37,305	37,305	13,556	22.5%
FEDERAL	2,004,809	2,170,432	2,356,885	2,488,438	2,533,046	2,480,216	2,526,961	532,690	11.8%

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
DEDICATED RECEIPTS:									
OTHER REVENUES:									
GENERAL	1,678	3,630	4,320	2,422	2,422	2,423	2,423	(3,105)	-39.1%
HEALTH CARE ACCESS	772	360	500	500	500	500	500	140	16.3%
SPECIAL REVENUE	23,581	63,881	46,099	41,963	37,297	42,550	42,550	(30,133)	-27.4%
FEDERAL	30,396	18,466	23,910	23,910	23,910	23,910	23,910	5,444	12.8%
AGENCY	449	313,074	460,959	460,959	460,959	460,959	460,959	147,885	19.1%
GIFT	64	218	183	108	108	33	33	(260)	-64.8%
ENDOWMENT	10	10	10	10	10	10	10	0	.0%
CHEMICAL DEPENDENCY TREATMENT	178	214	170	170	170	170	170	(44)	-11.5%
REVENUE BASED STATE OPER SVCS	0	1,498	3,008	3,027	3,027	3,029	3,029	1,550	34.4%
OTHER SOURCES:									
GENERAL	0	94	0	0	0	0	0	(94)	-100.0%
AGENCY	87,062	72,097	107,823	107,832	107,832	107,832	107,832	35,744	19.9%
GIFT	0	0	2	2	2	2	2	2	100.0%
Total Dedicated Receipts	2,518,414	2,882,319	3,316,520	3,450,353	3,490,295	3,443,562	3,490,307	781,763	12.6%
Agency Total Revenues	2,812,698	3,156,675	3,575,880	3,691,245	3,733,372	3,685,250	3,729,821	730,638	10.9%

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2000-01 Biennial Budget

PROGRAM: Agency Management

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE:

Purpose

Agency Management provides the financial, legal, regulatory, and management operations for DHS to fulfill its mission to provide health care, economic assistance, and social services to Minnesotans whose personal or family resources are inadequate to meet their basic human needs.

Services Provided

This budget area of DHS is unique in that the services it provides and its role are often one in the same. Agency management services/role include:

- Accounting and auditing services for approximately \$10 billion in agency program dollars for state fiscal management and federal compliance.
- Licensing for approximately 27,000 residential and non-residential programs for children and adults across DHS business areas.
- Conducting criminal background checks for more than 200,000 individuals in facilities licensed by DHS and the Minnesota Department of Health.
- Paying more than 14 million medical claims and capitation payments for managed care in public health care programs.
- Forecasting of future expenditures for health care and cash assistance programs.
- Guarding client privacy rights and resolving over 4,000 client appeals and over 450 service provider rate appeals annually.
- Developing rules, bulletins, and contracts governing service delivery.
- Implementing strategies for computer systems used throughout the agency.
- Working with the Minnesota Attorney General to defend DHS in lawsuits, provide legal interpretations, and clarify data practices.
- Providing payroll and personnel services for approximately 6,000 employees.
- Purchasing services and equipment for DHS.
- Managing staff office space including leasing, staff moves, and office redesign.
- Managing mail room functions, including the distribution of material to clients and service providers.
- Maintaining video-teleconferencing technology linking DHS with counties and other service providers.

Accomplishments

Financial Operations

- Attained a 98% compliance for the 30-day prompt payment requirements.
- Implemented fiscal processes and procedures for allocating, recording, and reporting state Welfare Reform and federal TANF funds.
- Developed the capacity to effectively use the Executive Information System, improving access to data on cash, medical, and food stamp programs.
- Improved use of technology for automated receipts, bank encoding/endorsement, electronic payment and fiscal reporting.

Legal and Regulatory Operations

- Maintained 95% timeliness in issuance of final orders in approximately 4,000 fair hearings.
- Achieved a 25% reduction in rules through consolidations or elimination of obsolete or ineffective ones.
- Resolved 85% of long-term care rate appeals within 1 year of filing.

Management Operations

- Assumed responsibility (from the Department of Employee Relations) for the testing and list administration for most DHS classes resulting in faster turnaround times for hiring managers.
- Increased delegation of human resources functions (e.g., clerical performance testing) to all counties using the Minnesota Merit System.
- Increased the number of minority employees in the central office workforce from 8.4% (135) to 9.6% (162), and disabled employees in the workforce from 7% (112) to 7.7% (130).

Components

The Agency Management Program contains the following budget activities:

- Financial Operations
- Legal and Regulatory
- Management Operations

STRATEGIES AND PERFORMANCE

The Agency Management Program is approximately 1% of the agency's overall General Fund budget. Overall administrative costs (within Agency Management and other program areas) are approximately 5% of the central office General Fund budget. This is a modest overhead considering program complexity and comparisons with other enterprises, such as other private health care insurers, where overhead can average 10-15%.

2000-01 Biennial Budget

PROGRAM: Agency Management

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

Roughly 40% of administrative costs are for computer systems, which determine eligibility, track client data, and pay medical claims. A DHS strategy is to use technology to improve program operation.

The performance measures for this program area are as follows:

- DHS central office administrative costs will be equal to or less than 5% of total central office General Fund expenditures each year of the biennium.
- At least 98% of DHS payments will be made within 30 days of receipt of invoices.
- All DHS information systems will be renovated and tested for Year 2000 compliance.
- DHS will decrease the frequency rate of work-related lost time injuries and decrease the amount of time lost per work-related injury.
- Through affirmative action, DHS will increase the proportion of under-represented employee classes in its workforce.
- Legal and Regulatory Operations will assure due process and timely fair hearings for recipients of services and rate appeals for nursing home facilities.
- DHS will assure the health, safety, and rights of service recipients through licensing, monitoring, and investigating programs, and conducting background studies on people who provide direct contact services in DHS and Minnesota Department of Health licensed programs.

FINANCING INFORMATION

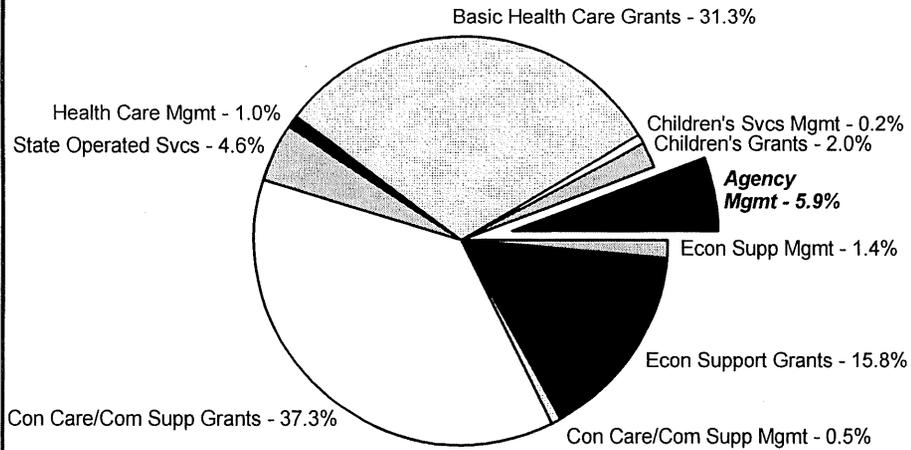
(See charts which follow narrative.)

BUDGET ISSUES

- Federal block grants and capped programs in health care mean changes in how services are managed and how computer systems back them up.
- Litigation and appeals are increasing, paralleling a societal increase and reflecting major program changes such as welfare reform.
- The Year 2000 computer issue means significant work to update 6,000 workstations and interfaces with computer system networks.

- Greater use of contracts continues to be made to purchase special expertise, particularly in health care and computer technology.
- Space, rent, and staff dispersment continue to be a concern in a tight rental market.
- Electronic Commerce for direct deposits to providers, electronic receipting, and premium payments continue to be attractive options for making services efficient and consumer-friendly.
- More demands are being placed on licensing and program oversight.

Dept. Of Human Services By Program



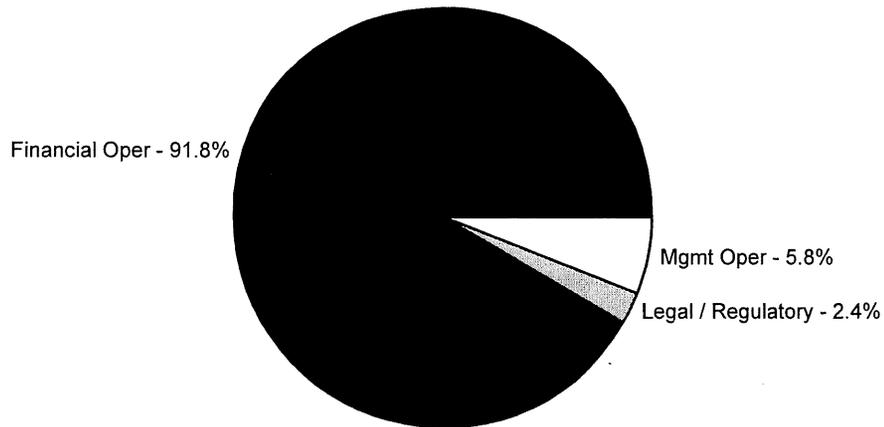
Total All Funds = \$6,091,660,000

Program Finance Summary Agency Management

F.Y. 2000 Base

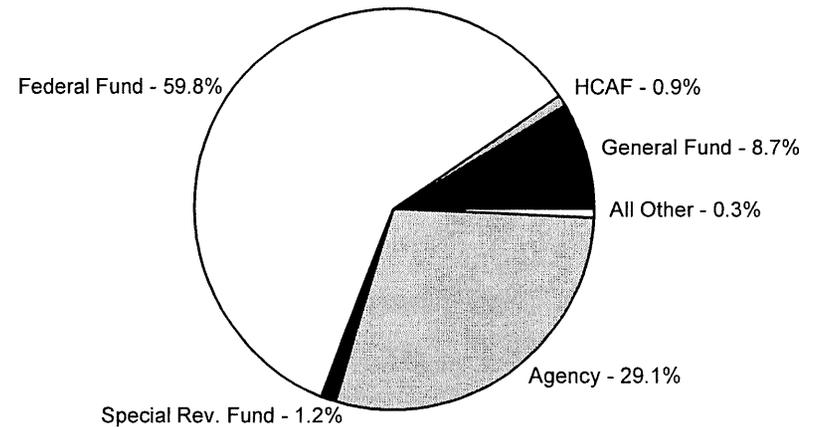
Data Source - Budget Information System Fiscal Pages

Agency Management By Activity



Total All Funds = \$358,840,000

Agency Management By Fund



Total All Funds = \$358,840,000

REVISED
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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
FINANCIAL OPERATIONS	278,366	279,498	319,839	329,347	582,697	326,534	469,084	452,444	75.5%
LEGAL & REGULATORY OPERATIONS	6,476	6,148	6,900	8,515	8,515	8,642	8,642	4,109	31.5%
MANAGEMENT OPERATIONS	21,601	17,663	21,947	20,978	21,055	20,940	21,064	2,509	6.3%
Total Expenditures	306,443	303,309	348,686	358,840	612,267	356,116	498,790	459,062	70.4%

CHANGE ITEMS:	FUND				
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN			77	124
(B) MINNESOTA FAMILIES FOUNDATION	TSF			253,350	142,550
Total Change Items				253,427	142,674

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	29,760	24,771	28,974	31,245	31,322	31,406	31,530
STATE GOVERNMENT SPECIAL REVENUE	417	342	350	371	371	392	392
HEALTH CARE ACCESS	2,615	3,032	2,925	3,268	3,268	3,321	3,321
TOBACCO SETTLEMENT	0	0	0	0	253,350	0	142,550
STATUTORY APPROPRIATIONS:							
GENERAL	52	342	2,783	72	72	72	72
STATE GOVERNMENT SPECIAL REVENUE	1,037	513	753	641	641	641	641
SPECIAL REVENUE	2,539	8,669	4,114	4,249	4,249	4,290	4,290
FEDERAL	186,257	196,492	204,264	214,472	214,472	211,472	211,472
AGENCY	83,766	69,148	104,522	104,522	104,522	104,522	104,522
GIFT	0	0	1	0	0	0	0
Total Financing	306,443	303,309	348,686	358,840	612,267	356,116	498,790

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of

ITEM TITLE: Minnesota Families Foundation

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Tobacco Settlement Fund	\$253,350	\$142,550	\$204,100	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends the creation of a public-private foundation, endowed with one-time proceeds from the state's tobacco settlement, to help families and individuals striving to be self-sufficient. This non-profit foundation would be outside of state government so it can be flexible and innovative in working at the margin to do what cannot, or should not, be done with public resources. The foundation would be endowed with \$600 million by the end of F.Y. 2002 and would spend only the interest earnings to be matched dollar for dollar by non-public funds on an annual basis. Expenditures would support self-sufficiency and reduce long-term dependency on government.

RATIONALE:

The state's tobacco settlement provides us with a unique opportunity to make a difference in people's lives and reduce future costs to taxpayers. Recognizing that government cannot always respond to the challenges that individuals and families encounter, a foundation could work on the margin to remove obstacles or address unmet needs in a way that is either inappropriate or impossible to do with public funds.

Government has an important role in supporting families in need. However, the core programs that government operates cannot always provide the timely interventions that can keep a family self-sufficient or help them build assets to improve their long-term outlook. The Minnesota Families Foundation will be an investment to ensure that those families who want to help themselves can become self-sufficient and reduce their need to depend on government.

The foundation would fund activities that will accomplish the following:

- Support activities that are flexible, innovative, and which close the gap between dependence on government and independence from government programs.
- Support working families' and individuals' efforts to remain self-sufficient by building assets that promote family stability.
- Ensure that important core public sector efforts to encourage self-sufficiency have every opportunity to succeed, such as the Minnesota Family Investment Program (MFIP).
- Focus resources in a way that can demonstrate an impact on a single goal or set of goals.
- Invest in activities that have demonstrated success in reducing future government expenditures.

Proposal

The Minnesota Families Foundation will be created as a 509(a) supporting organization with the mission of supporting self-sufficiency. This foundation will operate outside of government but will be accountable to the taxpayers through its board of directors and through biennial reports to the Governor and legislature. The board will consist of 15 members with staggered terms, 4 appointed by the Governor, 4 by the Legislature, and 7 by the board itself.

The board will be responsible for creating a strategy which will further define and implement its mission. In its first year, the foundation will set priorities for funding. Grants from the foundation will begin in the second year.

The foundation will sunset after 10 years, at which time the remaining funds in the endowment will be returned to the Tobacco Settlement Fund.

FINANCING:

The foundation will be endowed with \$600 million of one-time tobacco revenues by the end of F.Y. 2002. The foundation itself will be responsible for actively

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of

ITEM TITLE: Minnesota Families Foundation
(Continuation)

managing the funds to ensure sufficient returns to maintain the principal and spend only the earnings.

Based on current investment practices of existing foundations, it is reasonable to assume an average annual rate of return on the endowment of 8%. The Minnesota Families Foundation Board will spend no more than 5% of the endowment annually, ensuring that the endowment's corpus is not only protected, but could grow.

To ensure that these expenditures focus on well-developed ideas and have broad support, a one-to-one match with non-public funds will be required, in which no more than 25% can come from "in-kind" contributions.

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Available for Grants	\$-0-	\$13,196	\$20,951	\$32,107
Non-Public Match	\$-0-	<u>\$13,196</u>	<u>\$20,951</u>	<u>\$32,107</u>
		\$26,392	\$41,902	\$64,214

OUTCOMES:

- Families and individuals who are working hard and playing by the rules will have greater opportunities to succeed and will have fewer needs for government support in the future.
- Minnesota will capitalize on a unique opportunity to invest in better outcomes for families.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Agency Management
ACTIVITY: Management Operations

ITEM TITLE: Department of Human Services Base Reductions of Targeted Grants

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Aging & Adult Services	\$(380)	\$(380)	\$(380)	\$(380)
Comm Social Services	(39)	(39)	(39)	(39)
Mental Health Grants	(15)	(15)	(15)	(15)
Children's Grants	(380)	(380)	(380)	(380)
Child Support Enforcement	(600)	(600)	(600)	(600)
Refugee	(500)	(500)	(500)	(500)
Total	\$(1,914)	\$(1,914)	\$(1,914)	\$(1,914)

Statutory Change? Yes X No ___

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduction in the General Fund budget of \$1,914,000 in F.Y. 2000 and \$1,914,000 in F.Y. 2001 resulting from the elimination of targeted grants. This reduction is part of a statewide, multi-agency initiative to re-evaluate current expenditures and ensure that state spending reflects critical obligations and priorities when the state's role is clearly articulated.

RATIONALE:

The following grant programs reflect a first attempt to re-evaluate priorities for state funding. Criteria for identifying areas for reduction included:

- narrowly-focused expenditures
- lower priority expenditures
- duplicative expenditures

Background

The Department of Human Services manages a number of grant programs that have limited scope or that in some ways duplicate other activities.

Day Training and Habilitation Grants: \$39,000

This grant is provided to Hennepin County to offset CSSA costs related to 1 service provider. As the result of a legislative mandate to increase Medical Assistance rates to this provider, CSSA costs for Hennepin County-paid clients increased.

Epilepsy Demo Grants: \$230,000

This activity provides training in independent living skills to adults with epilepsy. Funds are awarded to one nonprofit organization that currently serves 21 clients.

Supplemental Nutrition Funding: \$150,000

These funds are available to counties where congregate and home-delivered meals were locally financed prior to participation in the nutrition program of the Older Americans Act. These funds are available to 3 counties.

Non-Profit Camping: \$15,000

This grant provides funding to Camp Grandir, which provides wilderness experiences and peer leadership skills to individuals with severe and persistent mental illness.

New Chance Grant: \$140,000

New Chance targets teenage mothers who have not completed their high school education and are at risk of long-term welfare dependency. The program provides education, employment training, life planning, parenting education, and case management to approximately 130 teenage mothers.

ICW Law Center: \$140,000

Indian Child Welfare Law Center provides legal advice and representation to low-income clients and Indian tribes. It also provides educational training and advocacy in child custody proceedings under the federal Indian Child Welfare Act. The Law Center accepted 178 Indian child custody cases for representation in court proceedings in 1998.

Project Empowerment: \$100,000

Project Empowerment currently supports 20 families who have chronically neglected their children due to their own inability to cope with and manage activities of daily living. This program enables parents to learn parenting skills.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Agency Management
ACTIVITY: Management Operations

ITEM TITLE: Department of Human Services Base Reductions of Targeted Grants (Continuation)

Parents Fair Share: \$600,000

Parents Fair Share provides targeted grants to counties to assist unemployed, non-custodial parents with job search and parenting skills resources.

Asian-American Juvenile Crime Prevention: \$500,000

This line item provides grants to non-profit agencies for family-based services and activities to Asian-American youth to prevent participation in crime and to intervene in youth criminal and/or delinquent behavior.

Proposal

This proposal will eliminate selected targeted grants in order to fund initiatives of the Governor that have broader impact on Minnesota citizens.

FINANCING:

This proposal includes the program reductions listed below:

<u>Program</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
DT & H Related Grants	\$(39,000)	\$(39,000)	\$(39,000)	\$(39,000)
Epilepsy Demo Project	(230,000)	(230,000)	(230,000)	(230,000)
Supplemental Nutrition Grants	(150,000)	(150,000)	(150,000)	(150,000)
Non-profit Camping Grants	(15,000)	(15,000)	(15,000)	(15,000)
New Chance Grant	(140,000)	(140,000)	(140,000)	(140,000)
ICW Law Center	(140,000)	(140,000)	(140,000)	(140,000)
Project Empowerment	(100,000)	(100,000)	(100,000)	(140,000)
Parents Fair Share	(600,000)	(600,000)	(600,000)	(600,000)
Asian/American Crime Prevention	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total	\$(1,914,000)	\$(1,914,000)	\$(1,914,000)	\$(1,914,000)

OUTCOMES:

- These reductions represent a first step in delivering a state budget which is responsive, accountable, and limited; they will allow for new and more urgent priorities to be funded.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Financial Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This area's purpose is to manage the fiscal resources of the department. Human Services has a biennial budget in excess of \$10 billion (all funds). To operate within state and federal law, budget forecasting, accounting, collections, and accounts payable and receivable must be managed. The diversity and size of department services and their multiple funding sources creates extensive accounting and forecasting complexity.

Services Provided

There are 3 activities in Financial Operations:

1. Forecasting of entitlement program expenditures and reporting on all expenditures and revenue. Forecasting and reporting are critical to budgeting, to estimating cost growth and fiscal implications of policy changes, and to staying in compliance with federal and state laws. This function includes:
 - November and February entitlement forecasts, such as those for Medical Assistance (MA) and Minnesota Family Investment Program (MFIP)
 - Reports on county expenditures
 - Reports on federal funding and revenues
 - Reports on accounts receivable
 - Internal management reports on administration and grant expenditures
 - Ad hoc financial reports including those requested by the legislature and other state agencies
 - Statistical reports
 - Evaluations of policy changes and their fiscal impacts
2. Ensuring that funds are received from all required sources and are expended within the parameters of state and federal law. Making sure that private insurance policies, Medicare, or other federal benefits cover their fair share is a priority. Additionally, this area manages the receipt of selected fees and premiums paid by clients. This function includes:

- Accounts payable - payments to grantees, clients and vendors
- Accounts receivable - management and collections such as premiums or money from other insurers.
- Receipt processing - identification and deposit of receipts
- Automation of the following major revenue terms:
 - Surcharge provider tax
 - RTC cost of care billing
 - Drug rehabilitation
 - MinnesotaCare premiums
 - Benefit recovery
 - County effort recoveries
- Preparation of the annual operating budget
- Federal funds management and reporting
- Accounting records preparation and retention
- Retirement, Survivors, and Disability Insurance (RSDI) effort to recoup or avoid state costs by identifying people eligible for RSDI benefits

3. Directing the development of the agency's budget and performance report.

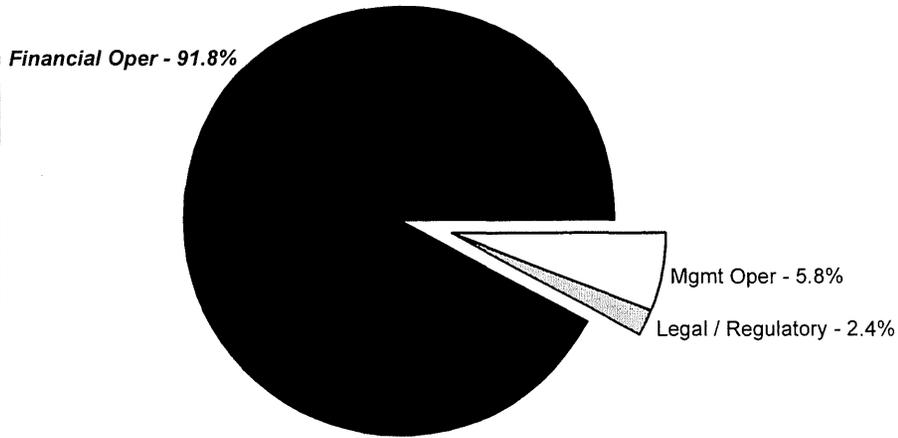
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Appropriate application of revenue maximization strategies
- TANF/MFIP administrative formulas
- Increased efforts in assisting people to qualify for other sources of help in response to welfare reform, block grants, and tightening federal eligibility criteria
- Simplification in the planning, forecasting, and budgeting of income maintenance and health care programs
- Electronic commerce, such as direct deposit of payments in provider bank accounts and electronic receipting, that have impacts on state cashflow
- Federal administrative reimbursement changes for states

Agency Management By Activity



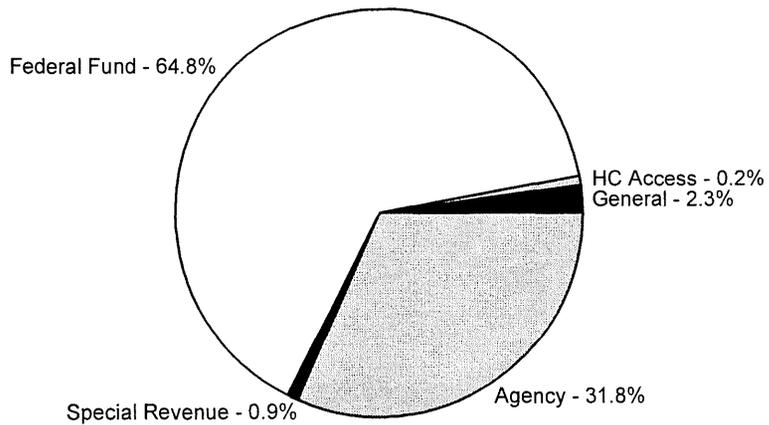
Total All Funds = \$358,840,000

Activity Finance Summary Financial Operations

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Financial Operations By Fund



Total All Funds = \$329,347,000

Financial Operations - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Budget Analysis	10.0	0.0	0.0	0.0	0.0	10.0
Financial Mgmt.	35.7	7.8	12.3	4.8	0.0	60.6
Reimbursements	56.0	0.0	13.0	0.0	0.0	69.0
Reports & Forecasts	11.3	2.5	0.0	0.0	0.0	13.8
TOTAL	113.0	10.3	25.3	4.8	0.0	153.4

Agency: HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: FINANCIAL OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	6,856	7,111	8,102	8,176	8,176	8,363	8,363	1,326	8.7%
OPERATING EXPENSES	38,854	82,098	60,715	65,057	65,057	66,057	66,057	(11,699)	-8.2%
OTHER EXPENSES	0	21	0	0	0	0	0	(21)	-100.0%
TRANSFERS	0	0	0	92	92	92	92	184	
SUBTOTAL STATE OPERATIONS	45,710	89,230	68,817	73,325	73,325	74,512	74,512	(10,210)	-6.5%
PAYMENTS TO INDIVIDUALS	88,073	69,128	104,522	104,522	104,522	104,522	104,522	35,394	20.4%
LOCAL ASSISTANCE	144,583	121,140	146,500	151,500	404,850	147,500	290,050	427,260	159.6%
Total Expenditures	278,366	279,498	319,839	329,347	582,697	326,534	469,084	452,444	75.5%
CHANGE ITEMS:									
	FUND								
(B) MINNESOTA FAMILIES FOUNDATION	TSF				253,350		142,550		
Total Change Items					253,350		142,550		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	6,610	6,796	8,024	7,701	7,701	7,877	7,877		
HEALTH CARE ACCESS	424	454	1,160	691	691	702	702		
TOBACCO SETTLEMENT	0	0	0	0	253,350	0	142,550		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,248	7,533	2,784	2,876	2,876	2,876	2,876		
FEDERAL	185,318	195,567	203,349	213,557	213,557	210,557	210,557		
AGENCY	83,766	69,148	104,522	104,522	104,522	104,522	104,522		
Total Financing	278,366	279,498	319,839	329,347	582,697	326,534	469,084		

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2000-01 Biennial Budget

BUDGET ACTIVITY: Legal and Regulatory Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity provides legal and regulatory procedures that promote quality and equal access to services; establishes and implements regulatory/statutory standards based upon integrity and cost effectiveness; and assures protection of the health, safety, and rights of people served by the department.

Services Provided

1. Resolving disputes with clients, license holders, and long-term care facilities, including:
 - 4,000 administrative fair hearings for applicants and recipients of service whose benefits have been denied, reduced, or terminated;
 - Appeals by applicants who are denied licenses or by providers whose licenses are suspended or revoked;
 - Appeals by MA and GAMC service providers, principally in the area of MA long-term care rate appeals.
2. Providing legal support and rulemaking activities for all department services.
3. Overseeing litigation in collaboration with the Attorney General's Office.
4. Managing grants and over 1,000 contracts for department services.
5. Licensing services and investigating complaints, including:
 - Responsibility for licensing, monitoring, and investigating 27,000 human services programs. The total includes 10,359 new licenses issued in the last 2 fiscal years (F.Y. 1997 and F.Y. 1998).
 - Conducting 200,000 background studies on people who provide direct contact services in DHS and Minnesota Department of Health (MDH) licensed programs.
 - Investigating 1,090 reports of alleged or suspected maltreatment of children and vulnerable adults in DHS licensed programs in the last 2 fiscal years (F.Y. 1997 and F.Y. 1998).

People Served

- Minnesotans who receive services from DHS regulated programs including child care centers; family child care; adult and child foster care homes; adolescent group homes; and residential, outpatient, and day training treatment programs for people with chemical dependency, mental health needs, or developmental disabilities.
- Applicants for and recipients of social services, public health care programs, and cash assistance programs.
- 87 counties and 50 private licensing agencies.
- 750 MA certified long-term care providers.

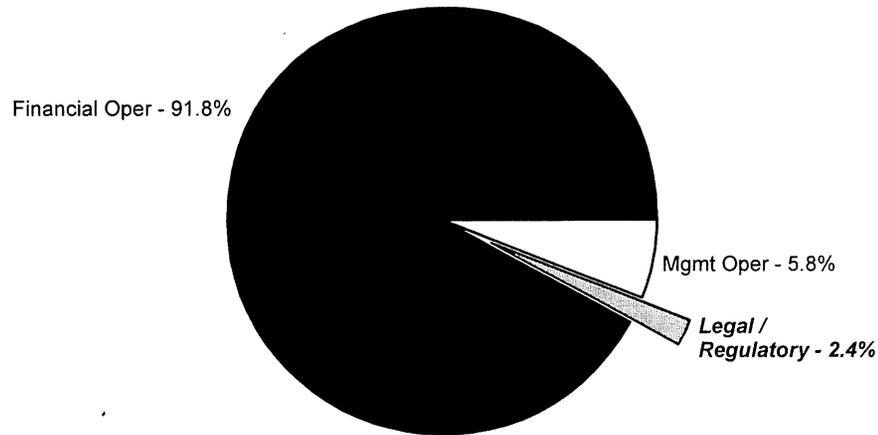
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- More demands have been placed on licensing functions through more consumer complaints.
- The number of programs to license and background studies to conduct have increased.

Agency Management By Activity



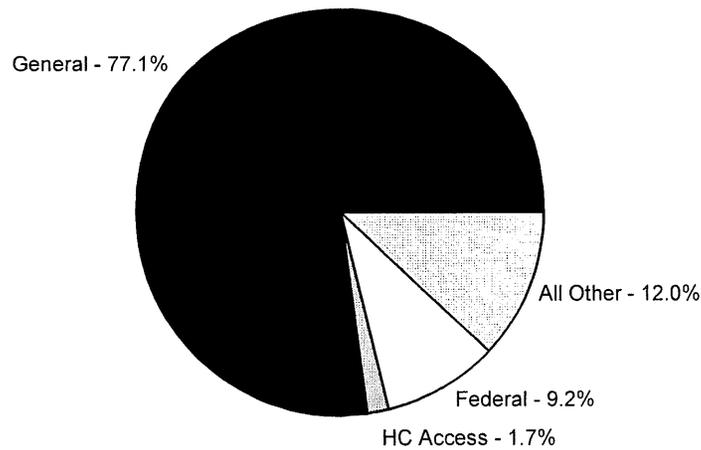
Total All Funds = \$358,840,000

Activity Finance Summary Legal & Regulatory Operations

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Legal & Regulatory Operations By Fund



Total All Funds = \$8,515,000

Legal & Regulatory Operations - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Licensing	38.2	0.0	0.0	12.6	19.0	69.8
Provider Appeals	6.8	0.0	0.0	0.0	0.0	6.8
Appeals & Regulation	24.3	2.3	0.0	0.0	1.3	27.9
TOTAL	69.3	2.3	0.0	12.6	20.3	104.5

Agency: HUMAN SERVICES DEPT

Program: AGENCY MANAGEMENT

Activity: LEGAL & REGULATORY OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	4,967	5,154	5,547	5,737	5,737	5,874	5,874	910	8.5%
OPERATING EXPENSES	1,509	994	1,353	823	823	754	754	(770)	-32.8%
TRANSFERS	0	0	0	1,955	1,955	2,014	2,014	3,969	
SUBTOTAL STATE OPERATIONS	6,476	6,148	6,900	8,515	8,515	8,642	8,642	4,109	31.5%
Total Expenditures	6,476	6,148	6,900	8,515	8,515	8,642	8,642	4,109	31.5%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	4,170	4,337	4,866	6,569	6,569	6,671	6,671		
STATE GOVERNMENT SPECIAL REVENUE	417	342	350	371	371	392	392		
HEALTH CARE ACCESS	122	171	138	141	141	145	145		
STATUTORY APPROPRIATIONS:									
GENERAL	0	0	13	13	13	13	13		
STATE GOVERNMENT SPECIAL REVENUE	1,037	513	753	641	641	641	641		
FEDERAL	730	785	780	780	780	780	780		
Total Financing	6,476	6,148	6,900	8,515	8,515	8,642	8,642		

2000-01 Biennial Budget

BUDGET ACTIVITY: Management Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This area's purpose is to develop a workplace that is competent, can meet new challenges quickly, reflects the diversity of department clientele, is technologically literate, and operates with ethics and integrity.

Services Provided

1. Agency leadership and public policy direction for health care, welfare, and social services. Setting the policy agenda for agency priorities is the function of this area.
2. Communication with clients, counties, tribes, and the federal government
3. Human resource development. This area serves the DHS central office, State Operated Services, and selected counties.

Human resource work includes:

- Strategies for redeploying personnel to fit new priorities and changing business needs
 - Personnel recruitment, selection, compensation and classification services
 - Personnel services to 77 counties through its Merit System activity
 - Labor relations, grievance arbitration, and negotiation
 - Affirmative action, diversity activities, and civil rights enforcement and monitoring
 - Health, safety, wellness, and workers compensation activities
 - Training packages that promote professional development, continuing education, and cultural competencies
 - Organizational development activities
4. Information and technology resources. Information technology continues to be a major DHS investment. Computer systems for welfare and health care eligibility (MAXIS), child support (PRISM), child welfare (SSIS), welfare benefits delivery (EBT), and health care bill payment (MMIS) continue to

automate key elements of business operations and program policy. Seeing that DHS systems are Year 2000 compliant is the number one priority.

Basic principles underscore future information technology development and procurement. Information technology issues must be coordinated with other agencies to set standards and implement statewide computer activities. Industry driven issues, such as electronic commerce, information access and data privacy, disaster recovery, and shortage of professional expertise, must be addressed.

Priorities in this area include:

- Strategic planning for use of technology to support agency services
 - Year 2000 Project
 - New computer systems planning to evolve current systems to meet new needs
 - Computer network and hardware maintenance for approximately 6,000 employees
 - Coordination of computer systems issues with other agencies to set standards and implement statewide computer activities
5. Management services. Management Services addresses the basic business needs of DHS. The functions of this area include:
 - Visual communications/teleconferencing with counties and Regional Treatment Center Governing boards
 - Facility management and building security
 - Telephone systems and related interactive response technology
 - Inventory and property management
 - Purchasing of office goods
 - Mailing and printing services
 - Information Desk, graphics and publication services.
 6. Internal auditing. The Internal Audits Office provides management with an independent appraisal of the department's fiscal management and programmatic controls.

FINANCING INFORMATION:

(See charts which follow narrative.)

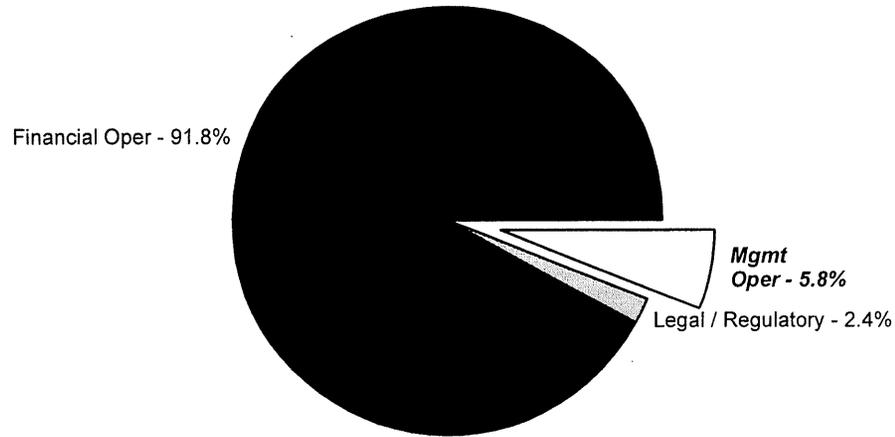
2000-01 Biennial Budget

BUDGET ACTIVITY: Management Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

BUDGET ISSUES:

- DHS staff continue to be dispersed around the state. Voice and visual communications to link those sites result in additional cost pressures.
- DHS needs to expand investments in on-going skill, updating, and training for professionals. Staff training investments are important for DHS to function well and attract professionals needed in the future.
- Obsolescence of computers and software is speeding up. Strategic planning is needed to make sure that DHS maintains its technology investment while adapting it sensibly to meet new needs.
- DHS must ensure that all computer systems conform with Year 2000 requirements.
- As federal devolution occurs, more demands will be placed on staff, computer systems, and other management services to design new programs, standards, oversight, data management, and operational support.
- DHS central office is now divided among 9 leased locations. Lease costs and administrative costs to support 9 locations are growing.

Agency Management By Activity



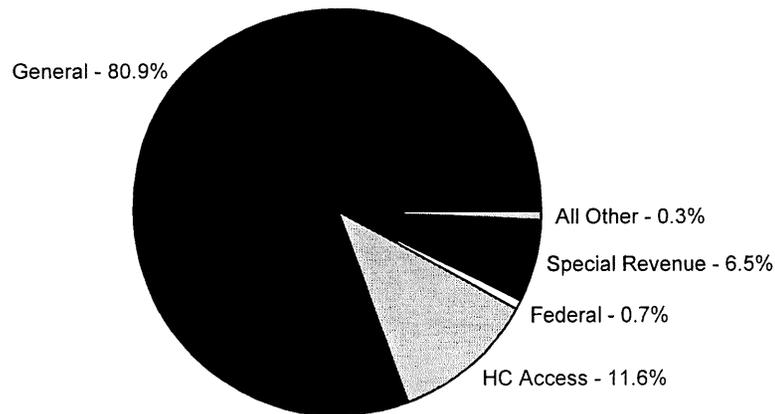
Total All Funds = \$358,840,000

Activity Finance Summary Management Operations

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Management Operations By Fund



Total All Funds = \$20,978,000

Management Operations - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Management Svcs	32.8	6.0	0.0	2.0	0.0	40.8
Internal Audits	5.0	0.0	0.0	0.0	0.0	5.0
Inf. & Tech. Strat	34.6	2.0	13.0	0.0	0.0	49.6
Executive Office	9.5	0.0	0.0	0.0	0.0	9.5
Human Resources	30.7	1.0	0.0	0.0	0.0	31.7
EEA / AA Office	12.9	0.0	0.0	0.0	0.0	12.9
TOTAL	125.5	9.0	13.0	2.0	0.0	149.5

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: AGENCY MANAGEMENT
Activity: MANAGEMENT OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	5,150	5,951	7,870	7,432	7,482	7,644	7,729	1,390	10.1%
OPERATING EXPENSES	16,371	11,527	14,077	13,546	13,573	13,296	13,335	1,304	5.1%
SUBTOTAL STATE OPERATIONS	21,521	17,478	21,947	20,978	21,055	20,940	21,064	2,694	6.8%
CAPITAL OUTLAY	0	185	0	0	0	0	0	(185)	-100.0%
LOCAL ASSISTANCE	80	0	0	0	0	0	0	0	
Total Expenditures	21,601	17,663	21,947	20,978	21,055	20,940	21,064	2,509	6.3%
CHANGE ITEMS:									
(A) REFINANCE MA SCHOOL REIMBURSEMENT					77			124	
Total Change Items					77			124	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	18,980	13,638	16,084	16,975	17,052	16,858	16,982		
HEALTH CARE ACCESS	2,069	2,407	1,627	2,436	2,436	2,474	2,474		
STATUTORY APPROPRIATIONS:									
GENERAL	52	342	2,770	59	59	59	59		
SPECIAL REVENUE	291	1,136	1,330	1,373	1,373	1,414	1,414		
FEDERAL	209	140	135	135	135	135	135		
GIFT	0	0	1	0	0	0	0		
Total Financing	21,601	17,663	21,947	20,978	21,055	20,940	21,064		

2000-01 Biennial Budget

PROGRAM: Children's Grants

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

Children's Grants fund services in the child welfare and children's mental health system. These services support families in crisis to care for their children and find appropriate services quickly; provide help to children who cannot live with their birth families; develop guidelines and training for social workers, child welfare professionals, and others dealing with child welfare to increase their effectiveness; and provide community-based mental health treatment and supportive services.

In addition to the responsibilities associated with services specific to this budget area, the Children's Initiative promotes the best interests of children in all agency services and works with other program areas to evaluate the impact of policy changes on the well-being of children and families.

Services Provided

Essentially 4 types of grants are funded in Children's Grants: prevention grants aimed at curbing child abuse or neglect, protection grants for services to families and children in crisis, permanency grants for the benefit of children who cannot live with their birth parents because of abuse or neglect, and children's mental health grants which provide community-based treatment and supportive services.

Services include:

- Crisis nurseries
- Child protection services including assessments, investigation, referral for prosecution
- Foster care-grants, recruitment, and training
- Relative custody
- Indian child welfare services
- Respite care
- Permanency planning for children not able to return to their biological parents
- Adoption Assistance for special needs children
- Mental health day treatment
- Therapeutic foster care
- Child abuse prevention activities

- Children's mental health case management
- Mental health assessments and counseling including family and individual therapy
- Mental health services, including life skill development to homeless adolescents
- In-home, family-based mental health services

People Served

- In 1997, 10,777 determinations of child maltreatment were made out of 26,252 allegations. Children between the ages of 3 and 9 were victims most often. 80% of all offenders were the victim's parents.
- 18,330 children were placed during the year in out-of-home settings, such as foster care, shelters, group homes, and children's mental health residential facilities. 43% of the children were placed as a result of their own conduct or condition. The rest were primarily placed due to abuse or neglect, parental substance abuse, or parental illness, disability, or death.
- In 1998, 2,447 children were in the Adoption Assistance program.
- The Relative Custody Assistance program served approximately 220 children.
- Over 2,900 families containing approximately 5,600 children were served in crisis nurseries located in 14 sites throughout Minnesota.
- 3,684 children received mental health case management.
- Over 1,200 adolescents with severe emotional disturbance and violent behavior received specialized services.
- Provided mental health screening for 4,942 youth in, or at risk of, involvement in the juvenile court system during 1997, with 1,157 of them referred for needed mental health treatment.
- Over 5,000 children have received services through a children's mental health collaboratives.

DHS Functions

DHS's role for these grants includes providing:

- Training for best practices regarding child abuse and neglect interventions.
- Compliance activities for state and federal law.
- Policy and program development.
- Technical assistance to counties and service providers, including adoption agencies and non-profit agencies.
- Computer and technology development related to child welfare services.
- Grant review and awarding.

Funding for these administrative functions is found in the children's services management program.

2000-01 Biennial Budget

PROGRAM: Children's Grants

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

Accomplishments

Recent accomplishments include:

- Reducing the number of children in out-of-home placement and increasing the number of children adopted or placed in safer homes.
- Developing better criteria to measure child welfare performance.
- Implementing adolescent services grants to help youth with severe emotional problems, achieving a 12% reduction in the number of violent behaviors exhibited by these youth.
- Raising awareness about child abuse.

STRATEGIES AND PERFORMANCE

A major program strategy is to support families to safely care for their children. Strategies include:

- Building local capacity to protect children and support families.
- Creating more accountability in child welfare decisions and performance.
- Investing more in prevention of abuse and neglect.
- Developing a continuum of community-based children's mental health services.
- Attention to the individual service needs of children and their families in a strengths-based, outcomes-driven approach to service provision.

The performance measures for this program are as follows:

- Reduce the percentage of child protection cases having a new maltreatment finding while the case is open for child protection services.
- Reduce the percentage of child protection cases having a new maltreatment finding within 12 months of case closure.
- Reduce the number of deaths and near deaths resulting from child abuse or neglect.
- Increase the percentage of children who are residing in a permanent arrangement within 12 months of initial placement.
- Increase the proportion of children with severe emotional disturbance with improvement in their level of functioning.
- Reduce the number of symptoms of children with emotional disturbance.
- Increased family satisfaction with children's mental health treatment and supportive services.

- Reduce reliance on restrictive settings for treatment of children with severe emotional disturbance.

FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

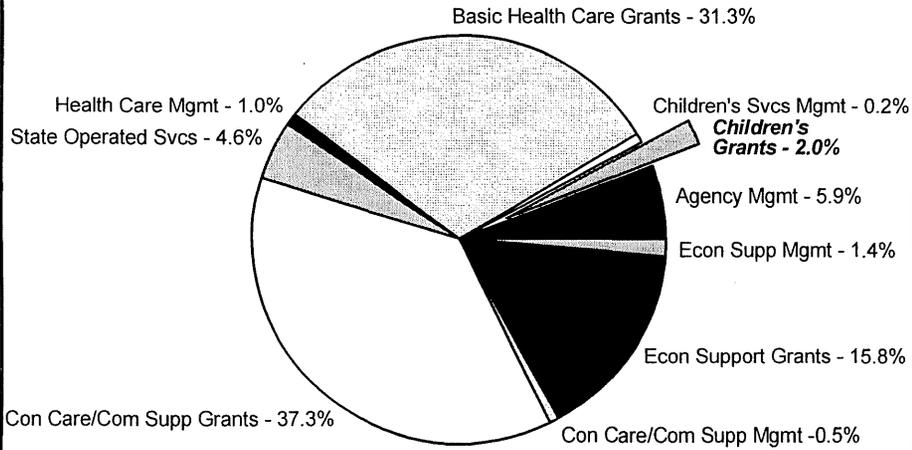
Demographic/budget trends

- More children under the state's guardianship are being adopted.
- Out-of-home placement of children is declining but expenditures are not. Children remaining in the system are more costly.
- There is a growing need for treatment and respite care.
- Service systems are struggling to serve children with more challenging problems, including severe emotional disturbance and co-occurring disorders, and those involved in multiple systems (e.g., child welfare, juvenile justice, special education).
- Increased urgency for preparing youth with emotional problems for the transition to adult life.
- Children of color are over-represented in treatment settings while the number of treatment providers of color are under-represented.

Service delivery

- Applying statewide standards is difficult when 60% of the funding in the child welfare comes from property taxes and the federal government.
- Paying special attention to the effects of welfare to work on children.
- Making child welfare services more responsive to the needs of families.
- Improving the ability to make timely, accurate assessments of children and their families in order to better match services to their needs.
- Developing rural mental health providers of sufficient numbers and skills.
- Improving transitional services for adolescents with severe emotional disturbance.

Dept. Of Human Services By Program



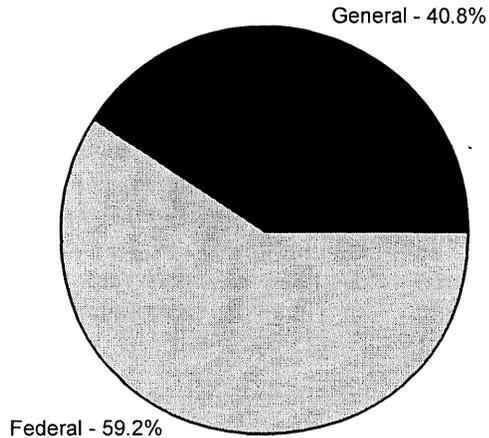
Total All Funds = \$6,091,660,000

Program Finance Summary Children's Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Children's Grants By Fund



Total All Funds = \$122,442,000

*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT

Program: CHILDREN'S GRANTS

Activity: CHILDREN'S GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	515	406	773	506	506	506	506	(167)	-14.2%
OPERATING EXPENSES	4,113	8,688	7,622	7,434	7,434	7,434	7,434	(1,442)	-8.8%
SUBTOTAL STATE OPERATIONS	4,628	9,094	8,395	7,940	7,940	7,940	7,940	(1,609)	-9.2%
PAYMENTS TO INDIVIDUALS	10,368	12,424	15,722	15,720	16,842	15,720	18,281	6,977	24.8%
LOCAL ASSISTANCE	72,285	83,731	111,965	98,782	109,569	98,756	110,090	23,963	12.2%
Total Expenditures	87,281	105,249	136,082	122,442	134,351	122,416	136,311	29,331	12.2%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) ADOPTION ASSISTANCE	GEN				1,122		2,561		
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				367		744		
(A) COMMUNITY ALTERNATIVES FOR SED	GEN				1,500		1,670		
(A) CONCURRENT PLANNING & REVIEW	FED				9,300		9,300		
(A) DHS BASE REDUCTIONS	GEN				(380)		(380)		
Total Change Items					11,909		13,895		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	28,289	43,558	50,152	49,992	52,601	49,992	54,587		
STATE GOVERNMENT SPECIAL REVENUE	83	0	0	0	0	0	0		
STATUTORY APPROPRIATIONS:									
FEDERAL	58,902	61,684	85,920	72,440	81,740	72,414	81,714		
GIFT	7	7	10	10	10	10	10		
Total Financing	87,281	105,249	136,082	122,442	134,351	122,416	136,311		

Funding Detail

Children's Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Family & Children's Services										
Family Preservation	Grants to counties to provide a continuum of services to strengthen families and reunify children safely to their family	6,942	15,721	15,702	15,702	15,702	0	15,702	15,702	0
Child Abuse and Neglect Protection										
- Substance Abuse	Grants to counties, tribes and health organizations to provide child protection services to women convicted of a drug related offense and who have children; address prenatal exposure effects by providing services to families with children who have drug or alcohol related disabilities. (approx. served FY98 - 6,435; FY99 - 31,385)	893	927	1,350	1,350	1,350	0	1,350	1,350	0
- Crisis Nursery	Grants to counties and providers for temporary short term care for children when the family is in crisis.	737	778	1,000	800	800	0	800	800	0
- Homeless	Grants to providers for housing, counseling, emergency shelter and short term transitional housing for homeless youth. (approx. served FY98 - 150; FY99 - 160)	685	692	708	708	708	0	708	708	0
- Miscellaneous	Grants to counties, providers and educational organizations for assistance to teen parents, child welfare reform pilots, and other statewide services, including child abuse professional hotline, Indian Child Welfare Law Center, Training of Criminal Justice system.	434	1,097	1,291	1,331	951	(380)	1,331	951	(380)
Permanency										
- Grants for Special Needs Children	Provide financial assistance for special needs children who are adopted or placed permanently with relatives who are below certain financial standards.	5,789	7,499	10,630	10,630	11,752	1,122	10,630	13,191	2,561
- Privatized Adoption for Special Children and Recruitment	Grants to providers for recruitment of foster and adoptive families; fund child placement agencies' efforts to place children committed to the guardianship of the Commissioner in adoptive homes.	100	2,066	3,339	3,339	3,339	0	3,339	3,339	0
Subtotal - Families & Children's Svcs		15,580	28,780	34,020	33,860	34,602	742	33,860	36,041	2,181

Funding Detail

Children's Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
General Fund Continued										
Children's Mental Health										
Children's MH Combined Grant										
- CMH Community Based (Rule78)	Grants to counties and collaboratives for the provision of basic family community support services for SED children and their families. (approx. served CY97 - 4,924 served)	1,685	1,861	3,800	3,800	4,167	367	3,800	4,544	744
- TEFRA/PCA Alternatives / Respite Care	Grants to counties and collaboratives for the provision of MH Services for children who lost MA eligibility due to changes in TEFRA standards / Respite Care grants.	924	701	3,176	3,176	3,176	0	3,176	3,176	0
- MH Adolescent Services	Grants to collaboratives for the provision of intensive MH services for SED youth with violent behavior. (approx. served CY97 - 825)	3,900	4,100	4,223	4,223	5,723	1,500	4,223	5,893	1,670
- CMH Collaboratives	Grants to collaboratives for implementation and wrap-around services for children's mental health. (approx. served CY97 - 1,824)	5,094	6,379	2,000	2,000	2,000	0	2,000	2,000	0
- MH Screening of Children in Court	Grants to counties for screening, assessment and MH services for children in the court system. (approx. served CY97 - 4,942 screened / 1,157 served)	311	318	1,000	1,000	1,000	0	1,000	1,000	0
- MH Screening Homeless Children	Grants to counties for outreach, screening and service coordination for homeless children. (approx. served CY97 - 1,018)	687	725	725	725	725	0	725	725	0
CMH Capacity Building Grants	Grants to counties for Family Community Support and wrap-around services for under-served SED children. (approx. served CY98 - 300)	0	586	1,100	1,100	1,100	0	1,100	1,100	0
CMH Collaborative Interagency	Interagency agreements which support collaborative liaison positions within the Departments of Health, Corrections and Children, Families & Learning.	108	108	108	108	108	0	108	108	0
SubTotal - Children's Mental Health		12,709	14,778	16,132	16,132	17,999	1,867	16,132	18,546	2,414
General Fund Total		28,289	43,558	50,152	49,992	52,601	2,609	49,992	54,587	4,595
State Gov't Special Revenue										
Child Visitation Center	A safety center for children whose parents involved with domestic violence	83	0	0	0	0	0	0	0	0
State Gov't Special Rev. Fund Total		83	0	0	0	0	0	0	0	0
DIRECT APPROPRIATIONS TOTAL		28,372	43,558	50,152	49,992	52,601	2,609	49,992	54,587	4,595

Funding Detail

Children's Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
Federal Fund										
Family and Children's Services Family Preservation	Grants to counties and tribes to support a continuum of services to strengthen families and to reunite children safely to their family. Funds to counties and private agencies to prepare older adolescents in obtaining independent living skills. Miscellaneous targeted grants for family preservation. (approx. served FY98 - 1,676; FY99 - 1,825)	4,441	4,600	5,825	5,281	5,281	0	5,255	5,255	0
Child Abuse & Neglect- Federal - Children's Justice Act	Training to law enforcement, county attorney and child protection professionals including equipment and training to the use of videotape and closed circuit testimony of child abuse victims.	138	152	227	252	252	0	252	252	0
- Respite Care	Grants to counties and providers for temporary short term care for children when the family is in crisis.	284	96	873	0	0	0	0	0	0
- Miscellaneous	Grants to counties and providers for child protection services to impact the cycle of child abuse and neglect.	663	440	1,226	400	400	0	400	400	0
Foster Care & Adoption Assist - Federal - Title IV-E Foster Care	Grants to counties, tribes, providers and educational organizations providing assistance to Title IV-E children in foster care programs.	16,809	23,678	32,200	32,200	32,200	0	32,200	32,200	0
- Title IV-E Adoption	Grants to counties, providers and individuals providing assistance to Title IV-E children in adoption assistance programs.	28,251	29,878	34,307	34,307	34,307	0	34,307	34,307	0
- Emergency Assistance	Federal funds for counties to expand family-based counseling or family-based life management skills training.	8,316	2,840	1,462	0	0	0	0	0	0
- Concurrent Permanency Planning	Grants to counties for the continuation of concurrent permanency planning and external review of agencies.	0	0	9,800	0	9,300	9,300	0	9,300	9,300
Federal Fund Total		58,902	61,684	85,920	72,440	81,740	9,300	72,414	81,714	9,300
Gift Fund										
Forgotten Children's Fund		7	7	10	10	10	0	10	10	0
Gift Fund Total		7	7	10	10	10	0	10	10	0
STATUTORY APPROPRIATIONS TOTAL		58,909	61,691	85,930	72,450	81,750	9,300	72,424	81,724	9,300
TOTAL CHILDREN'S SERVICES GRANTS		87,281	105,249	136,082	122,442	134,351	11,909	122,416	136,311	13,895

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Child Welfare: Continuation of Concurrent Permanency Planning and External Review of Agency Practices

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
TANF Reserve				
Children's Grants	\$9,300	\$9,300	\$-0-	\$-0-
Children's Services Mgmt	400	400	-0-	-0-
TOTAL	\$9,700	\$9,700	\$-0-	\$-0-

Revenues: (\$000s)
 General Fund \$-0- \$-0- \$-0- \$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends use of the federal Temporary Assistance to Needy Families (TANF) Reserve funds in the amount of \$9,700,000 in F.Y. 2000 and \$9,700,000 in F.Y. 2001 to continue concurrent permanency planning for 2 years for children in out-of-home placement pursuant to a court order, or who have been voluntarily placed out of the home by the parent(s) for 60 days or more.

RATIONALE:

Background

- When abuse or neglect of children occurs, public agencies must step in to help the parents get on track or find a new home for the children.

- In Minnesota, there are approximately 18,000 children who are in out-of-home placement due to some issue of family breakdown, such as abuse or neglect. The goal of the child protection system is to get those children back into their parent's home if it can be safe, supportive, and nurturing, or, if not, into a new familial setting that offers love and support. This is an effort to prevent children from spending long periods of time in uncertain situations or being moved from foster home to foster home.
- Concurrent permanency planning identifies what services need to be provided to a child's parent(s) to remedy the conditions which led to out-of-home placement, including assessing that parents are staying on track with a service or skills development plan. Simultaneously, concurrent permanency planning finds another family that can assume care of the child when appropriate, supports reunification, or commits to being the legal, permanent placement for the child in the event the child cannot return to the parent(s).

Currently, juvenile court conducts permanency hearings for all children in out-of-home placement for a total of 12 months, unless the child is in placement solely due to the child's developmental disability or emotional handicap. Effective 7-1-99, permanency hearings will be required at 6 months for children under 8, which is approximately 6,000 children. 1998 legislation mandates the development of a concurrent permanency planning program in Minnesota. Using TANF dollars, a one-time appropriation of \$10,000,000 was made for F.Y. 1999 for grants to counties and state administrative funds to support the costs of concurrent permanency planning.

Proposal

- This proposal would provide \$9,300,000 each year of the biennium to extend the one-time funding to implement concurrent permanency planning for 2 more years. Of that, \$400,000 will be distributed each year to tribes to carry out that increased involvement in cases involving American Indian children.
- This proposal would also extend \$400,000 each year of the biennium for the administrative costs to provide the ongoing technical assistance, managed external review, and training for concurrent permanency planning. Included in the administrative costs is funding for continuation of 4 FTEs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Child Welfare: Continuation of Concurrent Permanency
Planning and External Review of Agency Practices
(Continuation)

FINANCING:

There is no base funding for concurrent permanency planning.

This proposal is funded by transferring TANF funds to the federal Title XX block grant using existing federal authority.

Counties are not required to continue concurrent permanency planning per statute if funds for this purpose are not provided.

OUTCOMES:

- Achieve early permanency for target population, either through faster return to parent's care through early provision of appropriate services, or the placement of the child in a home that will commit to legal permanency at the earliest possible stage of the case.
- Decrease the length of stay in foster care for the target population of children.
- Improve county service delivery to target population through visitation that is frequent and meaningful, and through the early delivery and documented use of reunification services by families.
- Reduce multiple placements.
- Reduce length of time between termination of parental rights and adoption.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Community-based Alternatives for Severely Emotionally Disturbed Children

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Children Grants	\$1,500	\$1,670	\$1,670	\$1,670
Children's Services Mgmt	180	180	150	150
MA Basic HC F & C	84	857	2,024	2,859
TOTAL	\$1,764	\$2,707	\$3,844	\$4,679
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256B.025

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1,764,000 in F.Y. 2000 and \$2,707,000 in F.Y. 2001 to leverage federal resources and provide community-based services as an alternative to out-of-home placement of children with severe emotional disturbance (SED) and challenging behaviors.

RATIONALE

Background

The Minnesota Comprehensive Children's Mental Health Act was enacted in 1989. In the 10 years since that time, the Department of Human Services and local communities have been working to implement an integrated system of care for children with severe emotional disturbance and their families. Children with SED who return from out-of-home placement, who are in out-of-home placement, or at

risk for such placement, need access to a treatment continuum that supports their multiple needs in the community. A continuum of community-based services, coupled with highly individualized approaches to meeting the needs of the child and family, make it possible to avoid more costly and disruptive out-of-home treatment. The Adolescent Services Grant Program, begun in 1996 to meet the needs of youth with SED and violent behavior, has demonstrated the efficacy of this type of approach with some of our most challenging youth.

Proposal

This proposal employs a two-pronged strategy. First, through leveraging more federal resources within the Medical Assistance program, this program would support needed therapeutic and supportive services. Secondly, grant funds would be targeted to meeting the needs of youth with challenging behaviors who currently are served in costly out-of-home settings.

■ **Enhancing federal participation in the provision of Family Community Support Services.** The legislature in 1998 directed DHS to recommend ways to maximize federal participation in the payment of community-based mental health services for children and adults. The current benefit set needs to be adjusted to realize its potential in increasing service access and federal participation. The department recommends the following actions be taken to improve our utilization of the Medical Assistance program for children's mental health services:

- Amend rules governing the provision of these professional home-based services to improve access to these services and to broaden the scope of therapeutic activities covered under these services.
- Establish reimbursement mechanisms for mobile and short-term crisis intervention services delivered in multiple settings.
- Improve the array of providers that counties and children's mental health collaboratives may contract with to provide services.
- Permit Family Community Support services to include the services of a "behavioral aide," a trained paraprofessional working to achieve care plan goals.
- Allow flexibility in location of service delivery in a way that better supports the delivery of therapeutic services in settings such as pre-schools and summer camps.

Additionally, the department will provide outreach, technical assistance, and training to accelerate implementation and availability of the services statewide. In the first 2 years, this technical assistance initiative will also emphasize

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Community-based Alternatives for Severely Emotionally Disturbed Children

(Continuation)

developing providers of color as a resource for culturally specific mental health services.

- **Program for Children with SED and Challenging Behaviors.** Many children with severe emotional disturbance are at risk of out-of-home placement. These children present a challenging set of behaviors which overwhelm the resources of their families and local community. The department proposes to make grants available to counties, and children's mental health collaboratives where they exist, to employ community-based alternatives which meet the needs of these children and their families and promote self reliance as the youth reach adulthood. These funds will give communities the ability to provide the necessary services for children with severe emotional disturbance and challenging behaviors such as violent or aggressive behavior. This grant program will support statewide implementation of the successful program already implemented in the 7-county Twin Cities metropolitan area and in Blue Earth/Nicollet, Rice and Olmsted counties. These programs combine specialized service capacity development and intensive, individualized approaches to achieve positive and lasting outcomes for their most challenging youth. Examples of specialized treatment approaches employed may include: one-on-one mentoring; aggression replacement therapy, skills training, simultaneous clinical treatment of drug use and mental health issues; treatment and consequential programming for children with low cognitive functioning; culturally-specific assessment and interventions. Examples of other supportive activities would include technical assistance on classroom management for teachers, skills building, prevocational/vocational training, and parenting skills training.

Administrative issues

The department anticipates contracting for outreach and training for providers of community based children's mental health services reimbursed through the Medical Assistance program. Recent experience in implementing services under the rehabilitation option highlights the need for ongoing state level attention to develop provider capacity, clarify complex billing requirements, and educate providers and the community. Because of this, it is necessary to hire 1 FTE to coordinate children's mental health Medical Assistance policy, rulemaking, training and technical assistance on billing and information technology-related issues.

Implementation

Grants for these programs will be made on a calendar year basis starting 1-1-2000. Most of the Medical Assistance program adjustments will begin in F.Y. 2001 to allow time for necessary rulemaking.

Funding

Funds appropriated for this proposal will be allocated as follows within the different components of the proposal:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
SED Children w/ Challenging Behaviors	\$1,500	\$1,670
Expansion of MH/Rehab Option	84	857
Administrative Support	<u>180</u>	<u>180</u>
Total	\$1,764	\$2,707

OUTCOMES:

- Increased numbers of families with skills to support their children in less restrictive settings.
- Reduced dependency on formal systems of care.
- Improved school functioning and performance.
- Improved family stability and reduced out-of-home placement.
- Improved clinical outcomes for children with SED and chemical abuse problems.
- Enhanced service capacity for mental health assessment, treatment, and aftercare.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Adoption Assistance

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Children's Grants	\$1,122	\$2,561	\$3,062	\$2,976
MA Basic HC-F & C	<u>(180)</u>	<u>(575)</u>	<u>(802)</u>	<u>(843)</u>
TOTAL	\$942	\$1,986	\$2,260	\$2,133
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 259.67

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$942,000 F.Y. 2000 and \$1,986,000 in F.Y. 2001 to serve 1,000 more children under the Adoption Assistance program.

RATIONALE:

Background

Adoption Assistance supports the permanent placement of children with special needs in adoptive homes. Children eligible for the adoption assistance program have needs that prospective adoptive parents cannot meet without additional financial resources. 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.

Proposal

This request proposes to serve 500 new children in F.Y. 2000 and 500 more children in F.Y. 2001.

FINANCING:

The base for the Adoption Assistance program is \$9,387,000. It is assumed that some children moved from foster care to adoption assistance will be covered by their adoptive parents' health plans, resulting in savings to the Medical Assistance program.

OUTCOMES:

- Permanent homes will be found for 1,000 special needs children.

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2000-01 Biennial Budget

PROGRAM: Children's Services Management

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

Children's Services Management is the administrative component for Children's Grants and the Children's Initiative. It supervises the activities of the Family and Children's Services Division, the Children's Mental Health Division, and the Social Services Information System (SSIS). The program's primary responsibility is to ensure that state human services policies and programs work for children and families. Children's Services Management collaborates with other policy areas of the department and with other state agencies to ensure the needs of children and families are met.

The Children's Initiative is guided by the following principles:

- Protect children from harm.
- Help families in crisis find the services they need quickly.
- Find permanent, stable homes for children who cannot live with their birth families.
- Provide culturally competent services to children and their families.
- Ensure quality strength-based services through competency-based training.
- Require service accountability while maintaining our state supervisory role with counties.
- Work with families as partners.

Services Provided/People Served

- Supports 87 county human services agencies which administer children and family services programs.
- Administers a variety of statewide and targeted programs for at-risk children and their families
- Supports local children's mental health collaboratives in 31 counties.
- Provides training and technical assistance.
- Administers the Adoption Assistance program for children with special needs.
- Maintains computer systems on services to children and their families.
- Conducts external reviews of county practices.

Accomplishments

- Increased mental health screening and assessment of children entering the juvenile justice system (4,942 screened in C.Y. 1997).

- Increased number of Children's Mental Health Collaboratives, which now serve more than 5,000 children in a supported, wraparound process, from 15 to 23.
- Increased a support network for parents of children with severe emotional disturbances from 15 to 20 sites.
- Adopted new mental health screening tools for Early Periodic Child and Teen Checkup Screening and Diagnostic Testing.
- Implemented the Relative Custody Assistance program to increase family reunification.
- Implemented the private/public adoption initiative to get children into permanent homes more quickly.
- Assisted counties in implementing 8 child welfare pilot projects, serving 316 children in 211 families.

STRATEGIES AND PERFORMANCE

Children's Services Management is pursuing the following goals:

- Reduce the number of children in out-of-home placements.
- Improve quality and confidence in child protection and foster care services.
- Develop and implement state supports which assist the program in accomplishing these goals.
- Improve the mental health and functioning of children with severe emotional disturbances.

The performance measures for this program area are as follows:

- Increase the percent of children who are adopted within 12 months of coming under state guardianship.
- Increase the percent of children with mental health needs served in community-based settings.
- Increase the number of children with mental health needs who succeed in school.
- Reduce the number of children with mental health issues involved in the juvenile justice system.

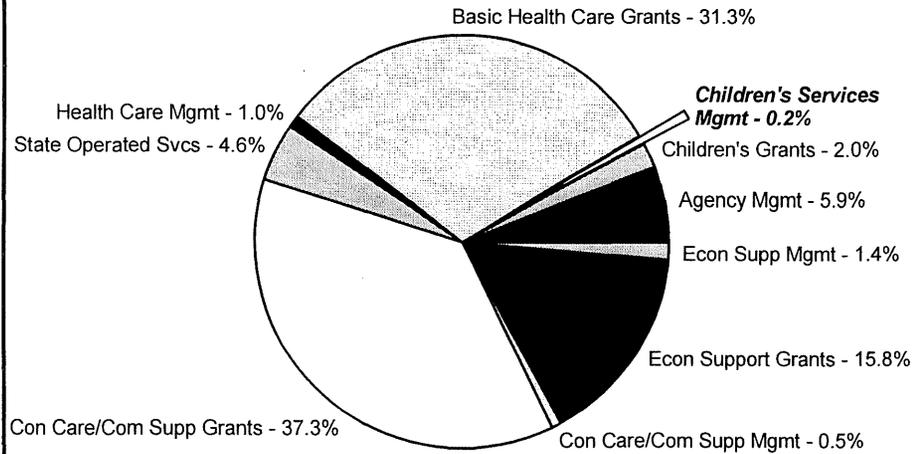
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Improve coordination and collaboration with other state and local agencies.
- Improve competence to serve children of color.
- Improve approaches on children with multiple disorders.

Dept. Of Human Services By Program



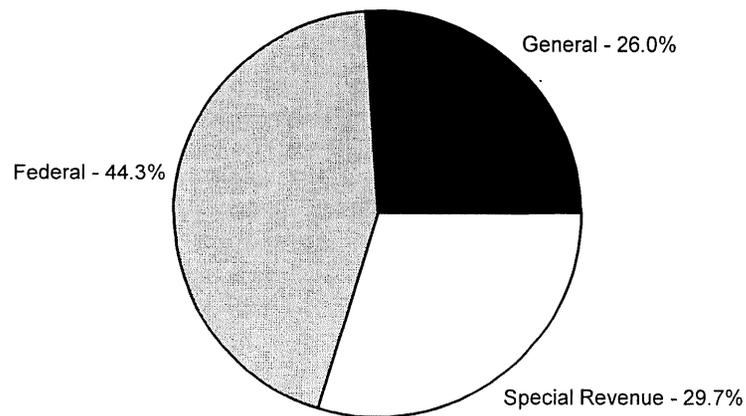
Total All Funds = \$6,091,660,000

Program Finance Summary Children's Services Management

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Children's Services Management By Fund



Total All Funds = \$11,434,000

Children's Services Management - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Family & Child's	12.4	0.0	5.0	38.4	0.0	55.8
SSIS Development	0.0	0.0	38.0	0.0	0.0	38.0
Children's MH	8.9	0.0	0.0	0.0	0.0	8.9
Financial Mgmt	0.0	0.0	1.0	0.0	0.0	1.0
TOTAL	21.3	0.0	44.0	38.4	0.0	103.7

Agency: HUMAN SERVICES DEPT

Program: CHILDREN'S SERVICES MANAGEMENT

Activity: CHILDREN'S SERVICES MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,173	4,089	5,558	4,153	5,036	4,190	5,073	462	4.8%
OPERATING EXPENSES	3,338	5,256	8,880	5,513	6,035	5,210	5,732	(2,369)	-16.8%
SUBTOTAL STATE OPERATIONS	6,511	9,345	14,438	9,666	11,071	9,400	10,805	(1,907)	-8.0%
LOCAL ASSISTANCE	1,652	1,870	1,805	1,768	1,768	1,768	1,768	(139)	-3.8%
Total Expenditures	8,163	11,215	16,243	11,434	12,839	11,168	12,573	(2,046)	-7.5%
CHANGE ITEMS:									
	FUND								
(A) COMMUNITY ALTERNATIVES FOR SED	GEN				180		180		
(A) CONCURRENT PLANNING & REVIEW	FED				400		400		
(B) SOCIAL SERVICE INFORMATION SYSTEM	GEN				825		825		
Total Change Items					1,405		1,405		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,403	1,854	2,774	2,970	3,975	3,010	4,015		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,079	5,397	6,690	3,400	3,400	3,094	3,094		
FEDERAL	3,633	3,958	6,761	5,064	5,464	5,064	5,464		
GIFT	48	6	18	0	0	0	0		
Total Financing	8,163	11,215	16,243	11,434	12,839	11,168	12,573		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children's Services Management
ACTIVITY: Children's Services Management

ITEM TITLE: Social Services Information System: Ongoing Operations

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Children's Services Mgmt	\$825	\$825	\$825	\$825
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$825,000 in F.Y. 2000 and \$825,000 in F.Y. 2001 to provide for ongoing operational costs related to the Social Services Information System (SSIS).

RATIONALE:

Background

The SSIS is a joint venture with Minnesota's 87-county human service departments to develop and implement a county-based system to support delivery of child welfare services, and to collect the data needed to assess the level and outcomes achieved of services provided. SSIS standardizes data on children and families statewide and meets new federal reporting requirements for children in out-of-home placement. It provides 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.

System development began in 1996. Phase I, which is a test phase, is now installed and operating in all counties.

Original project funding approved between 1995 and 1997 was focused on expenses related to the system's development and initial implementation.

Proposal

The proposal will cover ongoing operational costs to support the maintenance of the SSIS system and ongoing support and training for the counties.

Implementation

Under this proposal, Phase 2 application of SSIS will be piloted in 2 counties in April 1999, implemented in the remaining counties beginning in June 1999, with conversion to the operational stage for all counties by the fourth quarter of 1999.

OUTCOMES:

- Eliminate or simplify county reporting to the state and state reporting to federal agencies.
- Comply with federal child welfare reporting and system requirements.
- Increase county and state staff accountability.
- Facilitate performance-based budgeting.
- Enable program and client outcome evaluation for children and families receiving child welfare services.
- Track expenditures.
- Identify best practices.

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2000-01 Biennial Budget

PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

DHS's purchase of basic health care fits within its mission to help Minnesotans whose personal or family resources are inadequate to meet their basic human needs. This area provides affordable basic health care for lower income families with children, elderly, and people with disabilities. Three publicly funded DHS programs provide this health care - Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare.

Services Provided

Basic health care services are purchased through managed care contracts or on a fee-for-service basis for enrollees in all 3 programs. These services include:

- Physician visits
- Inpatient and outpatient hospital care
- Eyeglasses and eye care
- Medications
- Chiropractic services
- Dental care
- Immunizations
- Rehabilitative therapy
- Mental health services
- Medical equipment and supplies

People Served

In F.Y. 1998, an average of approximately 500,000 Minnesotans were involved in these 3 programs:

	<u>MA</u>	<u>GAMC</u>	<u>MNCare</u>	<u>Total</u>
Average Enrollment				
Families and Children	269,000	5,000	92,000	366,000
Single adults	0	26,000	10,000	36,000
Elderly & Disabled	<u>114,000</u>	0	0	<u>114,000</u>
Total Average Enrollment	383,000	31,000	102,000	516,000
Managed Care Enrollment	172,000	14,000	102,000	288,000
Fee for Service Enrollment	<u>211,000</u>	<u>17,000</u>	0	<u>228,000</u>
Total Average Enrollment	383,000	31,000	102,000	516,000
Unduplicated Enrollment	497,000	60,000	132,000	689,000

Each program has different eligibility criteria, with MA paying for basic care for the largest number of enrollees (families, children, elderly, and blind and disabled individuals). The MinnesotaCare benefit package is the most selectively defined and has premiums and co-payments for adults. Specific eligibility criteria are described in the budget activity narratives.

Accomplishments

- Minnesota is showing a slower rate of health care spending growth than the national average while keeping one of the lowest uninsured rates.
- Minnesota was named the "healthiest state" in 1997 by Reliastar.
- Minnesota has reduced the number of uninsured children by 40% since MinnesotaCare began.
- Minnesota has used health care as an important welfare-to-work strategy. An estimated 4,600 fewer families rely on welfare because MinnesotaCare is available.

Components

The Basic Health Care grants program contains the following budget activities:

- MinnesotaCare Grants
- MA Basic Health Care Grants for Families and Children
- MA Basic Health Care Grants for Elderly and Disabled Individuals
- GAMC Grants
- Health Care Non-Entitlement Grants

STRATEGIES AND PERFORMANCE

DHS's overall health care strategy is to obtain needed coverage for enrollees at the best price for taxpayers, while not replacing private or employer-based health care benefits.

The performance measures for this program area are as follows:

- Reduce the number of people who are uninsured.
- Increase access to health care for families with children at incomes below 275% of poverty.
- Discourage ongoing reliance on publicly funded health care systems by encouraging work.

FINANCING INFORMATION

(See charts which follow narrative.)

2000-01 Biennial Budget

PROGRAM: Basic Health Care Grants

AGENCY: Human Services, Department of (DHS)

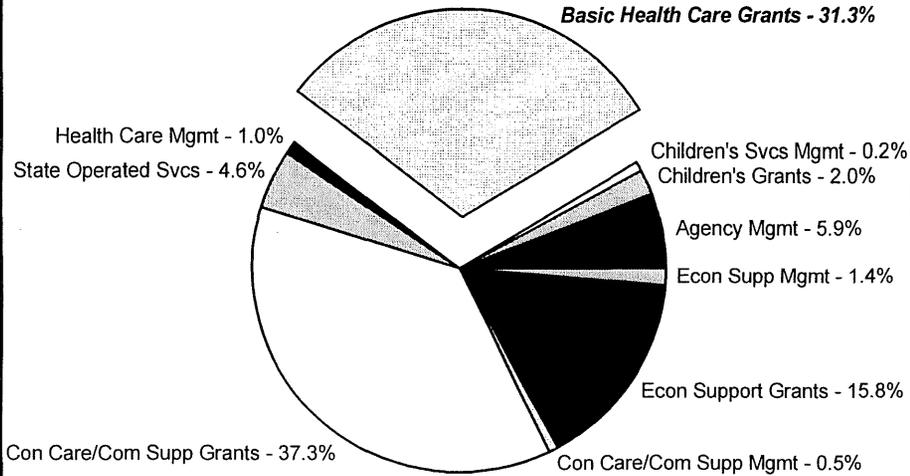
(Continuation)

BUDGET ISSUES

Service delivery trends

- DHS pays relatively low rates for health care services. This may affect DHS's ability to purchase health care services for enrollees. Average public payments have fallen significantly below private market rates. Private insurers pay 76% of charges; MA pays 49%; and GAMC pays 44%.
- There are approximately 60-80,000 uninsured children in Minnesota and as many as 85% may be eligible for a currently available public program like MinnesotaCare.
- Administrative options for reducing the turnover in MinnesotaCare enrollment need to be addressed.
- MinnesotaCare applications are difficult to complete and administer.
- Acute and continuing care services for the elderly and disabled needs to be better coordinated.
- In the future, counties will have the option to purchase care for many enrollees in public health care programs. State activities need to be coordinated with county purchasing strategies so that purchasing power is maintained.

Dept. Of Human Services By Program



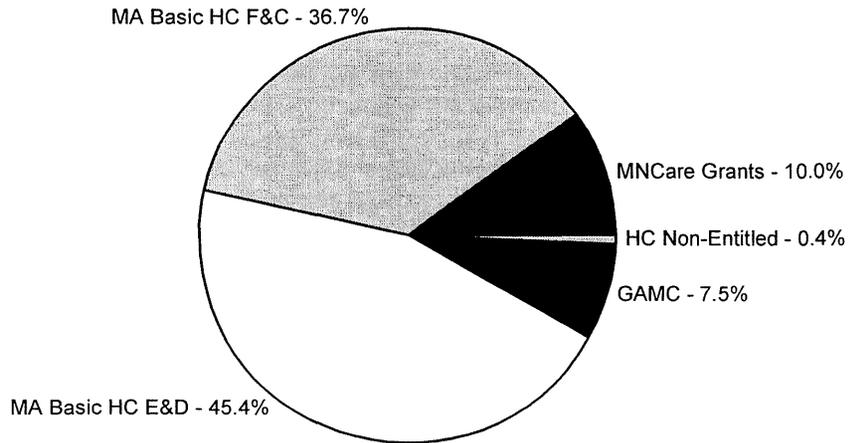
Total All Funds = \$6,091,660,000

Program Finance Summary Basic Health Care Grants

F.Y. 2000 Base

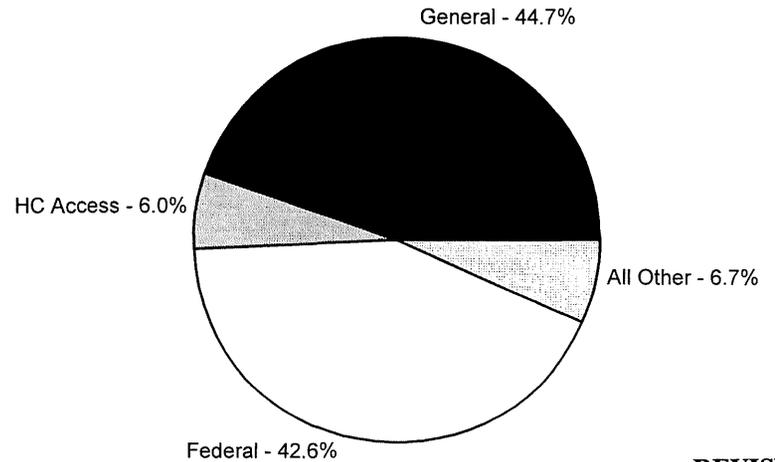
Data Source - Budget Information System Fiscal Pages

Basic Health Care Grants



Total All Funds = \$1,910,251,000

Basic Health Care Grants



Total All Funds = \$1,910,251,000

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
MINNESOTACARE GRANTS	90,090	101,506	167,878	191,623	195,823	234,975	239,045	165,484	61.4%
MA BASIC HEALTH CARE GRANT-F&C	630,679	651,458	645,626	701,858	708,132	727,521	736,541	147,589	11.4%
MA BASIC HEALTH CARE GRANT-E&D	630,257	664,523	738,341	866,644	870,037	951,346	960,345	427,518	30.5%
GAMC GRANTS	156,250	122,925	134,947	142,861	143,291	132,956	129,168	14,587	5.7%
HEALTH CARE NON-ENTITLEMENT	1,267	2,291	6,407	7,265	15,152	7,265	17,907	24,361	280.1%
Total Expenditures	1,508,543	1,542,703	1,693,199	1,910,251	1,932,435	2,054,063	2,083,006	779,539	24.1%

CHANGE ITEMS:	FUND				
(A) ACCESS TO DENTAL SERVICES	GEN			4,234	4,814
(A) ACCESS TO DENTAL SERVICES	HCA			1,849	2,545
(A) ADOPTION ASSISTANCE	GEN			(180)	(575)
(A) ALTERNATIVE CARE CHOICE	GEN			(335)	(1,014)
(A) ALTERNATIVE CARE FUNDING ADJUSTMENT	GEN			(636)	(72)
(A) COMMUNITY ALTERNATIVES FOR SED	GEN			84	857
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN			(77)	(1,496)
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN			226	206
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN				(1,223)
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN			3,736	7,188
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	HCA			1,175	2,937
(A) MFIP EXIT LEVEL	GEN			306	495
(A) MINNESOTACARE POLICY CLARIFICATION	HCA			1,137	1,510
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN				(4,043)
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	GEN			43	153
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	HCA			(27)	(55)
(P) COVERAGE FOR PT, OT, & SPEECH PATH.	GEN			(90)	(826)
(P) HEALTH CARE CHILD & WORKING FAMILIES	GEN			(889)	(37)
(P) HEALTH CARE CHILD & WORKING FAMILIES	HCA			(544)	(4,569)
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	GEN			1,675	5,255
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	HCA			512	1,533
(P) PAYMENTS FOR TELEMEDICINE	GEN			489	664
(P) PAYMENTS FOR TELEMEDICINE	HCA			98	169
(P) SENIOR DRUG PROGRAM FUNDING	GEN			8,421	12,767
(B) ADOPTION OF BBA PHASE OUT FQHC & RHC	GEN			977	1,760
(B) MINNESOTACARE FUNDING DEFICIT	HCA		11,647		
Total Change Items			11,647	22,184	28,943

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	686,277	708,513	751,581	854,525	872,509	895,669	920,542
HEALTH CARE ACCESS	65,399	72,757	107,767	114,328	118,528	145,485	149,555
STATUTORY APPROPRIATIONS:							
GENERAL	65,803	48,567	91,336	102,172	102,172	110,146	110,146
HEALTH CARE ACCESS	12,268	14,973	23,145	25,412	25,412	28,435	28,435
FEDERAL	678,796	697,893	719,370	813,814	813,814	874,328	874,328
Total Financing	1,508,543	1,542,703	1,693,199	1,910,251	1,932,435	2,054,063	2,083,006

2000-01 Biennial Budget

BUDGET ACTIVITY: MinnesotaCare Grants
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

MinnesotaCare is a state-subsidized health insurance program for Minnesotans with incomes too high to qualify for Medical Assistance (MA) or General Assistance Medical Care (GAMC), but who still cannot afford health insurance. Families, children, and single adults receive health care coverage through MinnesotaCare, which has the distinction of being the most comprehensive state-subsidized health care program for children in the country.

Services Provided

- Hospital care
- Immunizations
- Emergency room services
- Medical supplies
- Hospice care
- Mental health services
- Most prescriptions
- Dental care
- Eye Care
- Rehabilitative services
- Chiropractic services
- Medical transportation

People Served

The following people are eligible for MinnesotaCare:

- Children and parents with children under 21 and pregnant women at or below 275% of the federal poverty guideline (FPG).
- Single adults (over 21) and couples without children at or below 175% FPG.

Income as percent of federal poverty guidelines (FPG)	Percent of MinnesotaCare enrollment
<100%	31%
101%-150%	41%
151%-200%	19%
201% and over	9%
Total	100%

Premium Costs

- Enrollees pay a monthly premium based on family size, number of people covered, and income.
- Some low-income children pay as little as \$4 per month.
- Average premium for parents and children is approximately \$18 per month per person. For a single adult, the average premium is \$16 per month.

Copayments

- Children and pregnant women make no co-payments.
- Parents above 175% of the FPG and adults without children are limited to payments for inpatient hospital benefits of up to \$10,000 annually, with a 10% co-payment.
- Parents below 175% of FPG have no benefit limit, but are required to make a 10% co-payment.
- All non-pregnant adults have co-payments for vision, drugs and dental costs.

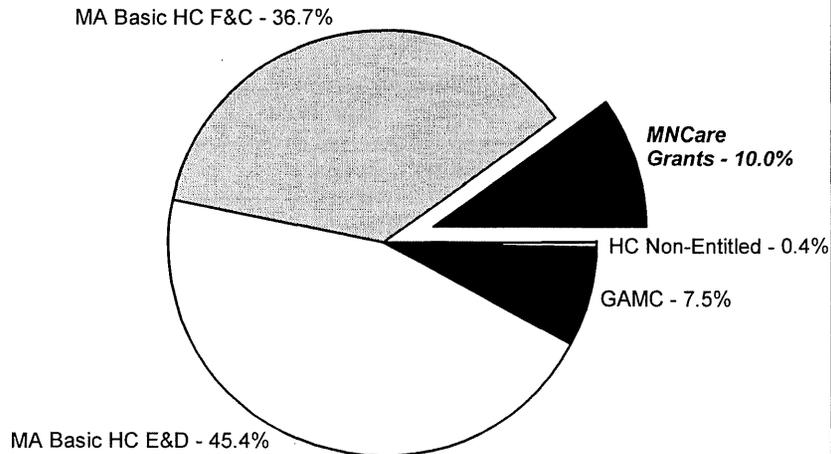
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- The MinnesotaCare program was implemented in 1992 and enrollment has grown from 23,000 enrollees to more than 100,000 in 1998.
- MA and Minnesota Family Investment Program enrollment has been below what it otherwise would have been without MinnesotaCare.
- Medical payments for MinnesotaCare have increased from \$37 million in 1994 to approximately \$113 million in 1998.
- Certain individuals will be shifted from the General Assistance Medical Care program to MinnesotaCare starting 1-1-2000.
- Counties may become MinnesotaCare enrollment sites on 1-1-2000.
- Many uninsured children are likely to be eligible for existing programs.
- Like MA and GAMC, rates paid to MinnesotaCare providers have fallen significantly behind others in the marketplace.
- Eligibility policy for MinnesotaCare has become complex. The number of applications is increasing and more time is needed to process each application.

Basic Health Care Grants By Activity



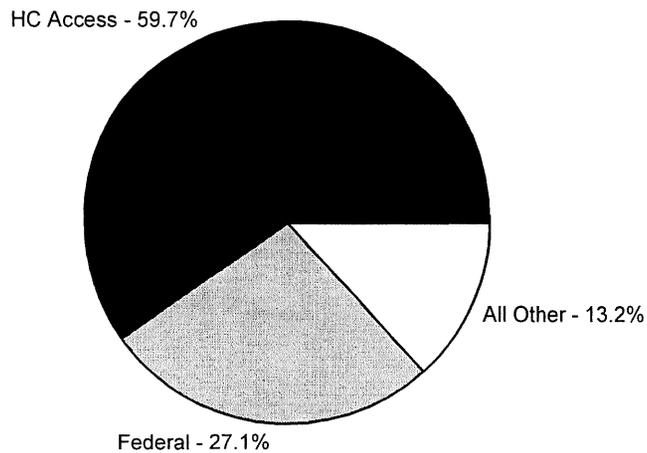
Total All Funds = \$1,910,251,000

Activity Finance Summary MinnesotaCare Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

MinnesotaCare Grants By Fund



Total All Funds = \$191,623,000

**See next page for
Funding Detail
(forecast)**

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: BASIC HEALTH CARE GRANTS
Activity: MINNESOTACARE GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	90,090	101,506	167,878	191,623	195,823	234,975	239,045	165,484	61.4%
Total Expenditures	90,090	101,506	167,878	191,623	195,823	234,975	239,045	165,484	61.4%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) ACCESS TO DENTAL SERVICES	HCA				1,849		2,545		
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	HCA				1,175		2,937		
(A) MINNESOTACARE POLICY CLARIFICATION	HCA				1,137		1,510		
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	HCA				(27)		(55)		
(P) HEALTH CARE CHILD & WORKING FAMILIES	HCA				(544)		(4,569)		
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	HCA				512		1,533		
(P) PAYMENTS FOR TELEMEDICINE	HCA				98		169		
(B) MINNESOTACARE FUNDING DEFICIT	HCA		11,647						
Total Change Items			11,647		4,200		4,070		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS	65,399	72,757	107,767	114,328	118,528	145,485	149,555		
STATUTORY APPROPRIATIONS:									
HEALTH CARE ACCESS	12,268	14,973	23,145	25,412	25,412	28,435	28,435		
FEDERAL	12,423	13,776	36,966	51,883	51,883	61,055	61,055		
Total Financing	90,090	101,506	167,878	191,623	195,823	234,975	239,045		

Funding Detail

MinnesotaCare Grants

Services	Funding State/Federal	FY 1998 Average Enrolled	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Families With Children	State/Federal	87,600	81,449	87,277	112,065	132,177	147,353
Pregnant Women & Children Under Two	State/Federal	3,800	0	0	17,295	0	0
Adult Only	State	10,200	16,678	23,368	38,518	57,107	68,016
Cases Shifted From GAMC	State	0	0	0	0	2,339	19,606
Federal Share Of Premiums	State		(8,037)	(6,625)	0	0	0
Adjustments	State/Federal		0	(2,514)	0	0	0
TOTAL - MINNESOTACARE GRANTS		101,600	90,090	101,506	167,878	191,623	234,975

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: MinnesotaCare Policy Clarifications

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
HC Access Fund				
MinnesotaCare Grants	\$1,137	\$1,510	\$1,514	\$1,623
HC Operations	<u>100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$1,237	\$1,510	\$1,514	\$1,623
Revenues: (\$000s)				
HC Access Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256L

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Health Care Access Fund budget of \$1,237,000 in F.Y. 2000 and \$1,510,000 in F.Y. 2001 to make 3 policy changes to MinnesotaCare:

- Remove co-payments on services for low-income parents in MinnesotaCare as a federal compliance condition to receiving federal financial participation (FFP) for those parents.
- Amend the 4-month disenrollment provision for non-payment of MinnesotaCare premiums.
- Add a category of people affected by the barrier to canceling private insurance to access MinnesotaCare.

RATIONALE:

Background on Co-Pays and Federal Financial Participation

DHS was directed by the Legislature to seek a federal Medicaid waiver requesting FFP for services to low-income parents in MinnesotaCare. It has been approved by the federal Health Care Financing Administration (HCFA) on the condition that co-payments be eliminated for parents at or below the federal poverty guideline. Currently, MinnesotaCare charges co-pays on prescription drugs, eyeglasses, and dental services for low-income parents at or below 175% of the federal poverty guidelines.

Background on Four-Month Penalty Amendment

MinnesotaCare enrollees are disenrolled for non-payment of premiums and prohibited from re-enrolling for 4 months. An average of 1,000 cases are canceled each month with 40% due to non-payment. Based on DHS studies, 69% of those disenrolled for non-payment plan to reapply when they are allowed to in 4 months; 36% did return to the program after 4 months. The 4-month penalty for non-payment is designed as an incentive for payment. However, it can disrupt continuity of care, add to administrative costs associated with a full re-enrollment process, and create uncompensated care.

Background on Insurance Barrier

Policy barriers are in place to prevent people from dropping privately paid or employer-subsidized health insurance (ESI) to qualify for publicly-funded MinnesotaCare benefits. One barrier is to not allow MinnesotaCare coverage for people who have been insured within the 4 months prior to application; a second bars eligibility for people who have or had access to certain employer subsidization within the last 18 months. However, these barriers do not apply to enrollees recently on Medical Assistance (MA) and General Assistance Medical Care (GAMC). Currently, if an MA or GAMC enrollee leaves one of those programs and applies for MinnesotaCare, neither immediate past coverage through MA/GAMC or the other insurance is considered a barrier. Once enrolled in MinnesotaCare, these enrollees carrying other insurance can cancel that other coverage without a penalty.

Proposal

- Remove co-pays on prescription drugs, eyeglasses, and dental services for low income MinnesotaCare parents at or below 175% FPG.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: MinnesotaCare Policy Clarifications
 (Continuation)

- Continue to encourage enrollees to pay their premiums on time using a method in addition to the 4-month penalty. This proposal would allow MinnesotaCare enrollees to reduce the 4-month penalty to a 1-month penalty if, within 20 days after termination for non-payment, they pay the past due and application month premiums.
- While MA/GAMC would still not be counted for the purposes of eligibility for MinnesotaCare, if a former MA/GAMC applicant had other health care coverage, it would be considered under the same rules as a non-MA/GAMC applicant's other health care coverage.

Administrative issues

MMIS systems changes are required to permit re-enrollment after nonpayment of premiums.

Implementation

Removal of co-pays will be effective 7-1-99. The other 2 proposals would be effective 7-1-2000.

FINANCING

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Remove co-payments				
MinnesotaCare Grants	\$1,137	\$1,270	\$1,403	\$1,514
Re-enrollment change				
MinnesotaCare Grants	-0-	366	388	410
HC Operations - MMIS (state share)	<u>100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$100	\$366	\$388	\$410
Applying ESI/ insurance barriers				
MinnesotaCare Grants	<u>-0-</u>	<u>(126)</u>	<u>(277)</u>	<u>(301)</u>
Total	\$1,237	\$1,510	\$1,514	\$1,623

OUTCOMES:

- Co-payments removed for low-income parents.
- Continuity of care for enrollees.
- Continued support for using privately funded insurance when available.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: MinnesotaCare F.Y.1999 Deficit Funding

	<u>2000-01 Biennium</u>			<u>2002-03 Biennium</u>	
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)					
HC Access Fund	\$11,647				
MinnesotaCare Grants					
Revenues: (\$000s)					
General Fund	\$-0-	\$-0-	\$-0-	-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Health Care Access Fund budget of \$11,647,000 in F.Y. 1999 to fund a forecasted deficit in MinnesotaCare grants.

RATIONALE:

Background

The Health Care Access Fund currently has sufficient funds for the operation of the MinnesotaCare program. A recent DHS forecast revision, however, has shown that the F.Y. 1999 appropriation for MinnesotaCare grants will be insufficient to cover anticipated costs for the remainder of F.Y. 1999. There has been a delay in receiving federal waiver approval that would permit DHS to collect FFP for MinnesotaCare services provided to parents. Although the waiver was submitted to the Health Care Financing Administration in August 1996, approval is still pending. As a result of this federal delay, there have been increased costs to the Health Care Access Fund. DHS projects federal approval to be effective March 1999. Three-quarters of the deficit amount may be

attributed to the federal delay.

The remaining amount relates to higher-than-expected costs of coverage, offset by reductions in the enrollment forecast.

Proposal

- Appropriate \$11.6 million in MinnesotaCare grants from the Health Care Access Fund for F.Y. 1999.

OUTCOMES:

- Provide funding for the costs of coverage for eligible recipients of MinnesotaCare for F.Y. 1999.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Basic Health Care Grants
Families and Children
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Medical Assistance (MA) basic health care grants for families with children provide an important health care safety net for low income Minnesotans and for families and children with significant medical conditions.

Services Provided

MA-basic health care services include:

- Physician visits
- Inpatient and outpatient hospital care
- Eyeglasses and eye care
- Immunizations
- Medical supplies and equipment
- Prescription medications
- Dental care
- Chiropractic care
- Medical transportation

People Served

- In F.Y. 1998, an average of 269,000 families and children were covered by this budget activity.
- During F.Y. 1998, the average monthly cost per person was approximately \$180.

Eligibility:

The following people are eligible for MA basic health care grants to families and children:

- Pregnant women and infants under age 2 with income at or under 280% of the federal poverty guide-lines (FPG).
- Children between the ages of 2 and 5 at 133% of FPG.
- Children who are age 6 or older, born on or after 10-1-93 at 100% of FPG.

- Children born before 10-1-93 at 133 $\frac{1}{3}$ % of the Aid to Families with Dependent Children standard in effect on 7-16-96.
- Recipients of Minnesota Family Investment Program (MFIP).
- Recipients terminating MFIP because of increased earned income or child/spousal maintenance are eligible for transitional MA for 6-12 months.

If individuals have income above the MA guidelines, they may be eligible if their medical bills exceed the difference between their income and the MA income limit. This difference is known as a spenddown. Families and children with income over the MA limits may qualify through a spenddown provision if incurred medical bills exceed the difference between income and 133 $\frac{1}{3}$ % of the AFDC standard. MA has retroactive coverage for medical bills incurred up to 3 months before application. There are asset limits for MA. A single person can own up to \$3,000 in assets. A married couple or family of 2 may own \$6,000 in assets plus \$200 for each additional person. Some assets, like homestead property and burial funds, are not counted.

FINANCING INFORMATION:

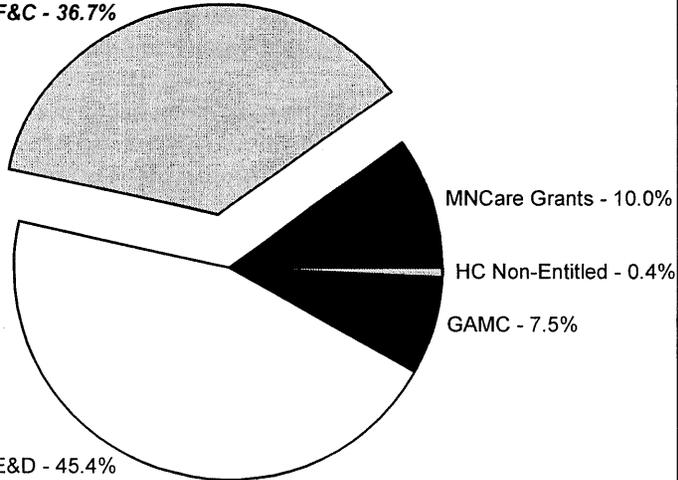
(See charts which follow narrative.)

BUDGET ISSUES:

- Enrollment in MA families and children has been declining since 1995. One factor is a strong economy that has moved families off welfare with its MA benefit package into the workforce with possible employer-based benefits or with MinnesotaCare.
- Overall, there is interplay between health care and welfare policy including MFIP exit levels and MA eligibility. Health care is an important element in moving families to self-sufficiency.
- MA rates paid to providers have fallen significantly behind others in the marketplace. Payments need to keep pace so access to services does not erode.
- In 1985, DHS began to purchase managed care health benefits for families with children. Currently, county-based purchasing is an option that gives counties the opportunity to purchase health care services for families with children. It is unclear how many counties will choose this option and how it will affect contract negotiations with providers.

Basic Health Care Grants By Activity

MA Basic HC F&C - 36.7%

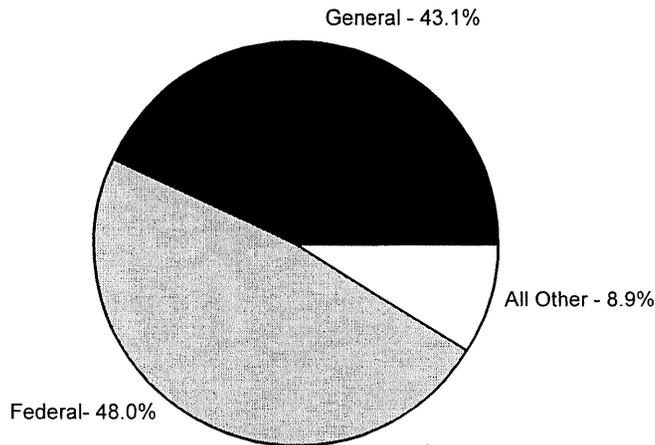


Total All Funds = \$1,910,251,000

Activity Finance Summary MA Basic Health Care Grants Family & Children F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

MA Basic Health Care Grants - F & C



Total All Funds = \$701,858,000

**See next page for
Funding Detail
(forecast)**

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: BASIC HEALTH CARE GRANTS

Activity: MA BASIC HEALTH CARE GRANT-F&C

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	0	0	0	0	0	0	(3,639)	(3,639)	
SUBTOTAL STATE OPERATIONS	0	0	0	0	0	0	(3,639)	(3,639)	
PAYMENTS TO INDIVIDUALS	609,566	624,771	618,523	672,469	677,652	697,129	706,386	140,744	11.3%
LOCAL ASSISTANCE	21,113	26,687	27,103	29,389	30,480	30,392	33,794	10,484	19.5%
Total Expenditures	630,679	651,458	645,626	701,858	708,132	727,521	736,541	147,589	11.4%

<u>CHANGE ITEMS:</u>	<u>FUND</u>						
(A) ACCESS TO DENTAL SERVICES	GEN			1,745		2,159	
(A) ADOPTION ASSISTANCE	GEN			(180)		(575)	
(A) COMMUNITY ALTERNATIVES FOR SED	GEN			84		857	
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN					(39)	
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN			1,323		2,604	
(A) MFIP EXIT LEVEL	GEN			306		495	
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN					(4,043)	
(P) COVERAGE FOR PT, OT, & SPEECH PATH.	GEN			(7)		(157)	
(P) HEALTH CARE CHILD & WORKING FAMILIES	GEN			1,091		3,806	
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	GEN			694		1,815	
(P) PAYMENTS FOR TELEMEDICINE	GEN			241		338	
(B) ADOPTION OF BBA PHASE OUT FQHC & RHC	GEN			977		1,760	
Total Change Items				6,274		9,020	

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
GENERAL	264,257	282,568	271,353	302,313	308,587	313,037	322,057
STATUTORY APPROPRIATIONS:							
GENERAL	23,592	18,578	57,416	62,437	62,437	66,573	66,573
FEDERAL	342,830	350,312	316,857	337,108	337,108	347,911	347,911

Total Financing	630,679	651,458	645,626	701,858	708,132	727,521	736,541
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Funding Detail

MA Basic Health Care Grants - Families & Children

Services	Funding State/Federal	FY 1998 Average Eligibles	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Inpatient Hospital	State/Federal	See Total Below	89,803	80,666	91,854	81,234	68,053
Outpatient Hospital	State/Federal		45,195	38,459	8,957	7,453	5,782
Public Hospitals	State/Federal		12,000	12,000	12,057	12,000	12,000
Medical Education	State/Federal		0	0	0	0	0
Ambulatory Surgery	State/Federal		7,222	6,097	4,799	4,042	3,223
Mental Health Services	State/Federal		16,150	12,058	12,397	10,845	9,101
Physicians	State/Federal		41,486	34,860	27,216	23,089	18,671
Dental	State/Federal		9,872	7,346	5,905	4,961	3,913
Laboratory & Radiology	State/Federal		15,072	12,718	9,978	8,438	6,777
Rehabilitation Services	State/Federal		1,744	1,462	1,361	1,371	1,394
Prescription Drugs	State/Federal		20,893	18,374	15,207	13,250	10,895
Medical Supplies & Prosthetics	State/Federal		3,981	3,452	2,838	2,475	2,046
Medical Transportation	State/Federal		2,582	2,257	1,789	1,548	1,298
Managed Care (HMO)	State/Federal		324,850	347,880	354,336	409,975	448,738
Other Practitioners	State/Federal		5,375	4,605	5,631	9,055	12,430
Other Services	State/Federal		11,438	10,093	8,024	6,289	4,406
Medicare & Insurance Buy-In	State/Federal		2,351	1,869	1,815	2,015	2,282
CD Treatment Fund: Federal Share	Federal		3,495	2,796	2,764	2,757	2,757
MNCare PW & Under Two: Federal Share	State/Federal		0	0	0	10,534	11,724
Child Welfare Case Management	Federal/County		46,903	57,971	64,928	71,420	78,562

Funding Detail

MA Basic Health Care Grants - Families & Children

Services	Funding State/Federal	FY 1998 Average Eligibles	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Child & Teen Checkup Outreach	State/Federal		3,043	4,120	5,479	7,287	9,692
Access Services	State/Federal		5,697	5,655	5,200	5,720	6,292
DD Screenings	State/Federal		1,073	1,186	1,186	1,246	1,308
Recipient Adjustments	State/Federal		(21,698)	(23,368)	(14,400)	(14,400)	(14,400)
Pharmacy Rebates	State/Federal		(31,376)	(31,267)	(33,175)	(34,547)	(36,506)
Recoveries To General Fund / Non-System Payments	State/Federal		(7,586)	20,638	15,000	14,390	14,324
County Share Reimbursement	State		21,113	19,530	27,103	29,389	30,393
Federal Funding Adjustment	State		0	0	7,377	10,022	12,366
TOTAL - MA BASIC HEALTH CARE GRANTS - F & C		270,000	630,679	651,458	645,626	701,858	727,521

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F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Refinance MA School Reimbursement

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Management Operations	\$77	\$124	\$106	\$106
HC Policy Administration	144	112	112	112
HC Operations	75	124	106	106
MA Basic- F & C	-0-	(4,043)	(5,822)	(6,793)
MA LTC Waivers & HC	-0-	(2,426)	(4,852)	(5,822)
TOTAL	\$296	\$(6,109)	\$(10,350)	\$(12,291)
Revenues: (\$000s)	\$128	\$158	\$143	\$143

Statutory Change? Yes X No
 If yes, statutes(s) affected: M.S. 256B.0913

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$296,000 for F.Y. 2000 and a reduction of \$6,109,000 for F.Y. 2001 to reflect a refinancing of MA reimbursement to school districts. This refinancing includes:

- developing cost-based Medical Assistance (MA) reimbursement rates for school-based services;
- maximizing federal financial participation for these services; and
- reimbursing school districts the federal share of the rate, with school districts responsible for the non-federal share of MA reimbursement.

Over the next month, the departments of Human Services and Education, Children & Families will collaborate to refine implementation strategies. The supplemental pages submitted in February will describe the administrative

process and roles of each department in greater detail to ensure that past and future appropriations are used effectively.

RATIONALE:

Background

Following a change in federal special education law, M.S. section 125A.21 directs school districts, beginning 7-1-99 to seek reimbursement from third parties (including MA) for services contained in a child's Individual Education Plan (IEP). M.S. section 125A.744, also affirms school districts' ability to seek MA reimbursement for IEP services and directs the commissioners of Education, Children & Families, and Human Services to create a data management system to improve MA billing. These statutory provisions did not change the MA fee-for-service rates for IEP services.

A large majority of school districts currently do not seek MA reimbursement for IEP services and therefore pay for the entire cost of such services. They view the MA billing system as an administrative burden. School districts also may perceive MA coverage for some IEP services to include service limits. In addition, when school districts bill MA for IEP services, they receive the standard MA fee-for-service rates. These rates may not fairly reflect the actual costs of the school districts in providing IEP services. Thus, there exist disincentives for school districts to bill MA that will likely continue after 7-1-99.

This proposal attempts to ease MA billing for school districts by developing a billing system that groups services. Such a billing system also may address perceived concerns about service limits. Rates would be based, to the extent possible, on service costs.

This proposal maintains school districts' responsibility for covering IEP service costs but adds new revenue through federal reimbursements. Unlike the billing system that has been tried in past years, the proposed non-federal MA match will be the responsibility of school districts. Any state assistance for special education costs will be made through K-12 appropriations, not Medical Assistance. This is the arrangement in other states where similar waivers have been approved.

Proposal

- Move to cost-based MA payment rates for IEP services to better reflect schools' actual costs of such services.
- Pass on the federal share of the cost-based MA payment rate to the school districts.
- School districts are responsible for the non-federal share.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Refinance MA School Reimbursement
(Continuation)

- DHS will develop a billing system that groups services for ease of use by school districts.
- Carve out school-based services from the Prepaid Medical Assistance Program (PMAP).

Administrative Issues

- DHS and ECF will continue to refine implementation issues. Efforts will be made to prevent any duplicative functions.
- Administrative funds will be necessary to make computer system changes, develop policy, manage rates and payments, conduct integrity reviews, and perform necessary audits.

Implementation

- Implementation of proposal would be effective 7-1-2000.
- The PMAP carve-out will be effective 7-1-99.

OUTCOMES

- School districts will benefit from a new payment source in MA funding for IEP services as compared to current status, but still retain accountability.
- The administrative complexity of MA billing will be simplified, so that school districts will find it easier to bill.
- State General Fund budget will decrease, as compared to the forecasted costs of these services.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Improving Pharmacy Benefit Management

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - F & C	\$-0-	\$(39)	\$(102)	\$(109)
MA Basic HC - E & D	-0-	(655)	(1,931)	(2,220)
GAMC Grants	-0-	(59)	(141)	(140)
HC Non-Entitlement	-0-	(470)	(556)	(606)
Health Care Operations	<u>97</u>	<u>111</u>	<u>81</u>	<u>81</u>
TOTAL	\$97	\$(1,112)	\$(2,649)	\$(2,994)
Revenues: (\$000s)				
General Fund	\$42	\$36	\$36	\$36

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256B.0625, subd. 13

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$97,000 for F.Y. 2000 and a reduction of \$1,112,000 in F.Y. 2001 to implement a Maximum Allowable Cost (MAC) program for multisource prescription drugs that are not on the federal upper limit list, and to increase prescription drug utilization review.

RATIONALE:

Background

DHS currently pays MA and GAMC providers of prescription drugs according to the federal upper limit list, plus a dispensing fee; 91% of the Average Wholesale Price (AWP), plus a dispensing fee; or the usual and customary price charged to the public, whichever is lowest for a particular drug.

A survey of market wholesale prices for multisource drugs suggests that AWP's are significantly higher than market wholesale prices for those multi-source drugs that are not on the federal upper limit list. The margins of difference indicate that AWP's for some multi-source drugs are inflated and therefore result in excessive MA and GAMC reimbursements, even after the 91% limitation. MAC programs are common throughout the private health care industry.

Proposal

DHS proposes implementing a MAC program for multi-source prescription drugs that are not on the federal upper limit list. The MAC list would reflect market wholesale prices, plus a fair return for the provider. Providers would still receive a dispensing fee for a drug subject to a MAC. DHS also would increase utilization review efforts under this proposal. Health Care Non-entitlement Services assumes full funding of the existing Senior Drug Program.

Cost reductions assume savings of .75% in F.Y. 2000 and 2% in F.Y. 2001 and F.Y. 2002, as the MAC program is phased in.

Administrative Issues

- A new FTE will be required in F.Y. 2000 for DHS to develop and manage the MAC program and to increase utilization review. There will be no computer systems changes needed to implement a MAC program.
- DHS will purchase in F.Y. 2001 retrospective drug utilization profiling services (\$30,000 MMIS state share) to improve utilization review.

Implementation

- Implementation of the MAC program would occur 7-1-2000.

OUTCOMES:

- Reduce MA and GAMC costs for prescription multi-source drugs that are not on the federal upper limit list while compensating providers at a fair margin above their market wholesale cost.
- More appropriate utilization of prescription drugs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Increasing Payments for Hospital Facilities

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - F & C	\$694	\$1,815	\$3,234	\$3,624
MA Basic HC - E & D	500	1,912	4,440	4,975
GAMC Grants	<u>481</u>	<u>1,528</u>	<u>3,218</u>	<u>3,725</u>
TOTAL	\$1,675	\$5,255	\$10,892	\$12,324
Health Care Access Fund				
MinnesotaCare Grants	\$512	\$1,533	\$2,318	\$2,465
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256.969; M.S. 256B.75

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1,675,000 in F.Y. 2000 and \$5,255,000 in F.Y. 2001, and an increase in the Health Care Access Fund budget of \$512,000 in F.Y. 2000 and \$1,533,000 in F.Y. 2001 to provide an increase in payment rates for inpatient and outpatient hospital facility services for providers under the Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare programs.

RATIONALE:

Background

Adequate payment levels for both inpatient and outpatient hospital facility services are important to maintain access to services for individuals enrolled in public

programs, as well as to minimize effects on the private market, such as cost-shifting.

- **Outpatient Hospital Facility Services**
 - Currently, outpatient hospital facility fees are paid approximately 53% of usual and customary charges for MA and 58% for GAMC. Private market rates are approximately 76% of such charges.
 - Outpatient hospital facility payments for nonsurgical services have not had an increase since 1992. As the cost of medical care has continued to increase, this has led to a decline in the real payments for outpatient services, and has raised concerns over the continued availability of providers.
- **Inpatient Hospital Services**
 - Traditionally, inpatient hospital rates were adjusted and provided with increases based on projected changes in the overall price level. While inpatient hospital rates under MA and GAMC are closer to market rates than outpatient service rates, they are still below market and concerns over access exist.
 - Some past price increases, based on projections, have been larger than the actual increases:

	Projected Increase	Actual Increase
1994	4.4%	2.5%
1995	3.7%	3.5%
1996	3.2%	2.9%

- In aggregate over the past 3 years of available data, the overpayment due to using the projected CPI instead of the actual CPI was approximately 2.5%.

Proposal

This proposal provides an increase in payment rates for both outpatient hospital facility fees and inpatient hospital service rates.

- **Outpatient Hospital Facility Fee Rate Increase.** Rates for outpatient facility fees would receive a one-time 10% increase effective 1-1-2000.
- **Inpatient Hospital Services Rate Increase.** Rates for inpatient hospital services would be increased by 0.3% in F.Y. 2000 and 2.8% in F.Y. 2001. The F.Y. 2000 increase is derived by subtracting the cumulative overpayments for F.Y. 1994, F.Y. 1995, and F.Y. 1996 (2.5%) from the projected change in the consumer price index (2.8%).

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Increasing Payments for Hospital Facilities
 (Continuation)

Implementation

The effective date for payment rate changes are 1-1-2000 and 1-1-2001 for both fee-for-service and managed care.

FINANCING:

Funding for the inpatient and outpatient proposals is as follows:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Inpatient Hospital				
General Fund				
MA Basic HC-F & C	\$46	\$576	\$1,860	\$2,050
MA Basic HC-E & D	71	1,034	3,446	3,840
GAMC Grants	<u>49</u>	<u>662</u>	<u>2,233</u>	<u>2,601</u>
Total	\$166	\$2,272	\$7,539	\$8,491
HC Access Fund				
MinnesotaCare Grants	\$19	\$306	\$1,009	\$1,071
Outpatient Facilities				
General Fund				
MA Basic HC-F & C	\$648	\$1,239	\$1,374	\$1,574
MA Basic HC-E & D	429	878	994	1,135
GAMC Grants	<u>432</u>	<u>866</u>	<u>985</u>	<u>1,124</u>
Total	\$1,509	\$2,983	\$3,353	\$3,833
HC Access Fund				
MinnesotaCare Grants	\$493	\$1,227	\$1,309	\$1,394
Total General Fund	\$1,675	\$5,255	\$10,892	\$12,324
Total HC Access Fund	\$512	\$1,533	\$2,318	\$2,465

OUTCOMES:

- Increase access to services for enrollees on Minnesota's public health care programs.
- Maintain the quality of health care provided.
- Limit the impact that public programs have on the private market.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Maintaining Access Through Increased Payment to Physicians and Professional Service Providers

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - F & C	\$1,323	\$2,604	\$2,889	\$3,247
MA Basic HC - E & D	1,574	3,048	3,370	3,833
GAMC Grants	839	1,536	1,646	1,824
HC Operations	200	-0-	-0-	-0-
TOTAL	\$3,936	\$7,188	\$7,905	\$8,904
HC Access Fund				
MinnesotaCare	\$1,175	\$2,937	\$3,121	\$3,312
Revenues: (\$000s)				
General Fund	\$31	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256B.76

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$3,936,000 in F.Y. 2000 and \$7,188,000 in F.Y. 2001, and an increase in the Health Care Access Fund budget of \$1,175,000 in F.Y. 2000 and \$2,937,000 in F.Y. 2001. This proposal is intended to maintain and increase access to health care services for individuals enrolled in Minnesota's public health care programs through increased payments to professional health care providers.

RATIONALE:

Background

Helping to provide access to health care services continues to be a priority for the

Minnesota Department of Human Services. There are many issues which contribute to the access to services for public health care programs, including the rates paid to health care providers.

- Physician and professional service providers have not had a payment increase since 1992. Since 10-1-92, physician and professional services have been paid at the median charge of 1989 less a discount. As the cost of medical care has continued to increase, this has led to a decline in the real payment rates for certain providers.
- As the payment rates for providers continue to decline in real dollar terms, the participation rate for providers is also likely to fall, creating a concern over access to care for public program enrollees.
- Current market rates for physician services are approximately 76% of usual and customary charges. Medical Assistance pays, on average, approximately 49% of charges, and General Assistance approximately 44%.
- Adequate payment rates for providers in public health care programs will limit cost-shifting and other private-sector health care market effects.

Proposal

- Provide a 4% payment increase for physicians and professional service providers. The effective dates for payment rate increases are 10-1-99 for fee for service and 1-1-2000 for managed care.
- Based on the department's policy to pay the same rate for the same service, this increase would include payments for physician and professional services to the following provider types:
 - audiologist
 - chiropractor
 - community public health clinic
 - Certified Registered Nurse Anesthetist for nonanesthesia services
 - dentist (for those professional/medical services that a dentist performs)
 - family planning agency
 - home health agency
 - hospitals that bill for physician and professional services
 - mental health
 - medical transportation (for professional services performed in an ambulance)
 - nurse midwife
 - nurse practitioner
 - occupational therapist
 - optician; optometrist

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Maintaining Access Through Increased Payment to
Physicians and Professional Service Providers
(Continuation)

- physical therapist
 - physician
 - podiatrist
 - public health nurse
 - rehabilitation agency
 - services for children with handicaps
 - speech therapist
- General dental services are not included in this request, but are included in a separate proposal.
 - This proposal would also provide a payment methodology change for physician and professional services, from payment based on previously-submitted provider charge data, to payment based on the Resource Based Relative Value Scale effective 7-1-2000.

Administrative issues

Health Care Operations costs include 1 FTE and the administrative funding needed to implement the change to the Resource Based Relative Value Scale (RBRVS), as well as MMIS costs (state share).

OUTCOMES

- Help maintain access for enrollees.
- Minimize cost-shifting to the private sector.
- Implement an RBRVS payment methodology.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Improving Access to Dental Services

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic - F & C	\$1,745	\$2,159	\$2,328	\$2,553
MA Basic- E & D	1,324	1,431	1,483	1,565
GAMC Grants	1,165	1,224	1,258	1,304
HC Operations	<u>38</u>	<u>13</u>	<u>13</u>	<u>13</u>
Total	\$4,272	\$4,827	\$5,082	\$5,435
HC Access Fund				
MinnesotaCare Grants	\$1,849	\$2,545	\$2,556	\$2,535
Revenues: (\$000s)	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statute(s) affected: M.S. 256B.76 & 256B.0625 Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$4,272,000 in F.Y. 2000 and \$4,827,000 in F.Y. 2001, and an increase in the Health Care Access Fund budget of \$1,849,000 in F.Y. 2000 and \$2,545,000 in F.Y. 2001 to maintain and increase access to dental services for enrollees in Minnesota's public health care programs through overall dental payment increases and dental incentive payments.

RATIONALE:

Background

- Access to dental services for public health care program clients has long been a concern in Minnesota and other states.

- The 1998 Legislature directed the DHS to present recommendations to the Minnesota Legislature by 2-1-99 on how access to dental services for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare can be expanded (Laws of Minnesota, 1998, Chapter 407, Article 4, Section 67(b)).
- Currently, MA pays approximately 57% of usual and customary charges and GAMC pays approximately 56% of charges.

Proposal

This proposal to increase access to dental services for public program enrollees falls into 2 categories: overall dental payment increases and payments intended to provide incentives for dentists to serve public program clients.

Overall payment increases:

This proposal would provide a one-time 5% increase in payment rates for dental services. This change is intended to bring dental payments closer to market rates.

Incentive payment proposals:

The department has 6 specific proposals intended to create incentives for providers to serve clients enrolled in MA, GAMC, or MinnesotaCare:

- **Disproportionate Share Payment.**
The department proposes to increase payments by 20% over 1998 fee-for-service rates for those fee-for-service providers for whom public programs (MA, GAMC, and MinnesotaCare) account for more than 20% of their practice.
- **Enhanced payment for improved access.**
The number of public program patients seen per dentist has fallen over the past several years, and past rate increases have failed to result in increased utilization. To encourage providers to add new public program patients to their practices, the department proposes to fund 2 pilot programs in areas where clients are underserved by dentists and allow the commissioner to increase rates if the percentage of public program recipients with at least 1 dental visit per year increases.
- **Missed visit reduction pilot.**
Missed visits have a significant financial impact on dental practices. Efforts to reduce missed visits will encourage dentists to see additional public program enrollees. This proposal recommends a pilot program to reduce missed visits by distributing educational materials on the importance of keeping a dental appointment, and encouraging providers and health plans to contact patients prior to appointments and arrange transportation when necessary.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Improving Access to Dental Services
 (Continuation)

- Preventive services for children.
 Tooth sealants and fluoride treatments can improve the long-term oral health of children. The department proposes to encourage providers to provide these basic services to children by increasing rates paid for preventive services to 80% of median 1997 charges.
- Pilot project for community clinics.
 In 2 underserved areas of the state where the number of dental providers is sufficient only to meet the needs of the commercial and private payment population, the department proposes to provide funding for start-up costs for community clinics, on a pilot basis.
- Direct access to dental hygienists.
 The department proposes to allow dental hygienists to bill directly for providing preventive services to clients in underserved areas.

Implementation

Implementation of rate increases and incentive payments would occur on 10-1-99 for fee-for-service and 1-1-2000 for managed care.

FINANCING:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
5% Payment Increase				
General Fund				
MA Basic HC-F & C	\$437	\$944	\$1,081	\$1,255
MA Basic HC-E & D	195	388	433	494
GAMC Grants	<u>172</u>	<u>332</u>	<u>370</u>	<u>418</u>
Total	\$804	\$1,664	\$1,884	\$2,167
HC Access Fund				
MinnesotaCare Grants	\$279	\$695	\$741	\$789
Incentive Payments				
General Fund				
MA Basic HC-F & C	\$1,308	\$1,215	\$1,247	\$1,298
MA Basic HC-E & D	1,129	1,043	1,050	1,071
GAMC Grants	993	892	888	886
HC Operations-MMIS (state share)	<u>38</u>	<u>13</u>	<u>13</u>	<u>13</u>
Total	\$3,468	\$3,163	\$3,198	\$3,268
HC Access Fund				
MinnesotaCare Grants	\$1,570	\$1,850	\$1,815	\$1,746
Total General Fund	\$4,272	\$4,827	\$5,082	\$5,435
Total HC Access Fund	\$1,849	\$2,545	\$2,556	\$2,535

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Health Care for Children and Working Families

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC-F & C	\$1,091	\$3,806	\$4,868	\$5,413
GAMC Grants	<u>(1,980)</u>	<u>(3,843)</u>	<u>(4,927)</u>	<u>(5,478)</u>
TOTAL	\$(889)	\$(37)	\$(59)	\$(65)
HC Access Fund				
MinnesotaCare Grants	\$(544)	\$(4,569)	\$(5,557)	\$(6,209)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256B

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$889,000 in F.Y. 2000 and a decrease of \$37,000 in F.Y. 2001, and a decrease in the Health Care Access Fund budget of \$544,000 in F.Y. 2000 and \$4,569,000 in F.Y. 2001. These funds are requested to eliminate the Medical Assistance (MA) "100-hour rule" that forces the primary wage earner in 2-parent families to work less than 100 hours per month to retain MA eligibility.

RATIONALE:

Background

Eliminating policy barriers that make people choose between working without health care benefits or going on welfare to get health care has been a public policy priority.

For example, MinnesotaCare has illustrated how providing low-cost health care can keep people in the job market when their employment does not provide health care benefits. Each month several thousand families stay off welfare because they do not need to quit their jobs in order to get access to health care.

Welfare reform has also given the state an opportunity to eliminate past program rules that actually worked against employment. One such rule was the 100-hour rule for cash assistance. This rule prevented 2-parent families on welfare from working more than 100 hours to retain their cash benefits. When Minnesota redesigned its welfare system with the Minnesota Family Investment Program (MFIP) 2 years ago, it eliminated the 100-hour rule for MFIP families.

There is, however, a category of 2-parent families who are still under a federal 100-hour rule related to Medicaid--families who receive MA but are not on MFIP. These families want to work and are presented with the problem of choosing not to work more than 100 hours per month to keep their MA or applying for MFIP or General Assistance Medical Care. Up to now, the federal Health Care Financing Administration (HCFA) has not allowed states the option of eliminating this 100-hour rule in MA. HCFA is now allowing states that option.

Proposal

Eliminate the 100-hour rule for those people receiving MA only.

Implementation

The effective date for the elimination of the 100-hour rule is 7-1-99.

OUTCOMES:

- Eliminating the 100-hour rule will:
 - increase the number of MA eligibles as 2-parent families shift from GAMC to MA;
 - result in federal financial participation for 2-parent families;
 - decrease GAMC costs as 2-parent families shift to MA;
 - decrease forecasted MinnesotaCare costs by eliminating the shift of parents from GAMC to MinnesotaCare on 1-1-2000;
 - force fewer families to choose between work or health care;
 - improve health care access for children.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Adoption of BBA Phase-out Schedule of Cost-based Reimbursement for Rural Health Clinics and Federally Qualified Health Centers

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- MA Basic Health Care Grants	\$977	\$1,760	\$1,518	\$761
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256B.0625, subd. 30(c)

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$977,000 in F.Y. 2000 and \$1,760,000 in F.Y. 2001 to adopt the Balanced Budget Act of 1997 phase-out schedule of cost-based reimbursement for Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs), providing longer phase-out period than under current state law.

RATIONALE:

Background

FQHCs and RHCs are an important part of the health network because they provide services to underserved and diverse populations. MA and uninsured persons constitute approximately 37% of FQHC/RHC business. Historically, the state has reimbursed these facilities based upon service costs.

Current Minnesota law ends cost-based payment for these facilities in January, 2000. At that point, rates paid to FQHCs and RHCs will be determined by market-driven negotiations with each health plan in PMAP. The health plan reimbursement rates are established by DHS based upon fee-for-service rates which are approximately 62% of cost. As a result, FQHC/RHCs will see a decrease in payments of approximately 38 percent.

The federal Balanced Budget Act of 1997 (BBA) also requires states to phase down cost-based payment to FQHC/RHCs. However, this phase-down is slower than Minnesota's current plan. This phase-down schedule is as follows:

Federal Fiscal Year	Payment for FQHCs and RHCs
2000	95% of cost
2001	90% of cost
2002	85% of cost
2003	70% of cost

Although the BBA phase-down schedule for FQHCs and RHCs will decrease payments from current levels, this reduction will not be as much as planned under current Minnesota state law.

Proposal

This proposal would adopt the federal Balanced Budget Act of 1997 phase-out of cost-based payments. Failure to adopt the BBA methodology will result in further federal review of payments in waived programs. This review would likely lead to a rejection of Minnesota's request to renew waivers necessary to implement current state law.

Funding

Current forecasts of state expenditures assume a reduction in payments to FQHCs and RHCs to approximately 62% of costs starting in January 2000. This proposal would also reduce payments of FQHCs and RHCs, but at a slower rate over time. Funding necessary in F.Y. 2000 is \$977,000, \$1.76 million in F.Y. 2001, \$1.518 million in F.Y. 2002, and \$761,000 in F.Y. 2003. Federal matching funds are available for these increased costs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Families and Children

ITEM TITLE: Adoption of BBA Phase-out Schedule of Cost-based
Reimbursement for Rural Health Clinics and Federally
Qualified Health Centers
(Continuation)

Administrative Issues

Issues surrounding computer and payment supplies for this proposal are relatively minor and are not expected to have large, quantifiable costs.

Implementation

Under this proposal, the removal of cost-based payment in January 2000 would not occur. Rather, Minnesota would adopt the phase-down schedule shown above. Implementation would occur starting in January 2000.

OUTCOMES:

This proposal will enhance FQHCs and RHCs efforts to help underserved populations by providing a longer transition period from cost based rates to lower, market-driven rates.

2000-01 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Basic Health Care Grants-Elderly and Disabled
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Medical Assistance (MA) basic health care grants for elderly and disabled individuals provide an important health care safety net for eligible elderly, disabled, and blind persons.

Services Provided

MA-basic health care services include:

- Physician and clinic visits
- Inpatient and outpatient hospital services
- Eyeglasses and eye care
- Immunizations
- Medical supplies and equipment
- Prescription medications
- Dental care
- Chiropractic care
- Medical transportation
- Nursing home care.

People Served

- In F.Y. 1998, approximately 114,000 elderly and disabled persons were covered by MA basic health care grants; approximately 48,000 were elderly, and 66,000 were disabled.
- Of the total, approximately 21,000 elderly persons were enrolled in managed care. The remaining 93,000 elderly and disabled people received health care on a fee-for-service basis.

Eligibility

- Elderly and disabled individuals who have income at or under 133⅓% of the Aid to Families with Dependent Children standard in effect on 7-16-96.
- Elderly and disabled individuals with income over the MA income eligibility limits may qualify if incurred medical bills exceed the difference between income and the income standard.
- The asset limit is \$3,000 for a single person and \$6,000 for a couple.
- MA has retroactive coverage for medical bills incurred up to 3 months before application.

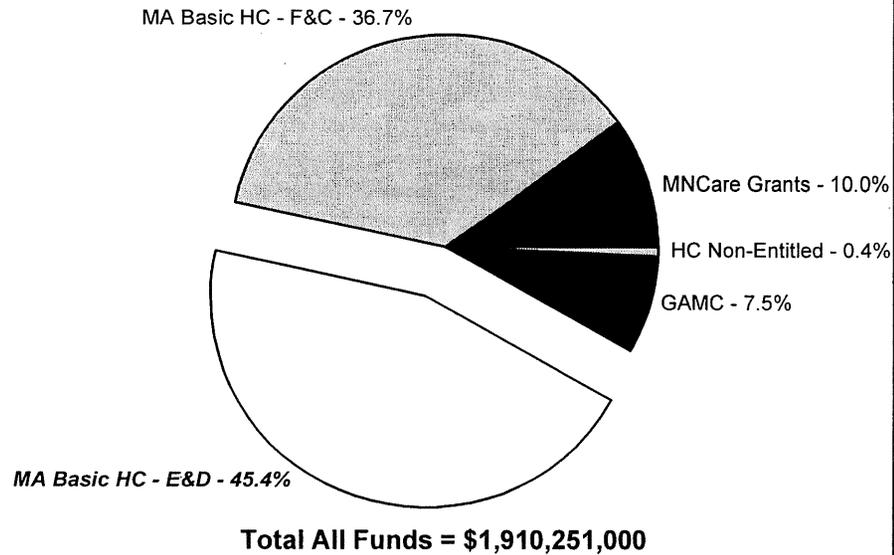
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Coordination of acute and long-term care for the elderly and disabled can improve quality of care and reduce cost shifting among payers.
- Increases in Medicare premiums, deductibles, and co-insurance increase DHS's MA cost for people who are eligible for both programs.
- MA rates paid to providers have fallen significantly behind others in the marketplace. Payments need to keep pace so access to services does not erode.

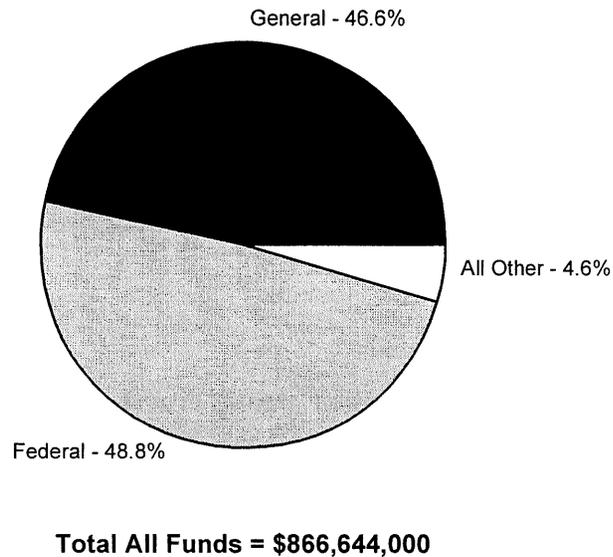
Basic Health Care Grants By Activity



Activity Finance Summary MA Basic Health Care Grants Elderly & Disabled F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

MA Basic Health Care - E & D



*See next page for
Funding Detail
(forecast)*

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: BASIC HEALTH CARE GRANTS
Activity: MA BASIC HEALTH CARE GRANT-E&D

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	600,207	632,804	703,023	824,623	828,016	904,804	913,803	405,992	30.4%
LOCAL ASSISTANCE	30,050	31,719	35,318	42,021	42,021	46,542	46,542	21,526	32.1%
Total Expenditures	630,257	664,523	738,341	866,644	870,037	951,346	960,345	427,518	30.5%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) ACCESS TO DENTAL SERVICES	GEN				1,324		1,431		
(A) ALTERNATIVE CARE CHOICE	GEN				(335)		(1,014)		
(A) ALTERNATIVE CARE FUNDING ADJUSTMENT	GEN				(636)		(72)		
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN				141		2,816		
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN				226		206		
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN						(655)		
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN				1,574		3,048		
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	GEN				43		153		
(P) COVERAGE FOR PT, OT, & SPEECH PATH.	GEN				(76)		(617)		
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	GEN				500		1,912		
(P) PAYMENTS FOR TELEMEDICINE	GEN				98		136		
(P) SENIOR DRUG PROGRAM FUNDING	GEN				534		1,655		
Total Change Items					3,393		8,999		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	279,498	301,616	340,599	403,811	407,204	444,136	453,135		
STATUTORY APPROPRIATIONS:									
GENERAL	27,716	29,989	33,920	39,735	39,735	43,573	43,573		
FEDERAL	323,043	332,918	363,822	423,098	423,098	463,637	463,637		
Total Financing	630,257	664,523	738,341	866,644	870,037	951,346	960,345		

Funding Detail

MA Basic Health Care Grants - Elderly & Disabled

Services	Funding State/Federal	FY 1998 Average Eligibles	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Inpatient Hospital	State/Federal	See Total Below	137,817	143,167	155,245	180,244	194,448
Outpatient Hospital	State/Federal		7,254	7,511	7,973	9,726	10,347
Public Hospitals	State/Federal		12,000	12,000	12,000	12,000	12,000
Medical Education	State/Federal		0	0	0	0	0
Ambulatory Surgery	State/Federal		5,410	6,268	6,605	7,418	7,976
Mental Health Services	State/Federal		27,624	22,380	31,144	32,763	35,788
Physicians	State/Federal		42,594	40,551	42,130	47,211	49,864
Dental	State/Federal		8,621	8,574	8,978	9,758	10,155
Laboratory & Radiology	State/Federal		15,572	16,477	17,201	19,104	20,349
Rehabilitation Services	State/Federal		17,370	15,779	17,168	19,382	20,928
Prescription Drugs	State/Federal		131,651	146,213	153,853	170,896	181,728
Medical Supplies & Prosthetics	State/Federal		28,178	27,911	29,965	34,003	37,035
Medical Transportation	State/Federal		22,263	23,375	24,700	28,334	29,745
Managed Care (HMO)	State/Federal		80,975	97,004	122,424	162,200	194,214
Other Practitioners	State/Federal		5,251	5,134	5,149	5,410	5,474
Other Services	State/Federal		12,306	12,833	12,970	11,991	10,447
Medicare & Insurance Buy-In	State/Federal		43,481	46,293	54,195	68,675	77,545
CD Treatment Fund: Federal Share	Federal		1,839	1,332	1,324	1,336	1,325
County Share Reimbursement	State		30,050	31,719	35,317	42,020	46,541
MH Case Management	State		0	0	0	4,173	5,437

TOTAL - MA BASIC HEALTH CARE GRANTS - E & D		115,000	630,257	664,523	738,341	866,644	951,346
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F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Elderly & Disabled

ITEM TITLE: Coverage for Physical Therapy, Occupational Therapy, and Speech Language Pathology

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC-E & D	\$(76)	\$(617)	\$(941)	\$(941)
MA Basic HC-F & C	(7)	(157)	(87)	(87)
GAMC Grants	(7)	(52)	(80)	(80)
Total	\$(90)	\$(826)	\$(1,108)	\$(1,108)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduction in the General Fund budget of \$90,000 in F.Y. 2000 and a decrease of \$826,000 in F.Y. 2001, due to the implementation of a policy that would require review of physical therapy, occupational therapy, and speech language pathology services for medical necessity at an earlier point. This proposal is intended to ensure that services provided to health care program enrollees are medically necessary, as well as to provide consistency with other payers in the health care market.

RATIONALE:

Background

- Effective 1-1-98, DHS began to review physical therapy, occupational therapy, and speech language pathology services for medical necessity at an earlier point than it had previously.

- During the 1998 session, the legislature directed DHS to reinstate the policy for review of medical necessity that had been in place prior to 1-1-98, and to form a work group to study and propose an alternative form of review. The department will make a final recommendation to the legislature by 1-15-99, in compliance with Laws of Minnesota, 1998, Chapter 407, Art. 4, Sec. 66(b).
- There is concern that some current utilization of these services may not be medically necessary and may not result in appropriate care for public program clients. There is also concern that clients needing long-term care for chronic conditions may have their care interrupted or even limited by the current annual authorization schedule.
- The establishment of a care management model of review, rather than the presently used annual authorization schedule, would result in a more appropriate and timely review. Instead of using artificial calendar year parameters, the provider would work directly with the reviewer to determine the care needed. Clients with long-term needs could receive authorization for 6-12 months of therapy. Providers and reviewers would work together to determine an appropriate course of treatment for each client.

Proposal

This proposal would change the policy of review for rehabilitative services from an annual authorization schedule, which allows a predetermined number of annual visits for each client before prior authorization is required, to a care management method of review, which allows providers to base services on individual client needs. This proposal reflects cost savings, as increased case management reduces the amount of services that are not medically necessary. It should also be noted that the number of authorizations may increase, but that any cost associated with this increase would be offset by a decrease in the number of affected clients as PMAP expands.

Implementation

Implementation for this proposal would occur on 7-1-1999.

OUTCOMES:

The proposal will:

- Result in more appropriate utilization of rehabilitative and therapeutic health care services.
- Bring current Minnesota review standards in line with those of other states and private payers.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Elderly and Disabled

ITEM TITLE: MA, GAMC, and MinnesotaCare Payments for Telemedicine Consultation

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - E & D	\$98	\$136	\$181	\$233
MA Basic HC - F & C	241	338	490	681
GAMC Grants	<u>150</u>	<u>190</u>	<u>253</u>	<u>318</u>
TOTAL	\$489	\$664	\$924	\$1,232
HC Access Fund				
MinnesotaCare Grant	\$98	\$169	\$245	\$324
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256B; M.S. 256D

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$489,000 in F.Y. 2000 and \$664,000 in F.Y. 2001, and an increase in the Health Care Access Fund budget of \$98,000 in F.Y. 2000 and \$169,000 in F.Y. 2001 to allow Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare payments for physician specialist consultations made via 2-way, interactive video.

RATIONALE:

Background

- Traditionally, patients in medically underserved and rural areas have had difficulty receiving specialty services. While patients in these areas may have access to primary care physicians, access to specialty services is restricted due

to the limited number of physician specialists.

- Advances in telecommunications allow referring providers and their patients to meet with remote specialists via two-way, interactive video. Such meetings are known as telemedicine consultations.
- Under current Minnesota law, telemedicine consultations are not covered under Minnesota's public health care programs. Minnesota Rule 9505.0220 requires face-to-face consultation in order for a service to qualify for reimbursement.
- Telemedicine consultations are currently a covered service under Medicaid in 12 states and will become a covered service under Medicare on 1-1-99. The scope of telemedicine service coverage varies between programs. Most of the states covering telemedicine under Medicaid, including California, North Dakota and South Dakota, compensate both the referring and consulting providers.
- Payments for telemedicine consultations reduces transportation and lodging costs by allowing patients to link up with physician specialists through a video network, rather than requiring patients to travel long distances to visit specialists.

Proposal

- Payments would be made to both the referring provider and the consulting physician specialist. The referring provider would be compensated at the standard office visit rate, while the consulting physician would receive a specialist consultation rate.
- The service would cover consultations by physicians only. The consulting physician specialist would be required to have professional training or knowledge superior to, or different than, that of the referring physician.
- Coverage includes consultations between referring emergency room providers and emergency room physicians, as well as consultations between providers and physician specialists consulting in the area of child abuse and neglect.

Implementation

Implementation of this proposal would occur on 7-1-99 for MA, GAMC, and MinnesotaCare.

OUTCOMES:

- Increased patient access to medical specialists.
- Reduced transportation and lodging expenses.
- Improved communication between health care providers.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Elderly and Disabled

ITEM TITLE: Work Incentives for People with Disabilities

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - E & D	\$43	\$153	\$269	\$439
HC Policy Admin	<u>95</u>	<u>79</u>	<u>79</u>	<u>79</u>
Total	\$138	\$232	\$348	\$518
HC Access Fund				
MinnesotaCare Grants	\$(27)	\$(55)	\$(73)	\$(73)
Revenues: (\$000s)				
General Fund	\$42	\$35	\$35	\$35

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. §256B Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$138,000 in F.Y. 2000 and \$232,000 in F.Y. 2001, and a decrease in the Health Care Access Fund budget of \$27,000 in F.Y. 2000 and \$55,000 in F.Y. 2001 to encourage people with disabilities to work by expanding eligibility for health care coverage through Medical Assistance (MA) as permitted by the Balanced Budget Act (BBA) of 1997 and to fund DHS participation in a Social Security Administration (SSA) demonstration project.

RATIONALE:

Background

In today's tight labor market, as many people as possible need to be encouraged to

work. However, people with disabilities are often fearful of becoming employed or returning to employment because they risk losing their public health insurance and income safety net. Initiatives at the federal and state level seek to minimize these risks.

- The BBA permits states to create a new optional categorically needy eligibility group to provide Medicaid coverage to working people with disabilities who, because of earnings, cannot qualify for Medicaid under any other provision. It allows states to require payment of premiums or other cost-sharing charges on a sliding scale based on income from those eligible under this option. The amount of the premium or cost sharing to be paid, if any, is within each state's discretion.
- The SSA will provide cooperative agreement funds to Minnesota for a demonstration project to increase the employment of individuals with disabilities who receive Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI). There is a required 5% state match. The demonstration project includes implementation of a federal waiver requested pursuant to 1995 state legislation to establish an earned income disregard for employed people with disabilities who are eligible for SSDI and who receive personal care assistant (PCA) services under MA. Federal approval of the waiver is pending.

Proposal

- Provide MA eligibility for employed people with disabilities who:
 - meet the definition of disability under SSI,
 - have net incomes of less than 250% of federal poverty guidelines (FPG),
 - have no more than \$23,000 (individual)/\$26,000 (couple) in countable assets,
 - pay a premium payment equal to 10% of gross earnings in excess of 250% of FPG not to exceed the maximum premium for 1 person charged to a person enrolled in MinnesotaCare.
- Fund the health care administration for the efforts of the SSA demonstration project, including the required 5% state match.

Administrative issues

- The SSA demonstration project proposal includes .5 FTE and administrative funding, including contracts for training and pilot data collection.
- The BBA proposal includes .5 FTE and administrative funding to handle administration of premium payments that would be more costly if automated.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants: Elderly and Disabled

ITEM TITLE: Work Incentives for People with Disabilities
(Continuation)

Implementation

- The BBA proposal would be effective 7-1-99 or upon receipt of Health Care Financing Administration (HCFA) approval of a State Plan amendment, if later.
- State funding for the SSA demonstration project will be effective 7-1-99.

FINANCING:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
BBA Options				
MA Basic HC-E & D	\$43	\$153	\$269	\$439
HC Policy Admin				
.5 FTEs and other admin costs	<u>31</u>	<u>23</u>	<u>23</u>	<u>23</u>
Total	\$74	\$176	\$242	\$462
 MinnesotaCare Grants	 (27)	 (55)	 (73)	 (93)
SSA Demonstration Project				
HC Policy Admin				
.5 FTE and other admin costs	\$36	\$28	\$28	\$28
Contracts	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>
Total	64	56	56	56
 General Fund Total	 \$138	 \$232	 \$348	 \$518

OUTCOMES:

- Provide health care support for employed people with disabilities whose employment rate and level of income will increase.
- Increase the number of MA eligibles.

2000-01 Biennial Budget

BUDGET ACTIVITY: General Assistance Medical Care
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

General Assistance Medical Care (GAMC) provides state funded health care coverage for Minnesotans who are ineligible for Medical Assistance (MA) and are very low income or receiving General Assistance (GA).

Services Provided

Services provided under GAMC include:

- Inpatient and outpatient hospital care
- Drugs and medical supplies
- Physician services
- Immunizations
- Emergency-room services
- Dental care
- Chiropractic services
- Medical transportation
- Eye care

People Served

- In F.Y. 1998, an average of 31,000 Minnesotans were enrolled in GAMC.
- 14,000 recipients received coverage through a managed care plan, and 17,000 recipients received care on a fee-for-services basis.
- GAMC serves:
 - primarily single adults between ages 21 and 65;
 - parents and caretakers who cannot meet categorical eligibility requirements for MA;
 - recipients of GA cash grants;
 - some residents of facilities, such as Institutions of Mental Diseases (IMDs) and adult foster care; and
 - undocumented individuals who are under 18, over 65, blind, or disabled.

Eligibility

- Individuals with income at or under 133⅓% of the Aid to Families with Dependent Children (AFDC) standard in effect on 7-16-96 are eligible for GAMC.
- GAMC allows up to \$1,000 in assets.
- If individuals have income above the GAMC guidelines, they may be eligible if their medical bills exceed the difference between their income and the GAMC income limit.
- Retroactive coverage is available for medical bills incurred 1 month prior to application.

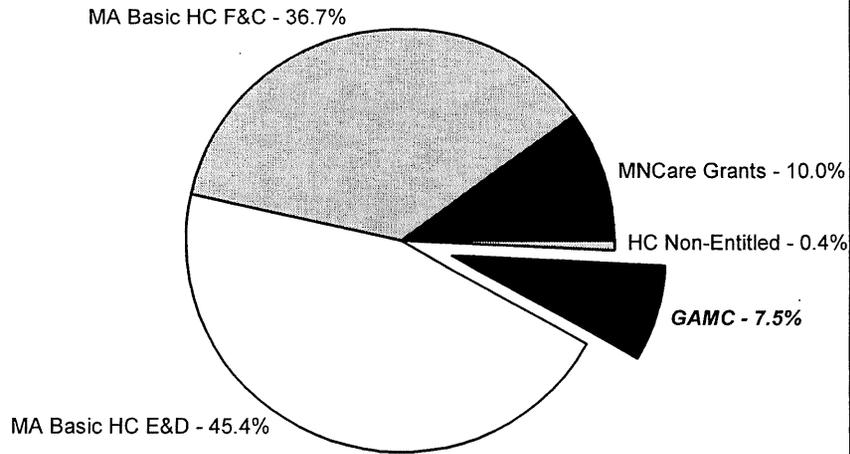
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Enrollment in GAMC has declined from approximately 55,000 in 1992 to approximately 31,000 in 1998.
- In the near future, policy changes between GAMC, MA and MinnesotaCare will result in approximately 5,000 fewer enrollees in GAMC.
- The overall strength of the Minnesota and national economy has had a large impact on declining number of GAMC recipients.
- GAMC rates paid to providers have fallen significantly behind others in the marketplace. Payments need to keep pace so access to services does not erode.
- In many cases, the GAMC program functions as a retroactive uncompensated care fund, paying bills for individuals who received care while uninsured, but who later apply for GAMC and meet eligibility guidelines.

Basic Health Care Grants By Activity



Total All Funds = \$1,910,251,000

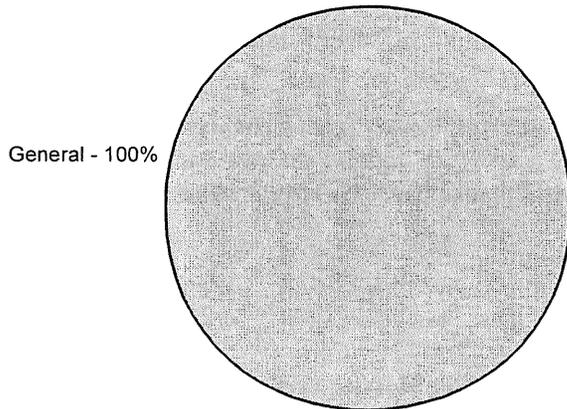
Activity Finance Summary

GAMC Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

GAMC Grants By Fund



Total All Funds - \$142,861,000

***See next page for
Funding Detail
(forecast)***

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: BASIC HEALTH CARE GRANTS
Activity: GAMC GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	144,953	120,814	134,947	142,861	143,291	132,956	129,168	16,698	6.5%
LOCAL ASSISTANCE	11,297	2,111	0	0	0	0	0	(2,111)	-100.0%
Total Expenditures	156,250	122,925	134,947	142,861	143,291	132,956	129,168	14,587	5.7%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) ACCESS TO DENTAL SERVICES	GEN				1,165		1,224		
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN				(218)		(4,312)		
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN						(59)		
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN				839		1,536		
(P) COVERAGE FOR PT, OT, & SPEECH PATH.	GEN				(7)		(52)		
(P) HEALTH CARE CHILD & WORKING FAMILIES	GEN				(1,980)		(3,843)		
(P) INCREASE PAYMENTS FOR HOSPITAL FACIL.	GEN				481		1,528		
(P) PAYMENTS FOR TELEMEDICINE	GEN				150		190		
Total Change Items					430		(3,788)		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	141,755	122,925	134,947	142,861	143,291	132,956	129,168		
STATUTORY APPROPRIATIONS:									
GENERAL	14,495	0	0	0	0	0	0		
Total Financing	156,250	122,925	134,947	142,861	143,291	132,956	129,168		

Funding Detail

General Assistance Medical Care Grants

Services	Funding State/Federal	FY 1998 Average Eligibles	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Inpatient Hospital	State	See Total Below	43,859	43,076	40,109	42,115	40,390
Outpatient Hospital	State		2,608	2,358	2,071	1,833	1,470
Ambulatory Surgery	State		2,862	2,540	2,225	1,952	1,553
Physicians	State		15,473	13,801	12,098	10,638	8,482
Dental	State		2,920	2,490	2,240	1,986	1,590
Laboratory & Radiology	State		6,152	5,753	5,046	4,446	3,552
Prescription Drugs	State		11,190	10,861	9,855	9,022	7,494
Visioncare	State		767	677	594	525	420
Mental Health	State		3,105	3,132	2,471	2,235	1,823
Case Management	State		375	0	375	111	66
Supplies & Prosthetics	State		1,135	1,010	913	832	688
Medical Transportation	State		1,480	1,465	1,285	1,185	960
Other Practitioners	State		526	413	472	417	333
Managed Care (HMO)	State		47,143	45,565	51,980	65,088	71,318
Other Services	State		3,129	3,689	2,213	1,946	1,552
Non-System Payments & Other Adjustments	State		2,231	(16,015)	1,000	1,000	1,000
County Share Reimbursement	State		11,297	2,111	0	0	0
Cases Shifted To MinnesotaCare	State		0	0	0	(2,470)	(9,735)
TOTAL - GAMC GRANTS		31,000	156,250	122,925	134,947	142,861	132,956

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2000-01 Biennial Budget

BUDGET ACTIVITY: Health Care Non-Entitlement Grants
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity provides targeted grants that prevent individuals from needing to go on broader publicly-funded programs. The programs within this activity are not entitlements. Assistance is provided as long as money is available. The 3 grant categories within this activity are:

- HIV/AIDS grants
- Senior Drug Program
- Post-Kidney Transplant Drug Program.

HIV/AIDS Grants

Services provided:

- The patient's portion of the cost of HIV-related medications.
- Premiums to keep individuals enrolled in their private insurance.
- Counseling about options available for third-party coverage.
- Dental services.
- Up to \$50 a month of the cost of enteral nutrition products, multiple vitamins, and lactase enzyme.
- Case management through community-based clinics at a number of locations.

People served

HIV/AIDS Grants and Services help Minnesotans with HIV who have income under 300% of the federal poverty guideline (FPG) and cash assets under \$25,000. About 500 people per year are receiving assistance with drug costs, at an average cost of about \$1,500 per person per year; about 500 people are receiving assistance with insurance costs, at an average premium of \$187 per person per month; and about 380 people are receiving medical case management, at an average cost to MA (state and federal) of about \$650 per person per year. There is a constantly changing amount of overlap across these 3 groups of people since people go in and out of the various services, depending on need.

Budget Issues:

HIV/AIDS:

- Promising treatment of HIV with new combinations of drugs have resulted in a dramatic decline in the mortality and morbidity of the disease.
- Access and adherence to life-extending but expensive and complicated drug regimens is a potential challenge.
- A shift in service patterns is occurring with more needs associated with poverty, such as housing and emergency assistance than with end-stage HIV disease needs like hospice care.
- The demographic of HIV/AIDS is changing too, with the disease more widely spread among women, people of color, and youth.

Senior Drug Program Grants

Services provided

The Senior Drug Program began in 1-99 and pays for prescription drugs with participation in the Senior Drug rebate program and covered under the Medical Assistance (MA) formulary.

People Served

Under current law, when the Senior Drug Program is expected to serve 4,700 enrollees. These enrollees meet the following criteria:

- Age 65 or over
- Eligible for Qualified Medicare Beneficiary only or Specified Low-Income Medicare Beneficiary only
- Minnesota resident for 6 months
- Not currently receiving MA without a spend-down
- Assets less than \$4000 individual or \$6,000 family
- Income less than 120% FPG
- Have no current or prior (last 4 months) prescription drug coverage or current or prior (last 4 months) Medigap coverage that includes a prescription drug benefit. (Prescription drug discount programs offered by health plans are not considered prescription drug coverage.)
- Pay the yearly non-refundable premium fee of \$120
- Pay the monthly deductible of \$25.

2000-01 Biennial Budget

BUDGET ACTIVITY: Health Care Non-Entitlement Grants
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

Budget Issues:

Senior Drug:

- Minnesota is 1 of 14 states addressing the need to provide seniors prescription drug coverage due to the benefit not being covered under Medicare. There have been a number of studies regarding the problems encountered by low-income people who lack drug coverage, such as the following:
 - A study of economic issues relating to access to medications found that millions of uninsured, low-income people are financially unable to obtain prescription drugs. As a result, funds spent to diagnose their underlying conditions may be wasted, and they are likely to suffer complications that require much more costly care.
 - Studies suggest that there is a positive relationship between drug use and income and insurance status. In short, those with low income are less likely to take their medications and thereby increase their risk of more serious ailments.

Post-Kidney Transplant Program Grants

Services provided

The Post-Kidney Transplant Drug Program pays for:

- Post-kidney transplant maintenance drugs such as antibiotics or anti-rejection drugs.

People served

The Post-Kidney Transplant Drug Program will be operated by a non-profit. It is new and its not yet clear how many individuals will be served. Eligibility criteria includes:

- The applicant's family gross income must not exceed 275% of the federal poverty level.
- The applicant must be a Minnesota resident who has resided in Minnesota for at least 12 months.
- The individual cannot get these drugs covered by any third-party or government entity.

Budget Issues:

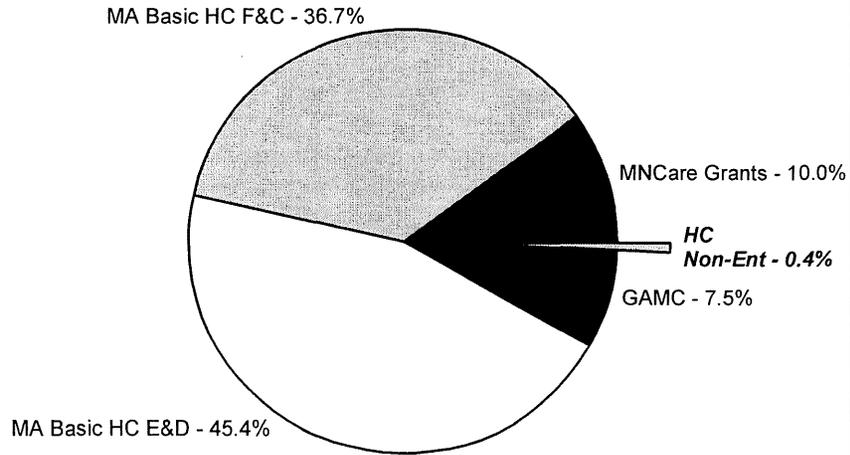
Post-Kidney Transplant Drug Program:

- This program sunsets on 7-1-2000, or when the full allocation has been distributed to eligible applicants. The response to this program will provide guidance regarding the number of post-kidney transplant recipients in Minnesota who need assistance with drug coverage.

FINANCING INFORMATION:

(See charts which follow narrative.)

Basic Health Care Grants By Activity

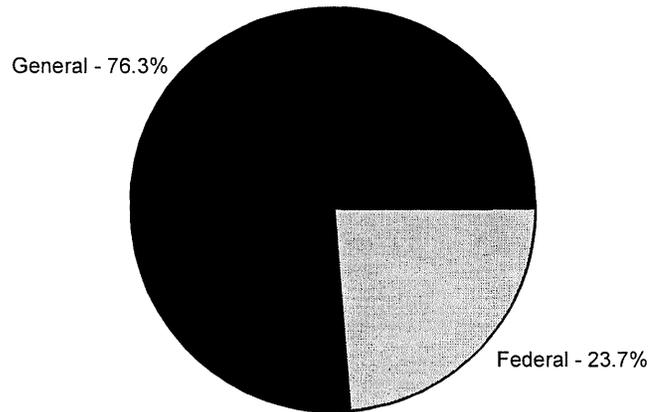


Total All Funds = \$1,910,251,000

Activity Finance Summary Health Care Non-Entitlement F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Health Care Non-Entitlement By Fund



Total All Funds = \$7,265,000

*See next page for
Funding Detail*

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: BASIC HEALTH CARE GRANTS
Activity: HEALTH CARE NON-ENTITLEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	31	68	95	95	95	95	95	27	16.6%
OPERATING EXPENSES	779	1,419	1,738	1,578	1,578	1,578	1,578	(1)	.0%
SUBTOTAL STATE OPERATIONS	810	1,487	1,833	1,673	1,673	1,673	1,673	26	.8%
PAYMENTS TO INDIVIDUALS	0	0	2,932	3,950	11,837	3,950	14,592	23,497	801.4%
LOCAL ASSISTANCE	457	804	1,642	1,642	1,642	1,642	1,642	838	34.3%
Total Expenditures	1,267	2,291	6,407	7,265	15,152	7,265	17,907	24,361	280.1%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN							(470)	
(P) SENIOR DRUG PROGRAM FUNDING	GEN				7,887			11,112	
Total Change Items					7,887			10,642	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	767	1,404	4,682	5,540	13,427	5,540	16,182		
STATUTORY APPROPRIATIONS:									
FEDERAL	500	887	1,725	1,725	1,725	1,725	1,725		
Total Financing	1,267	2,291	6,407	7,265	15,152	7,265	17,907		

Funding Detail

Health Care Non-Entitlement

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
HIV / AIDS Grants and Services	Funding to help individuals with HIV/AIDS get medical care. (approx. served FY99 -500)	720	1,361	1,725	1,725	1,725	0	1,725	1,725	0
Senior Drug Program	Payments through MMIS to help low income senior citizens pay for prescription drugs. (approx. served FY99 - 500)	0	0	2,682	3,700	11,587	7,887	3,700	14,342	10,642
Post Kidney Transplant Drug Program	One-time funding to assist individuals with kidney transplants purchase transplant drugs.	0	0	160	0	0	0	0	0	0
PASS-ARR Transfer LTC Grant	Funding to reimburse counties for the cost of federally required pre-admission screening for people being considered for nursing facility admission and annual resident review for certain nursing facility residents.	47	43	115	115	115	0	115	115	0
General Fund Total		767	1,404	4,682	5,540	13,427	7,887	5,540	16,182	10,642
DIRECT APPROPRIATIONS TOTAL		767	1,404	4,682	5,540	13,427	7,887	5,540	16,182	10,642
STATUTORY APPROPRIATIONS										
Federal Fund										
HIV / AIDS Grants and Services	Funding to help individuals with HIV/AIDS get medical care. (approx. served FY99 - 500)	500	887	1,725	1,725	1,725	0	1,725	1,725	0
Federal Fund Total		500	887	1,725	1,725	1,725	0	1,725	1,725	0
STATUTORY APPROPRIATIONS TOTAL		500	887	1,725	1,725	1,725	0	1,725	1,725	0
TOTAL - HEALTH CARE NON-ENTITLEMENT		1,267	2,291	6,407	7,265	15,152	7,887	7,265	17,907	10,642

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Grants
ACTIVITY: Health Care Non-Entitlement Grants

ITEM TITLE: Senior Drug Program Funding

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
HC Non-Entitlement	\$7,887	\$11,112	\$11,112	\$11,112
MA Basic HC-E & D	<u>534</u>	<u>1,655</u>	<u>1,655</u>	<u>1,655</u>
Total	\$8,421	\$12,767	\$12,767	\$12,767
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256.955 Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$8,421,000 in F.Y. 2000 and \$12,767,000 in F.Y. 2001 to fully fund the state Senior Drug program at the levels of eligibility specified in current law.

RATIONALE:

Background

For the past couple of years, Minnesota has been working on strategies to help low-income senior citizens age 65 years and older with the costs of prescription drugs. These strategies include developing a prescription drug benefit for people designated as Qualified Medicare Beneficiaries (QMBs) and Specified Low-Income Medicare Beneficiaries (SLMBs), funded as part of a federal benefit under a Medicaid waiver or establishing a Senior Drug Program for these individuals funded with state dollars. The legislature directed DHS to pursue a federal

Medicaid waiver for this benefit, and at the same time, to go forward with the Senior Drug Program as a contingency if the waiver was not granted. Although officially a federal waiver has not been denied, the response by the federal Health Care Financing Administration (HCFA) has not been positive. In light of this, DHS is moving forward with the state funded Senior Drug Program. The Senior Drug Program is funded with General Fund money. Enrollees contribute to drug costs by paying \$120 premium and a \$300 annual deductible. While the legislature directed DHS to implement a drug rebate component to this program, revenues generated were not dedicated to the Senior Drug Program. In F.Y. 1999, the funding for the Senior Drug Program is \$2.7 million. This funding is expected to fund the program from 1-1-99 to 7-1-99 serving approximately 4,700 enrollees. For F.Y. 2000 and beyond, Senior Drug has \$3.7 million in base funding. This funding falls short of what is needed to pay for benefits for seniors eligible under current law. As a result, eligible seniors would be turned away as the cap on funding was reached.

Proposal

- Fully fund the state Senior Drug Program for the next biennium. The funds requested assume that revenues from the prescription drug rebate program are dedicated to the Senior Drug program account.
- Provide MA funding to cover increases in MA utilization resulting from persons who are applying for the Senior Drug program also applying for QMB and SLMB programs;

Implementation

The funding is needed beginning 7-1-99 in order to continue the program that began 1-1-99.

OUTCOMES:

- The Senior Drug Program is fully funded beyond 6-30-99 serving approximately 11,800 enrollees in F.Y. 2000 and 17,000 in F.Y. 2001.
- Some seniors would reduce their out-of-pocket medical expenses by using Senior Drug-paid expenses to spend down to MA eligibility.

2000-01 Biennial Budget

PROGRAM: Health Care Management

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE:

Purpose

Health Care Management's role is to ensure effective, efficient, and appropriate purchasing, policy development, payments, and quality assurance for the health care purchased through Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare.

Services Provided

Health Care Management provides a wide range of services for MA, GAMC, and MinnesotaCare, including:

- Administrating a centralized payment system.
- Developing eligibility and health care delivery policy and practice.
- Monitoring service providers to assure quality and prevent fraud.
- Administering intergovernmental relations.
- Developing policy and benefit packages.

People served

In addition to the more than 500,000 Minnesotans receiving services through MA, GAMC and MinnesotaCare, health care management works directly with:

- Approximately 30,000 health care service providers including inpatient and outpatient hospitals, dentists, physicians, mental health professionals, home care providers, and pharmacists.
- Health care provider professional organizations.
- 87 Minnesota counties.
- Health Maintenance Organizations and other insurers.
- The federal Health Care Financing Administration.

Accomplishments

- Using more federal waivers to coordinate services for enrollees who move between state and federally funded programs with different eligibility and benefits. These waivers are labor intensive to create and result in more work in coordinating eligibility policy and funding mechanisms at DHS but make the programs work better for enrollees.

- Maintaining and creating health care purchasing systems that manage costs and deliver integrated and coordinated care.
- Developing new strategies to gather data from service providers and managed care plans to make sure enrollees are getting access to services and that those services are of high quality.
- Maintaining good response times for processing medical claims so providers get paid, and keeping up-to-date on telecommunications technology so enrollees get information quickly and providers get eligibility and coverage information immediately.
- Providing timely and useful information for enrollees so they can make informed health care coverage decisions.
- Building a strong computer backbone for program eligibility and information processing that can handle increasing program demands and can provide data for executive decision making.

Components

The Health Care Management Program contains the following budget activities:

- Health Care Policy Administration
- Health Care Operations

STRATEGIES AND PERFORMANCE:

The goal of Health Care Management is to maximize the amount of quality service provided to enrollees while keeping costs affordable for taxpayers.

The performance measures for this program area are as follows;

- Purchase effective, coordinated and efficient health care services at the lowest possible price
- Ensure that quality care is provided to public clients
- Increase the efficiency of application and enrollment processes in health care
- Increase the percent of children who are immunized

2000-01 Biennial Budget

PROGRAM: Health Care Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

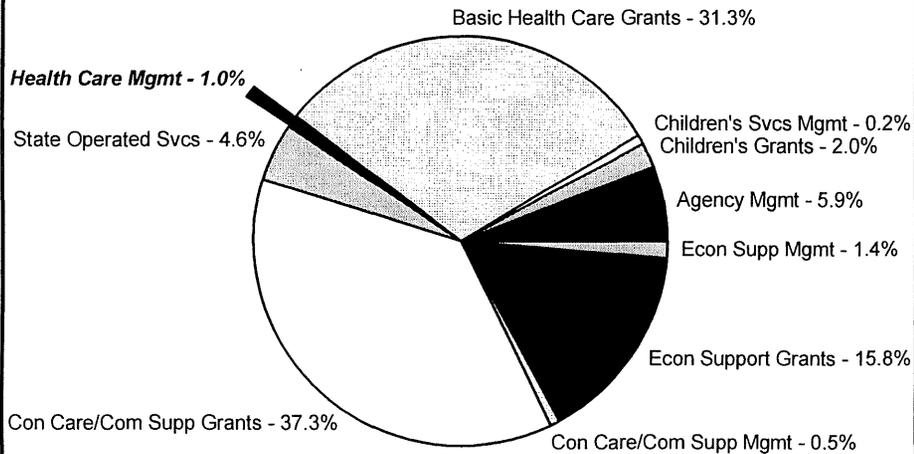
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES :

- Overall, DHS health care program cost increases have been related to costs of purchasing services and numbers of enrollees rather than to growth in administrative spending.
- DHS faces the challenge of ensuring appropriate access to health care in cost-effective ways.
- With greater use of managed care contracts to purchase services, staff work has changed. More staff are needed for contract management, oversight, and analysis than ever before.
- Service providers and enrollees expect and deserve prompt service. This expectation requires greater investments in technology to make data easily available and to automate information for direct access by providers where appropriate.
- Private and public insurers have been cooperating to develop uniform standards for claim forms, collected data elements, and provider identification numbers to reduce administrative complexity and create more consistency. National uniform standards continue to affect systems updates and administrative procedures.
- Complexity in program eligibility requirements has required more time for application processing.

Dept. Of Human Services By Program

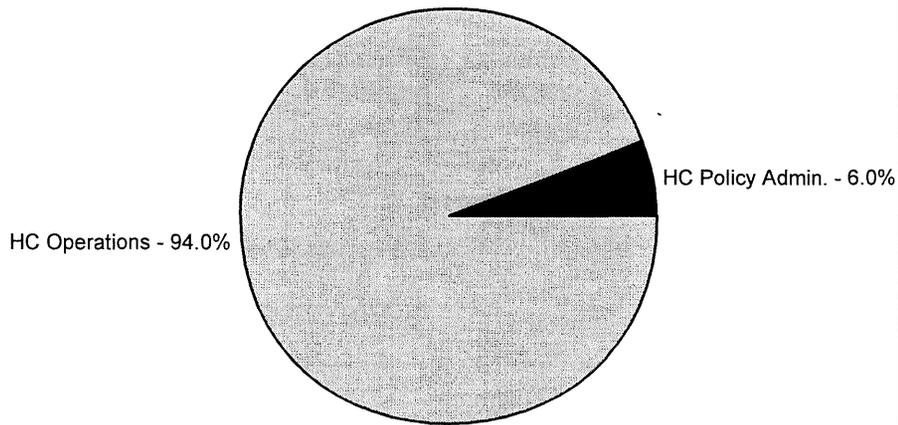


Total All Funds = \$6,091,660,000

Program Finance Summary Health Care Management F.Y. 2000 Base

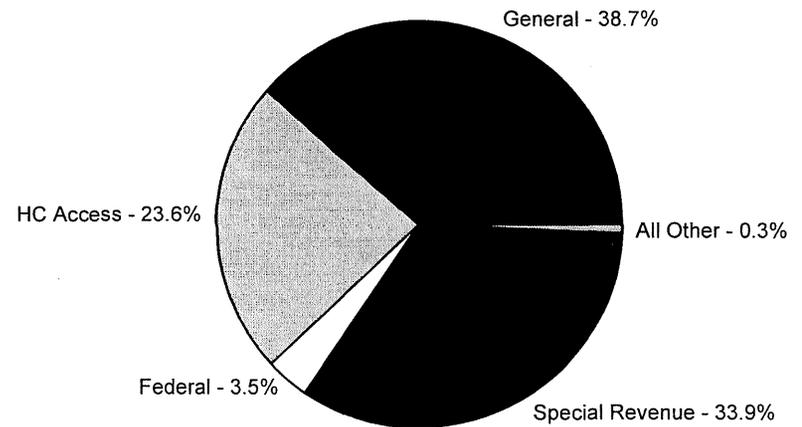
Data Source - Budget Information System Fiscal Pages

Health Care Management



Total All Funds = \$58,934,000

Health Care Management



Total All Funds = \$58,934,000

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: HEALTH CARE MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
HEALTH CARE POLICY ADMIN	4,326	3,402	3,581	3,511	3,950	3,566	3,957	924	13.2%
HEALTH CARE OPERATIONS	43,220	43,463	59,223	55,423	60,084	56,187	59,910	17,308	16.9%
Total Expenditures	47,546	46,865	62,804	58,934	64,034	59,753	63,867	18,232	16.6%

CHANGE ITEMS:	FUND						
(A) ACCESS TO DENTAL SERVICES	GEN			38		13	
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN			20			
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN			97		111	
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN			200			
(A) MINNESOTACARE POLICY CLARIFICATION	HCA			100			
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN			219		236	
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	GEN			95		79	
(B) IMPROVE MNCARE PROCESS & CASELOAD MGMT	HCA			2,121		1,465	
(B) LIMITED ENGLISH PROFICIENCY PROPOSALS	GEN			200		200	
(B) PERFORM MEASUREMENT - HEALTH CARE	GEN			2,010		2,010	
Total Change Items				5,100		4,114	

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	10,760	9,868	11,885	22,786	25,665	23,125	25,774
HEALTH CARE ACCESS	7,517	9,113	13,852	13,904	16,125	14,120	15,585
STATUTORY APPROPRIATIONS:							
HEALTH CARE ACCESS	0	0	200	200	200	200	200
SPECIAL REVENUE	28,028	26,552	34,799	19,960	19,960	20,352	20,352
FEDERAL	1,241	1,332	2,068	2,084	2,084	1,956	1,956
Total Financing	47,546	46,865	62,804	58,934	64,034	59,753	63,867

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2000-01 Biennial Budget

BUDGET ACTIVITY: Health Care Policy Administration
PROGRAM: Health Care Management
AGENCY: Human Services, Department of (DHS)

- Efforts to ensure that eligibility criteria create the right incentives for people to work and access basic health care require administrative support.

ACTIVITY PROFILE:

Purpose

Health Care Policy Management is responsible for developing and implementing policy related to the Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare programs.

Services Provided

- Establishing health care policy and leading implementation of policy initiatives.
- Developing payment policies, including fee-for-service and managed care rates that promote efficient delivery of MA, GAMC, and MinnesotaCare services.
- Supporting efforts to improve cost-effective access to prenatal care services.

People Served

In addition to the over 500,000 Minnesotans enrolled in Minnesota's public health care programs in F.Y. 1998, health care administration works with other entities including:

- 30,000 medical services providers,
- over 24 state health care professional organizations,
- the federal Health Care Financing Administration and its Medicare program and intermediaries,
- 87 counties.

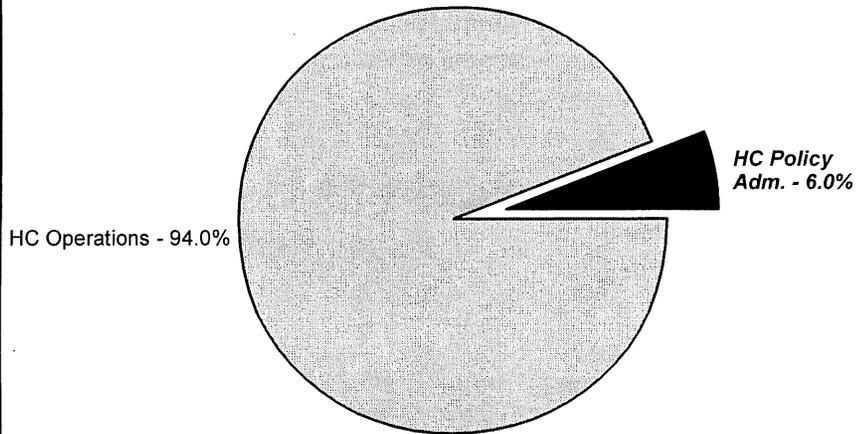
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Maintaining sufficient resources to develop creative policies for delivering health care in a climate of rising costs and continued demand.
- Continued changes at the federal level in Medicare and Medicaid, patient protections, children's health insurance, and welfare reform place additional pressures on state programs to remain flexible.

Health Care Management By Activity



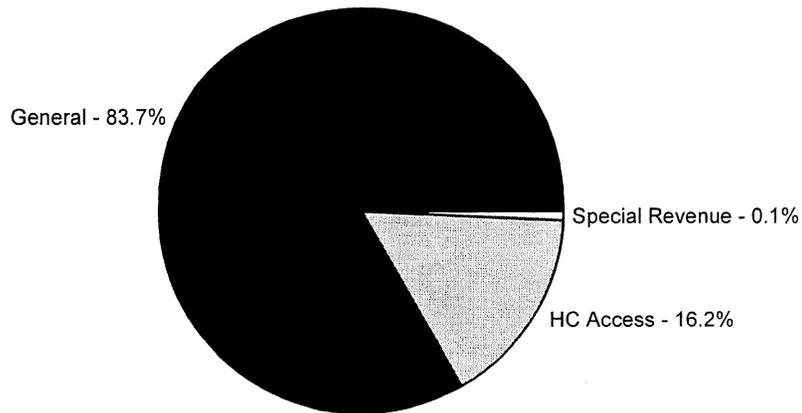
Total All Funds = \$58,934,000

Activity Finance Summary Health Care Policy Administration

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Health Care Policy Administration By Fund



Total All Funds = \$3,511,000

Health Care Policy Administration - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
HC / Child & Family	2.5	0.0	0.0	0.0	0.0	2.5
PMQI	7.8	0.0	0.0	0.0	0.0	7.8
Purch & Svc Del	12.6	10.6	0.0	0.0	0.0	23.2
TOTAL	22.9	10.6	0.0	0.0	0.0	33.5

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: HEALTH CARE MANAGEMENT
Activity: HEALTH CARE POLICY ADMIN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	2,143	1,843	2,035	2,015	2,232	2,070	2,287	641	16.5%
OPERATING EXPENSES	2,183	1,559	1,546	1,496	1,718	1,496	1,670	283	9.1%
SUBTOTAL STATE OPERATIONS	4,326	3,402	3,581	3,511	3,950	3,566	3,957	924	13.2%
Total Expenditures	4,326	3,402	3,581	3,511	3,950	3,566	3,957	924	13.2%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN				144		112		
(A) WORK INCENTIVES FOR PEOPLE WITH DISABIL.	GEN				95		79		
(B) LIMITED ENGLISH PROFICIENCY PROPOSALS	GEN				200		200		
Total Change Items					439		391		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	3,814	2,816	3,020	2,937	3,376	2,980	3,371		
HEALTH CARE ACCESS	510	586	557	570	570	582	582		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2	0	4	4	4	4	4		
Total Financing	4,326	3,402	3,581	3,511	3,950	3,566	3,957		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Basic Health Care Management
ACTIVITY: Health Care: Policy Administration

ITEM TITLE: Limited English Proficiency Proposals

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
HC Policy Admin	\$200	\$200	\$200	\$200
Revenues: (\$000s)				
General Fund	\$88	\$88	\$88	\$88

Statutory Change? Yes ___ No ___

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$200,000 for F.Y. 2000 and \$200,000 for F.Y. 2001 to improve access to public assistance for and communication with public assistance applicants and recipients who have limited English-language proficiency.

RATIONALE:

Background

1998 legislation directed the department to develop a plan to serve public assistance applicants and recipients who have limited English-language proficiency. The plan was developed with the assistance of an advisory committee comprised of members of bilingual community groups, county human services agencies, health plans, health care providers, advocacy groups, and other state agencies.

Proposal

- Implement a multi-faceted plan to improve access to public assistance programs for individuals with limited English-language proficiency.
- Provide training and technical assistance to county agencies needing to improve direct service to individuals with limited English-language proficiency.
- Establish a one-stop access point phone line in multiple languages for information on public assistance programs.

Administrative issues

- One FTE to coordinate the department's limited English-language proficiency plan.
- Administrative funding for training and technical assistance.
- Administrative funding for a telephone line and voice mail system for a one-stop access point information service in multiple languages.

OUTCOMES:

Improve access to services for and communication with public assistance clients with limited English-language proficiency.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Health Care Operations
PROGRAM: Health Care Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Health Care Operations supports the basic health care needs of Minnesotans enrolled in Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare by providing the infrastructure necessary for effective and efficient health care delivery. This includes administering centralized medical payment systems (MMIS), administering managed care contracts, conducting eligibility determinations, and conducting quality improvement and data analysis program management.

Services Provided

- Operating centralized payment systems (MMIS) for MA, MinnesotaCare, and GAMC. This means processing over 21million medical claims annually, as well as capitation payments for enrollees in managed care.
- Maintaining provider enrollment agreements.
- Negotiating and administering managed care contracts for the Prepaid Medical Assistance Program (PMAP), Prepaid General Assistance Medical Care (PGMAC), and prepaid MinnesotaCare.
- Supporting client communication and outreach including benefit statements, renewal notices, informational materials.
- Maintaining on-line system availability for claims operation, customer services, and eligibility verification for 30,000 providers.
- Supporting enhanced electronic claim activity to increase processing efficiency and decrease administrative costs. This includes maintaining a viable point of sale system for pharmacy.
- Supporting the collection of MinnesotaCare premiums and the development of financial control programs capable of supporting additional premium-based health care purchasing concepts.
- Identifying all liable third parties required to pay for medical expenses before expenditure of state funds and recovering costs from other insurers, which includes maximizing Medicare participation in the cost of all services for dually-eligible clients, with emphasis on Long-Term Care and Home Health Services.

- Seeking and administering federal waivers that increase federal financial participation and/or improve flexibility for more efficient operations and greater access.
- Administering the medical care surcharge to ensure maximum receipt of surcharge funds from nursing care facilities and inpatient hospitals in compliance with federal laws and regulations.
- Conducting prior authorization of services according to state law.
- Managing the state drug rebate program.
- Providing ongoing training related to billing policy and procedure for approximately 30,000 health care providers.
- Conducting quality of care reviews, consumer satisfaction surveys, and monitor quality improvements in the performance of health care plans under contract.
- Collecting, analyzing, and reporting service utilization on managed care claims data.
- Monitoring health care payments and conducting investigations related to fraud and abuse by providers and clients; providing oversight and technical assistance to fraud and abuse activities of health care plans.

People Served

In addition to the more than 500,000 Minnesotans receiving services through MA, GAMC, and MinnesotaCare, health care operations work directly with:

- Approximately 30,000 health care service providers, including inpatient and outpatient hospitals, dentists, physicians, mental health professionals, home care providers and pharmacists.
- Approximately 24 health care provider professional organizations.
- Financial and waived services staff in 87 Minnesota counties.
- Health maintenance organizations and other insurers.
- Medicare--both through federal Health Care Financing Administration and its Medicare intermediaries.

Accomplishments

- In F.Y. 1998, health care operations was paying 99% of all medical claims within 30 days. The average claim was adjudicated within 2 days.
- Electronic transmission of medical claims from providers to DHS for payment has increased from 55% in 1996 to 92% in F.Y. 1998, meaning fewer, faster payments.
- From 1993 to 1998, medical claims coming into DHS increased by 40% while claims waiting to be resolved dropped to pre-1993 levels.
- MinnesotaCare routinely handles between 900-1,200 calls a day.
- Staff respond to 2,500 new applications per month for MinnesotaCare and 3,500 renewals a month.

2000-01 Biennial Budget

BUDGET ACTIVITY: Health Care Operations
PROGRAM: Health Care Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

- In F.Y. 1998-1999, DHS has expanded managed care for PMAP and PGAMC from 17 to 52 counties.
- The drug rebate program produced \$32 million in savings during F.Y. 1999.
- Fraud and abuse investigations recover \$3 to \$4 million per year.

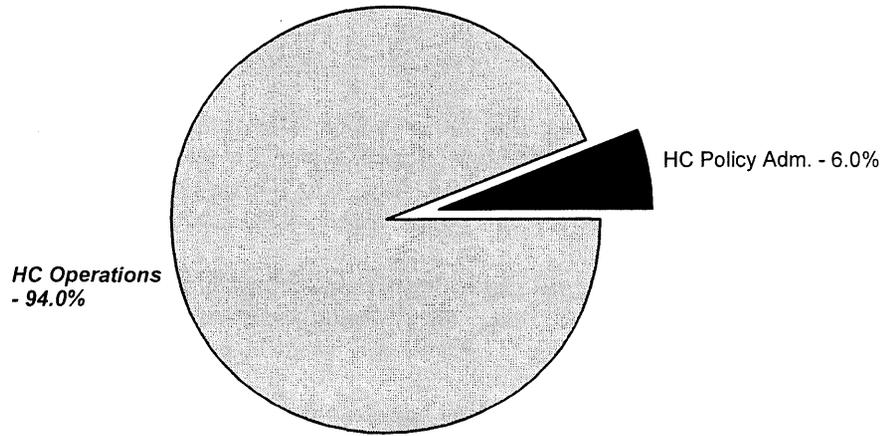
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Eligibility for MinnesotaCare has become more complex. More time is required to process each application.
- Like other insurance programs, MinnesotaCare experiences some enrollee turnover due to late payments of premiums and corresponding disenrollment from the program. Many of these individuals subsequently re-enroll. Options need to be identified for administrative procedures associated with disenrollment/re-enrollment while not discouraging enrollees from paying their premiums on time.
- Many children who remain uninsured are likely to be eligible for programs that already exist, such as MinnesotaCare. New methods to reach parents need to be explored to increase the likelihood that children get the health care they need.
- Enrollees need help to understand their options and make comparisons about what would best fit their needs.
- As enrollment in public programs has grown over the past several years, the responsibilities for claims processing and managed care contracting have grown.
- Significant federal activity in areas of systems uniformity will mandate major systems changes over the next 3 years.
- Federal law has significantly expanded the performance measurement and accountability requirements that DHS must administer and enforce in its contracts with health plans participating in PMAP, PGAMC, and prepaid MinnesotaCare.

Health Care Management By Activity



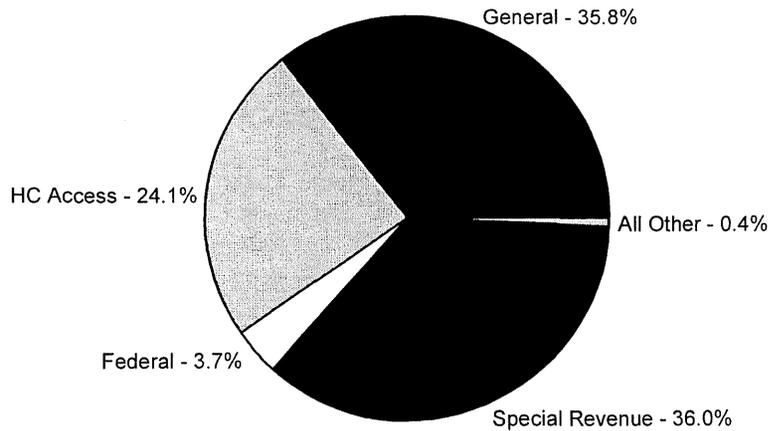
Total All Funds = \$58,934,000

Activity Finance Summary Health Care Operations

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Health Care Operations By Fund



Total All Funds = \$55,423,000

Health Care Operations - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
HC Operations	4.4	8.1	170.1	0.0	0.0	182.6
HC Child & Family	18.4	163.2	30.0	0.0	0.0	211.6
PMQI	19.7	4.0	0.0	17.8	0.0	41.5
Purch & Svc Del	41.5	14.2	39.6	0.0	0.0	95.3
TOTAL	84.0	189.5	239.7	17.8	0.0	531.0

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: HEALTH CARE MANAGEMENT
Activity: HEALTH CARE OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	19,211	21,297	27,223	26,636	27,770	27,279	28,515	7,765	16.0%
OPERATING EXPENSES	22,494	20,278	27,702	24,788	28,315	24,909	27,396	7,731	16.1%
SUBTOTAL STATE OPERATIONS	41,705	41,575	54,925	51,424	56,085	52,188	55,911	15,496	16.1%
LOCAL ASSISTANCE	1,515	1,888	4,298	3,999	3,999	3,999	3,999	1,812	29.3%
Total Expenditures	43,220	43,463	59,223	55,423	60,084	56,187	59,910	17,308	16.9%

<u>CHANGE ITEMS:</u>	<u>FUND</u>						
(A) ACCESS TO DENTAL SERVICES	GEN			38		13	
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN			20			
(A) IMPROVING PHARMACY BENEFIT MGMT.	GEN			97		111	
(A) MAINTAIN ACCESS PROFESSIONAL PROVIDERS	GEN			200			
(A) MINNESOTACARE POLICY CLARIFICATION	HCA			100			
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN			75		124	
(B) IMPROVE MNCARE PROCESS & CASELOAD MGMT	HCA			2,121		1,465	
(B) PERFORM MEASUREMENT - HEALTH CARE	GEN			2,010		2,010	
Total Change Items				4,661		3,723	

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
GENERAL	6,946	7,052	8,865	19,849	22,289	20,145	22,403
HEALTH CARE ACCESS	7,007	8,527	13,295	13,334	15,555	13,538	15,003
STATUTORY APPROPRIATIONS:							
HEALTH CARE ACCESS	0	0	200	200	200	200	200
SPECIAL REVENUE	28,026	26,552	34,795	19,956	19,956	20,348	20,348
FEDERAL	1,241	1,332	2,068	2,084	2,084	1,956	1,956
Total Financing	43,220	43,463	59,223	55,423	60,084	56,187	59,910

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care Management
ACTIVITY: Health Care Operations

ITEM TITLE: Performance Measurement for Health Care

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
HC Operations	\$2,010	\$2,010	\$2,010	\$2,010
Revenues: (\$000s)				
General Fund	\$796	\$884	\$884	\$884

Statutory Change? Yes X No _____

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$2,010,000 in F.Y. 2000 and \$2,010,000 in F.Y. 2001 to strengthen the evaluation of health care purchasing on behalf of public program enrollees.

RATIONALE:

Background

- As DHS moves forward in enrolling public health care program recipients in managed care, determining whether the health care purchased is a good value is crucial.
- While DHS is currently involved in partnerships to help measure health care performance on a statewide level, the department has limited information on the quality and level of care provided to individuals on public health care programs.
- Establishing a plan for public program health care contracts to demonstrate cost-effectiveness, quality, and improvements in the access and health status of populations is important in determining value for the state's investment.

- As counties have become increasingly involved in managing the health care of public program enrollees, timely information on utilization becomes crucial.
- The Balanced Budget Act of 1997 significantly expanded health care performance measurement and accountability requirements of states.

Proposal

This proposal provides for the development and expansion of studies that measure client access, unmet needs, utilization levels, and quality of care:

- Establish benchmarks for performance in the areas of access, quality of care, level of service, and health outcome measurement.
- Design measures that account for enrollee and complex health care programs.
- Incorporate benchmarks and health outcomes as standards for purchasing .
- Produce an annual report card assessing the department's performance.
- Develop a state and county data unit to provide analysis, reports, and interpretation of data.

Administrative issues

The performance measurement proposal includes a request for 5 staff. Three of these positions are for current staff who support research or quality improvement/performance measurement. These staff are currently funded by private or federal grants that are ending. The other 2 FTEs include 1 researcher and 1 staff to develop standard reporting.

Implementation

Benchmarks, design measures, and outcome standards are ongoing. The quality of care report card will be produced by December 31 each year. The state and county data unit plan will be developed by 11-1-99.

FINANCING:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
5 FTEs and other admin costs	\$380	\$340	\$340	\$340
Performance Studies	1,430	1,670	1,670	1,670
MMIS (state share)	<u>200</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$2,010	\$2,010	42,010	\$2,010

OUTCOMES:

- Improved knowledge of the quality and level of care provided for the dollars spent.
- Ability to apply performance and outcome measures and establish standards of care in our contracts.
- Improved health care outcomes for public program enrollees.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care Management
ACTIVITY: Health Care Operations

ITEM TITLE: Improving MinnesotaCare Processing and Caseload Management

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
HC Access Fund				
HC Operations	\$2,121	\$1,465	\$965	\$965
Revenues: (\$000s)				
HC Access Fund	\$670	\$483	\$318	\$318

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256L

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Health Care Access Fund budget of \$2,121,000 for F.Y. 2000 and \$1,465,000 for F.Y. 2001 to provide sufficient human resources and technology to support MinnesotaCare operation and assure timely, accurate processing of MinnesotaCare applications, quick response to telephone inquiries, and continued coverage for active enrollees at their annual renewal.

RATIONALE:

Background

- MinnesotaCare was enacted in 1992 as a relatively simple, publicly-subsidized health insurance program for low-income adults and children, which used a gross income test excluding all assets as a central eligibility criterion.
- Since then, the program has grown dramatically in size and complexity. Premium payments based on income, review of other insurance coverage, penalties for non-payment of premiums, asset tests for adults, medical support

issues for non-custodial parents, complexity in reviewing taxes related to self-employed applicants, and managing the interplay between MinnesotaCare and federal Medicaid waivers have created a significantly greater amount of work per enrollee.

- A challenge in managing multiple information points is sharing and coordinating information and translating enrollment documentation from paper into electronic formats. The scattered enrollment sites approach must have a strong information technology backbone so enrollment staff spend their time working more with enrollees than keying in data.
- MinnesotaCare currently maintains approximately 43,000 policy files for more than 95,000 enrollees and per month, receives 2,500 new applications, 3,500 renewals, and responds to 20,000 telephone inquiries.
- Customer service has been a priority, and DHS has tried to address the increasing workload as much as possible within available funding. DHS has improved its telephone system, enhanced its outreach and enrollment activities, and used technology to automate selected re-enrollment functions.
- However, even with these efficiencies, the work per enrollment representative is significant. Expanded outreach efforts, the anticipated transition of select General Assistance Medical Care (GAMC) enrollees to MinnesotaCare, and the growing use of MinnesotaCare by people making the transition from welfare to work would indicate this workload trend will not diminish.

Proposal

This proposal would establish a reasonable formula to manage current and anticipated workload by:

- Funding one enrollment representative per 150 monthly applications for initial processing to meet the 30-day processing requirement, with a goal to approve enrollment for 50% of applicants no later than the month following the month of application, and respond to telephone inquires within a maximum of 60 seconds.
- Funding one enrollment representative per 600 cases for ongoing maintenance and renewal to assure individual attention to enrollees, and continuous coverage following initial enrollment.
- Funding one clerical support person per 15 enrollment representatives for data entry to assure immediate entry of applications and renewals, and to track and respond to people who have submitted materials.
- Funding one supervisor per 10 enrollment representatives to assure proper training, mentoring, and performance evaluation.
- This proposed formula translates to a request of 24 FTEs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Health Care Management
ACTIVITY: Health Care Operations

ITEM TITLE: Improving MinnesotaCare Processing and Caseload Management

It would also put in place a mechanism to maintain, increase, or reduce staffing levels in the central MinnesotaCare operation, based on the following:

- Quarterly evaluation of caseload increase or reduction.
- Evaluation at 3 months following full implementation of legislative changes that reduce or increase workload.
- Evaluation at 3 months following full implementation of technological tools or procedural changes to reduce workload.

This proposal also includes:

- Purchase of electronic data management technology that makes it easier to coordinate services across physically separate sites, to translate paper information into electronic formats, and to locate documents and their status in processing. It would also purchase an automated pre-screening tool. This technology would be used to improve efforts at DHS central office and local enrollment sites.

Implementation

Hiring of new staff would begin 7-1-99.

OUTCOMES:

Increased staffing levels will improve customer service, accuracy, and processing time.

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2000-01 Biennial Budget

PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE:

Purpose

State Operated Services furthers DHS mission by providing safety net services for persons with disabilities. These services are provided directly by DHS at campus-based Regional Treatment Centers (RTCs), and state operated programs and group homes located in community sites. This area also covers the Minnesota Sex Offender Program treating individuals committed as sexual psychopaths. Collectively, these services are called State Operated Services (SOS). Over 5,200 DHS employees work within SOS.

People Served

SOS provides services to approximately 18,400 people annually. Clients of SOS include people with chemical dependency, mental illness, developmental disabilities, traumatic brain injuries, psychopathic personalities and elderly with severe behavioral problems.

Services provided

SOS provides the full range of services required of licensed psychiatric hospitals, chemical dependency treatment programs, nursing homes, intermediate care facilities for the mentally retarded, and day training and habilitation services.

Additional services include:

- Assistance with activities of daily living
- Community residential services under Medical Assistance Waiver programs
- Discharge planning with county case managers and families
- Community support and crisis services
- Consultant services to private providers
- Transition services to facilitate discharge

DHS Functions

DHS's role in state operated services includes:

- Direct service
- Quality assurance and program evaluation
- Oversight for compliance with federal/state laws and regulations
- Coordination with private insurers and federal programs
- Coordination with counties and non-state providers in delivery of services

Accomplishments

Minnesota's SOS have yielded many successes. These include:

- Successful de-institutionalization of over 700 clients with developmental disabilities in the last 5 years including the closure of Faribault Regional Center.
- Revenue-based waiver residential and day training and habilitation services operating within budget .
- Creation of the MH Initiatives, which provides partnering between SOS, counties and local mental health providers to offer needed mental health services in the community.
- Initial managed care pilot results indicate SOS can be competitive in the delivery of mental health services.
- Closure of Moose Lake Regional Treatment Center and transition to full community-based services.
- Development of a state of the art, nationally recognized sex offender treatment program in response to public concerns.

Components

The SOS Program contains the following budget activities:

- Campus-based Programs
- Northeast Minnesota Mental Health Services
- Statewide Developmentally Disabled Supports
- Enterprise Activities

STRATEGIES AND PERFORMANCE:

Over the course of the past year, SOS has engaged in a process to evaluate the current trends in health care, the services SOS provides, and the manner in which these services need to evolve in order to effectively operate in the future. The process included planning discussions internal to DHS and sharing the results of these efforts with county social service directors, collective bargaining units, advocates, consumer groups, other concerned state agencies, and private vendors.

2000-01 Biennial Budget

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

The process, which included over 25 meetings statewide, was intended to encourage creative conversations about how SOS should provide care and to see where consensus was forming that would support a change in how SOS operates. As of this time, there seems to be consensus around having services in the areas of chemical dependency, developmental disabilities, traumatic brain injury, the Minnesota Security Hospital, and the Minnesota Sex Offender Program continue on the present course. Changes are recommended in how SOS is structured in providing services to adults with serious and persistent mental illness, adolescents with serious emotional disturbances, and persons receiving geriatric services.

These changes would include moving appropriation services to enterprise services. Appropriation services are the range of services for legislatively designated populations, delivered by state employees, for which funding is guaranteed through a state appropriation. Enterprise Services are services needed by people with disabilities, delivered by state employees, and fully funded by public and private sources that are available to the client (such as private health insurance, Medical Assistance, etc.). These changes continue the direction that has been set by the legislature for SOS over the past several years and is consistent with Minnesota's goal to establish a strong and effective community-based service system for people with disabilities.

The performance measures for this program area are as follows:

- Decrease the average length of stay by persons with disabilities in state operated institutions.
- Increase the number of persons served by SOS Enterprise Activities.
- Increase the utilization of SOS staff to provide proactive community-based support for people with disabilities.

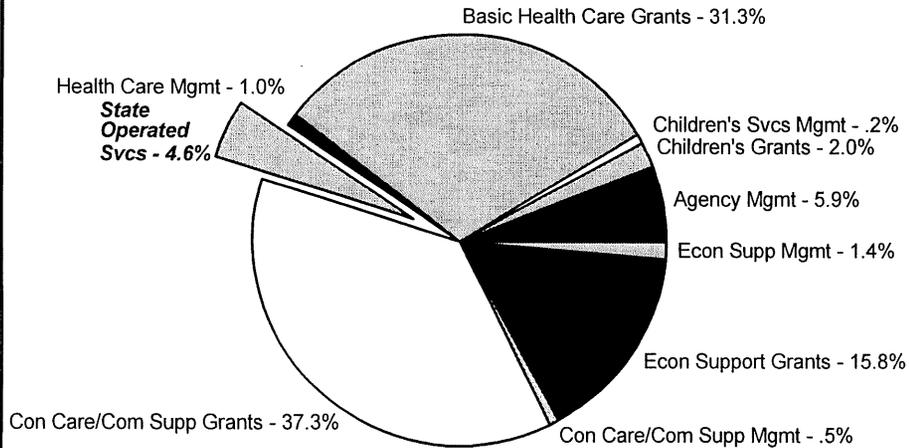
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Growing number of individuals committed under sexual psychopath statutes.
- Completion of the move of developmentally disabled clients from large RTC settings to smaller community waiver homes.
- Need to spur creation of a continuum of care in various areas of the state and the safety net role of the SOS in the service continuum.
- Trend toward serving more persons with serious and persistent mental illness in their home communities while avoiding or reducing RTC inpatient stays through our Mental Health initiatives.

Dept. Of Human Services By Program



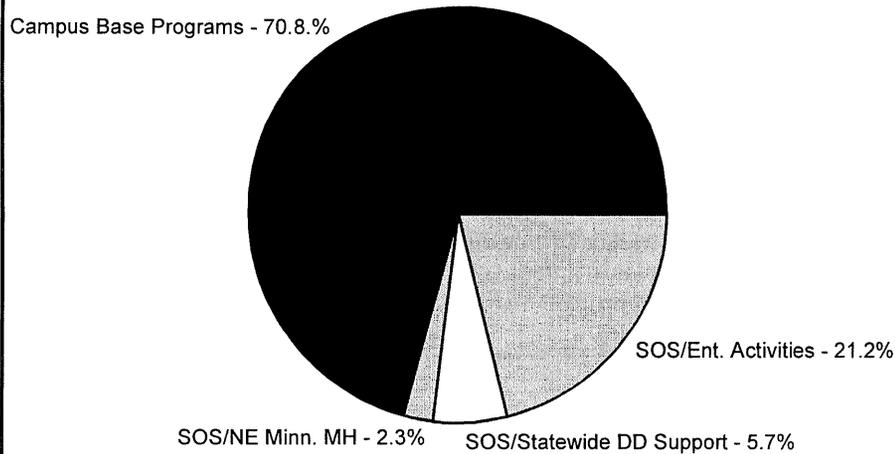
Total All Funds = \$6,091,660,000

Program Finance Summary State Operated Services

F.Y. 2000 Base

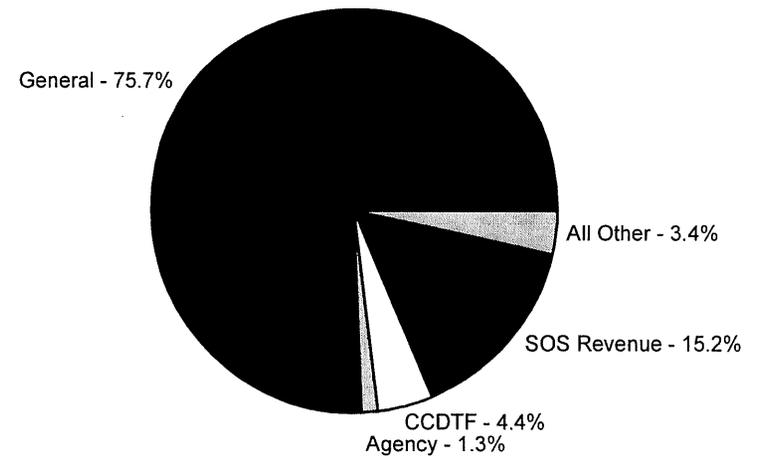
Data Source - Budget Information System Fiscal Pages

State Operated Services



Total All Funds = \$278,526,000

State Operated Services



Total All Funds = \$278,526,000

REVISED
PAGE C-133

Agency: HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES (SOS)

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
SOS - CAMPUS BASED PROGRAMS	200,116	189,376	197,189	197,119	192,797	203,456	197,282	3,514	.9%
SOS - NORTHEAST MINNESOTA MH	5,648	6,016	6,415	6,390	6,460	6,365	6,507	536	4.3%
SOS - STATEWIDE D.D. SUPPORTS	11,123	12,887	17,091	15,957	16,189	15,957	16,743	2,954	9.9%
SOS - ENTERPRISE ACTIVITIES	38,167	44,623	56,293	59,060	59,060	59,188	59,188	17,332	17.2%
Total Expenditures	255,054	252,902	276,988	278,526	274,506	284,966	279,720	24,336	4.6%

CHANGE ITEMS:	FUND				
(A) DD DOWNSIZING AND COMM SUPP SERVICES	GEN			(4,690)	(5,988)
(A) STATEWIDE ASSET PRESERVATION & REPAIR	GEN			600	600
(B) COLA MH TRANSITION SERVICES	GEN			70	142
Total Change Items				(4,020)	(5,246)

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	203,781	197,523	209,939	210,885	206,865	217,228	211,982
STATUTORY APPROPRIATIONS:							
GENERAL	34,249	37,876	9,799	8,722	8,722	8,690	8,690
SPECIAL REVENUE	1,012	1,068	951	695	695	696	696
FEDERAL	107	176	149	135	135	135	135
AGENCY	3,777	3,503	3,589	3,575	3,575	3,575	3,575
GIFT	12	14	22	21	21	21	21
ENDOWMENT	8	7	8	8	8	8	8
CHEMICAL DEPENDENCY TREATMENT	12,108	12,133	12,207	12,207	12,207	12,207	12,207
REVENUE BASED STATE OPER SVCS	0	602	40,324	42,278	42,278	42,406	42,406
Total Financing	255,054	252,902	276,988	278,526	274,506	284,966	279,720

2000-01 Biennial Budget

BUDGET ACTIVITY: State Operated Services: Campus Based Programs
PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

The primary mission of State Operated Services (SOS) Campus Based Programs is to provide treatment and related services for individuals who are chemically dependent, mentally ill, and developmentally disabled so they can function well in society and return to their community.

People Served and Services Provided

SOS Campus Based Programs are located in Anoka, Brainerd, Cambridge, Fergus Falls, Moose Lake, St. Peter, Willmar, and Walker. Clients are referred to these programs by physicians, courts, county and community social services or directly by the client or a family member. Combined, these programs provide services to approximately 5,000 clients annually.

A variety of disability treatment programs are provided on these campuses. Some campuses provide services to just one population, while others serve multiple populations. As treatment has changed over time, many have developed specialty programs such as those for adolescents with behavior problems. Client care is paid for from a number of sources: through public funded programs like Medicare and Medical Assistance (MA), by private insurance, and with personal funds.

The average daily population for the RTCs has declined over the past 5 fiscal years, primarily as the result of increased availability of more state-supported and privately-funded community-based alternatives for persons with mental illness and developmental disabilities.

	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
Mental Health	1,011	948	832	756	646
MN Security Hospital	200	197	178	181	174
Developmental Disabilities	773	622	419	280	194
Nursing Facilities	278	263	257	247	222
Psychopathic Personality	<u>60</u>	<u>68</u>	<u>85</u>	<u>91</u>	<u>122</u>
TOTAL	2,322	2,098	1,771	1,555	1,358

- **Mental Health (MH) Services**
 When the first RTC opened in the late 19th century, people with mental illness were among the first residents. The goal, however, was not to provide active treatment with an expected return to their family but to provide a protected environment for vulnerable disabled persons away from society. With the development of new treatment models and the discovery of new medications, understanding of mental illness and expectations for clients have changed dramatically. Today, the SOS Campus Based MH Programs are one player in a broader spectrum of community-based services that help clients cope with their disabilities and to successfully function in society. MH services are provided at Anoka, Brainerd, Fergus Falls, St. Peter, and Willmar.
- **Minnesota Security Hospital (MSH)**
 The MSH (located in St. Peter), provides multi-disciplinary forensic evaluation and treatment services. This facility serves male and female 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. The MSH has been praised by outside reviewers as one of the finest forensic hospitals in the United States. It provides comprehensive court-ordered forensic psychiatric evaluations, including competency to stand trial, and pre-sentence mental health evaluations. MSH also treats clients who are mentally ill and dangerous.
- **Developmental Disabilities (DD) Services**
 Care has also changed over time for persons with developmental disabilities. Many strategies are used to bring the developmentally disabled out of large institutions into more home-like settings. Smaller, state-operated group homes and other services have been established in surrounding communities. These services have allowed more people with developmental disabilities to live independently. By the end of the F.Y. 2000-2001 biennium, the only campus-based program serving people with developmental disabilities will be the Minnesota Extended Treatment Option (METO) program. This program focuses on people with DD whose behaviors present a public-safety risk.
- **Nursing Facility (NF) Services for the Elderly**
 Two SOS Campus-Based programs, one in Brainerd and one in Walker, provide nursing home care for the elderly. Many of these elderly individuals have challenging behaviors that make it difficult for most private nursing homes to provide care.
- **Psychopathic Personality (PP) Treatment**
 The Minnesota Sexual Psychopathic Personality Treatment Center (MSPPTC) opened in Moose Lake in 1995 and established the Minnesota Sex Offender Program (MSOP). The MSOP is currently operated at the MSPPTC in Moose Lake and the Minnesota Security Hospital (MSH) in St. Peter.

2000-01 Biennial Budget

BUDGET ACTIVITY: State Operated Services: Campus Based Programs
PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)
(Continuation)

FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- The number of individuals committed by the courts as sexual psychopaths continues to rise with an average of 12 individuals admitted to the program each year. This resulted in the need to expand the bed capacity of the MSOP. Capital Bonding funds were approved during the 1998 legislative session to build an additional 50 beds at the Moose Lake site.
- Pharmaceutical costs have increased significantly over the last 5 years. New drugs are being patented that treat mental illness with less side effects. These are becoming first line drugs. Generic drugs are not available until the patent expires. SOS will be able to absorb these costs within current base funding due to savings generated from RTC DD program downsizing.

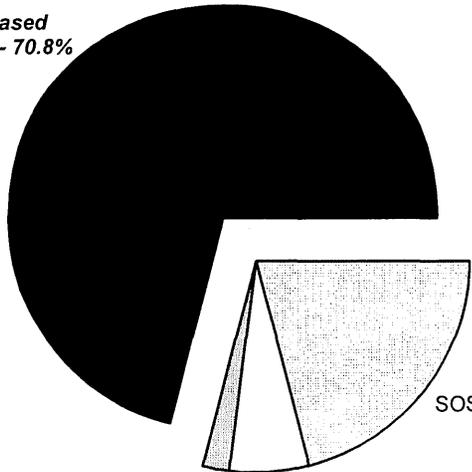
Activity Finance Summary Campus Based Programs

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

State Operated Services By Activity

Campus Based Programs - 70.8%



SOS/Ent Activities - 21.2%

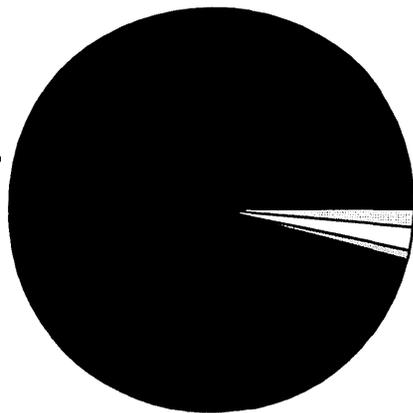
SOS/NE Minn Mental Health - 2.3%

SOS/Statewide DD Support - 5.7%

Total All Funds = \$278,526,000

Campus Based Programs By Fund

General - 96.4%



All Other - 1.6%
Agency - 1.8%
Special Revenue - 0.2%

Total All Funds = \$197,119,000

Agency: HUMAN SERVICES DEPT
 Program: STATE OPERATED SERVICES (SOS)
 Activity: SOS - CAMPUS BASED PROGRAMS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	162,031	157,094	159,497	163,455	158,533	170,426	163,652	5,594	1.8%
OPERATING EXPENSES	31,702	27,340	33,146	29,120	29,720	28,486	29,086	(1,680)	-2.8%
OTHER EXPENSES	126	20	20	20	20	20	20	0	.0%
SUBTOTAL STATE OPERATIONS	193,859	184,454	192,663	192,595	188,273	198,932	192,758	3,914	1.0%
CAPITAL OUTLAY	1,704	585	195	195	195	195	195	(390)	-50.0%
PAYMENTS TO INDIVIDUALS	4,553	4,332	4,331	4,329	4,329	4,329	4,329	(5)	-.1%
LOCAL ASSISTANCE	0	5	0	0	0	0	0	(5)	-100.0%
Total Expenditures	200,116	189,376	197,189	197,119	192,797	203,456	197,282	3,514	.9%
CHANGE ITEMS:									
	FUND								
(A) DD DOWNSIZING AND COMM SUPP SERVICES	GEN				(4,922)			(6,774)	
(A) STATEWIDE ASSET PRESERVATION & REPAIR	GEN				600			600	
Total Change Items					(4,322)			(6,174)	
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	191,197	181,458	188,951	189,954	185,632	196,297	190,123		
STATUTORY APPROPRIATIONS:									
GENERAL	4,403	3,624	3,938	3,002	3,002	2,995	2,995		
SPECIAL REVENUE	613	594	532	424	424	425	425		
FEDERAL	107	176	149	135	135	135	135		
AGENCY	3,777	3,503	3,589	3,575	3,575	3,575	3,575		
GIFT	11	14	22	21	21	21	21		
ENDOWMENT	8	7	8	8	8	8	8		
Total Financing	200,116	189,376	197,189	197,119	192,797	203,456	197,282		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Campus Based Programs

ITEM TITLE: State Operated Services Safety Net

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
SOS:Campus-Based Prog	\$-0-	\$-0-	\$(814)	\$(4,414)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$974	\$(2,434)
Statutory Change? Yes <u>X</u> No <u> </u>				
If yes, statutes(s) affected: M.S. 246				
<input checked="" type="checkbox"/> New Activity <input type="checkbox"/> Supplemental Funding <input checked="" type="checkbox"/> Reallocation				

GOVERNOR’S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$814,000 in F.Y. 2002 and \$4,414,000 in F.Y. 2003 to: 1) shift appropriations-based Adolescent Mental Health services to enterprise services; 2) reduce general and administrative overhead costs as a result of shifting appropriation-based services to enterprise services; and 3) create a Public Group Practice for State Operated Services Physicians to fill gaps in the availability of specialized Psychiatric and Dental services in the community.

RATIONALE:

Background

Over the past year, State Operated Services (SOS) has engaged with its stakeholders in a process to evaluate current services provided, identify trends in health care that will impact these services, and examine how SOS could better serve disabled persons in the future. General consensus was reached around the need for a narrowly-defined, appropriation-based, safety net of services for persons in the Minnesota Sex Offenders Program, Minnesota Security Hospital and the Minnesota Extended Treatment Options program.

In addition, the health care marketplace provides opportunities for SOS to lessen its reliance on state appropriations for services to other disabled populations through the development of enterprise services, taking full advantage of third party resources already provided for services to disabled populations.

Since 1985, SOS has moved portions of its services into enterprise activities and off direct appropriations when alternative funding was available. This proposal is designed to gradually move additional appropriation-based services to enterprise activities thereby reducing the reliance on General Fund dollars to support the system. As SOS responds to the demands of the marketplace, there will be gradual revisions to the size and nature of the state service system to parallel changing client needs.

Proposal

- 1995 legislation enabled full collection of the cost of care for state operated adolescent treatment. This proposal calls for a shift of these services to enterprise activities which results in a reduction of direct appropriation. The shift will be phased in during the F.Y. 2002-03 biennium and will be fully implemented in F.Y. 2004.
- As SOS shifts appropriation-based services to enterprise activities, there will be a reduction in general and administrative overhead costs.
- As the Minnesota Mental Health System lessens its reliance on hospital-based services and increases community based supports, there continues to be gaps in the availability of specialized psychiatric and dental services for disabled populations, especially in the rural areas of the state. This proposal calls for the creation of a Public Physician Group Practice to assure community access to these specialized services and to access third-party reimbursement in the marketplace.
- SOS will increase collections in the appropriations based Adult Mental Health Services by aggressively pursuing payment from third party payers for court-ordered care. Proposed legislation will strengthen existing parity law regarding medically necessary mental health treatment.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Campus Based Programs

ITEM TITLE: State Operated Services Safety Net
(Continuation)

FINANCING:

The change in FTEs, expenditures and revenues are as follows

	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
<u>FTEs:</u>		
Shift Adol to Enterprise (Direct Care)	-0-	(40.7)
Shift Adol to Enterprise (Gen. Support)	-0-	(20.7)
General & Admin. Overhead	<u>-0-</u>	<u>(4.0)</u>
Total	-0-	(65.4)
<u>Expenditures</u>		
Shift Adol. To Enterprise (Salary)	\$ -0-	(\$3,000)
Shift Adol. To Enterprise (Non-Salary)	-0-	(350)
General & Admin. Overhead	-0-	(250)
Shift Physicians to Public Group Practice	<u>(814)</u>	<u>(814)</u>
Total	<u>\$(814)</u>	<u>\$(4,414)</u>
<u>Revenues:</u>		
Shift Adol. To Enterprise	\$ -0-	\$(4,852)
Payback from Enterprise Activity*	-0-	1,502
General & Admin. Overhead	-0-	(58)
Shift Physicians to Public Group Practice	(26)	(26)
Increase Collection	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 974</u>	<u>\$(2,434)</u>

* Enterprise activities are required to pay the General Fund for the cost of bond interest, depreciation, and DHS and statewide indirect costs.

OUTCOMES:

- Increased availability of specialized psychiatric and dental services in the community to disabled populations.
- Lessened reliance on direct General Fund appropriations to serve disabled populations while maintaining a safety net of essential services for disabled populations.
- Reduction in general and administrative overheads through greater operating efficiencies throughout SOS.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Campus Based Programs

ITEM TITLE: Developmental Disabilities (DD) Downsizing and Statewide Community Supports

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
SOS-Campus-Based Prog	(\$4,922)	(\$6,774)	(\$6,774)	(\$6,774)
SOS-Statewide DD Supports	232	786	786	786
MA LTC Facilities	<u>(2,172)</u>	<u>(2,657)</u>	<u>(2,657)</u>	<u>(2,657)</u>
Total	(\$6,862)	(\$8,645)	(\$8,645)	(\$8,645)
Revenues: (\$000s)				
General Fund	(\$2,172)	(\$2,657)	(\$2,657)	(\$2,657)
Cambridge Bank Account	(\$2,513)	(\$3,188)	(\$3,188)	(\$3,188)

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$6,862,000 in F.Y. 2000 and \$8,645,000 in F.Y. 2001 to complete downsizing of programs serving people with developmental disabilities (DD) at state-operated Regional Treatment Centers (RTCs) and increase staffing for the Minnesota Extended Treatment Options (METO) program and Community Support Services (CSS) programs. The expansion of the METO and CSS programs will support the completion of the RTC campus-based DD program downsizing.

RATIONALE:

Background

Since 1960, the number of people with DD in RTCs has steadily declined from 6,000 to 134 people as of 7-31-98.

RTC DD programs are currently operated at Brainerd Regional Human Services Center (BRHSC), Cambridge Regional Human Services Center (CRHSC), Fergus Falls Regional Treatment Center (FFRTC), and the METO program. The DD programs at BRHSC and CRHSC are projected to be at zero by the end of F.Y. 1999. The downsizing of the DD program at FFRTC is projected to be completed during F.Y. 2000. The METO program is a specialized program and will be the only campus-based DD program remaining in the SOS system.

The METO program was authorized by the 1995 legislature and began operation in the summer of 1997. This program is designed to serve persons with DD who exhibit a risk to public safety. The program has a capacity of 48 beds and offers a highly structured program through a continuous active treatment service model and high levels of staff supervision. While the individuals served in the METO program present substantial behavioral challenges, they also have the need for intensive training and support associated with their developmental disability. As planning and implementation of the METO program has evolved, there has been a recognition of a need to adjust staffing roles and responsibilities.

As RTC DD clients moved to community settings, CSS were developed to assure that appropriate interventions are available to persons with DD when there are no longer any RTC beds. CSS have been designed to support client needs in the community and avert admission to an RTC by providing client needs evaluations, crisis services, and consultation with family and other care providers. To complete the RTC DD program downsizing at CRHSC and FFRTC, CSS in these regions must be expanded.

Proposal

Complete RTC campus-based DD program downsizing and off-set the savings with an expansion of the METO and CSS programs.

FINANCING:

The change in FTEs, expenditures, and revenues are as follows:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
<u>FTEs:</u>		
RTC DD Program	(66.4)	(97.2)
General Support (RTC Systemwide)	(34.9)	(36.9)
METO Program	2.0	2.0
DD CSS	<u>3.5</u>	<u>14.5</u>
Total:	(95.8)	(117.6)

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Campus Based Programs

ITEM TITLE: Developmental Disabilities (DD) Downsizing and Statewide Community Supports

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
<u>Expenditures:</u>		
SOS:Campus Based Programs		
RTC DD Program	(\$3,401)	(\$5,160)
General Support (RTC Systemwide)	(1,616)	(1,709)
METO Program	<u>95</u>	<u>95</u>
Total:	(\$4,922)	(\$6,774)
SOS-Statewide DD Supp		
DD CSS (Salary)	\$ 149	\$ 621
DD CSS (Non-Salary)	<u>83</u>	<u>165</u>
Total:	\$ 232	\$ 786
MA LTC Facilities*		
RTC DD Program	(\$1,487)	(\$2,166)
General Support (RTC Systemwide)	(738)	(777)
METO Program	-0-	-0-
DD CSS (Salary & Non-Salary)	<u>85</u>	<u>286</u>
Total:	(\$2,140)	(\$2,657)

* The net savings in MA LTC facilities is a MA billing effect off-set by lost revenues.

<u>Revenues:</u>		
RTC DD Program	(\$3,255)	(\$4,765)
General Support (RTC Systemwide)	(1,616)	(1,709)
METO Program	-0-	-0-
DD CSS (Salary & Non-Salary)	<u>186</u>	<u>629</u>
Total:	(\$4,685)	(\$5,845)

Revenues include payments from public funds such as Medicare and Medical Assistance (MA), private insurance, and personal funds. Revenues for the METO program are zero due to the decertification of the program by the Health Care Finance Administration (HCFA).

OUTCOMES:

- All RTC campus-based DD program clients will be placed in appropriate community settings.
- The METO program will serve people with DD who present a risk to public safety and cannot be safely supported in the community.
- Appropriate levels of Community Support Services will be provided to eliminate admissions to SOS campus-based DD programs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Campus Based Programs
ITEM TITLE: Statewide Asset Preservation and Repair

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
SOS:Campus-Based Prog	\$600	\$600	\$-0-	\$-0-
MA LTC Facilities	<u>124</u>	<u>124</u>	<u>-0-</u>	<u>-0-</u>
Total	\$724	\$724	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$256	\$256	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity <input checked="" type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$724,000 in F.Y. 2000 and \$724,000 in F.Y. 2001 for repair and replacement of state assets and facilities. This recommendation is part of a statewide, multi-agency initiative to reduce facility repair and replacement needs by approximately 5% in each agency.

RATIONALE:

Background

The 1998 Legislature amended M.S. 1996, section 16A.11 by adding subdivision 6, which sets minimum funding guidelines for the maintenance of state buildings.

In response to this legislation, the Statewide Facilities Management Group (SFMG) formed a subcommittee to establish maintenance budget guidelines. (The SFMG

is an organization of agency facility professionals that work collaboratively to manage and maintain the state's capital assets in a safe and compliant condition.)

The SFMG subcommittee developed a Building Reinvestment Cycle Cost Analysis. This analysis recognizes that different types of buildings require different maintenance funding levels and that each building type must be maintained at an appropriate level if it is to serve its users as well in its twentieth year as it did in its first year.

Proposal

These funds will be utilized for projects that are directly related to facility maintenance (preventive, predictive, and corrective), asset preservation, and deferred maintenance/renewal.

FINANCING:

The current base funding for SOS facility Repairs and Replacements is not adequate to address all of the needed repair/replacement, improvement, and deferred maintenance needs at the RTCs. Preliminary calculations, utilizing the SFMG building maintenance guidelines, indicate that the department's current annual Repairs and Replacements budget of \$2.582 million would have to be increased by approximately \$12 million to provide the resources necessary to adequately maintain the system's 5 million square feet of buildings.

The department believes that this number will likely decrease after it has adequate time to fully incorporate factors related to the age and construction type of some of its buildings/facilities, the amount of vacant or non-utilized space, downsizing of programs, community integration, and future utilization of assets.

OUTCOMES:

- Provide the resources required for proactive and improved facility maintenance management at SOS facilities.
- Reduce the backlog of deferred maintenance at the RTCs.
- Reduce, and (if fully funded) eventually eliminate, the department's current dependence on the bonding bill to fund asset preservation projects at SOS facilities.
- Begin to stabilize the current path of deterioration of the state's valued physical assets, eventually producing efficiencies in long-range statewide building maintenance programs.

2000-01 Biennial Budget

BUDGET ACTIVITY: State Operated Services: Northeast Minnesota Mental Health Services
PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity provides mental health safety net services in Northeastern Minnesota as a result of the closure of the Moose Lake Regional Treatment Center (MLRTC).

People Served

Initially, mental health services in Northeastern Minnesota were provided to former clients of MLRTC. Today mental health services are being provided to any person with serious and persistent mental illness who may be at risk of inpatient hospitalization. These programs serve over 900 clients annually.

Services Provided

- Inpatient Psychiatric Services (Eveleth). This is a 15-bed residential program serving persons with mental illness who require longer term psychiatric hospitalization.
- Mobile Crisis Teams (Duluth and Eveleth). These teams respond to crisis calls and provide on-site assistance as needed.
- Crisis/Transitional Services (Duluth and Cambridge - Region 7E). Residential crisis/transitional services are provided
 - to persons who do not require hospitalization but need evaluation and/or stabilization;
 - to shorten length of hospital stay by providing a structured transition program until the person is ready to return to independent living. Crisis/respite services are also provided.
- Consulting Services to community agencies. In addition to crisis services, the mobile crisis teams provide psychiatric and nursing consultation, consultation to area nursing facilities for behavior management, and psychiatric examination for persons committed to Miller Dwan contract beds.

FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- This activity maintains the mental health system infrastructure put in place as the result of the MLRTC closure. These services are consistent with an overall strategy of more community-based services for individuals with mental illness.
- A focus of these services is responding early to crises to prevent the need for institutional hospitalization and to connect people to community supports.

Activity Finance Summary

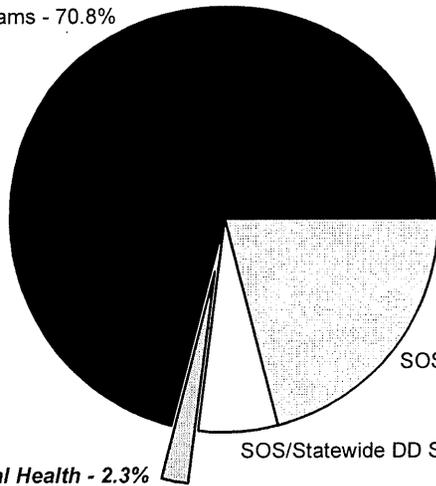
SOS - Northeast Minnesota Mental Health

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

State Operated Services By Activity

Campus Based Programs - 70.8%



SOS/Ent Activities - 21.2%

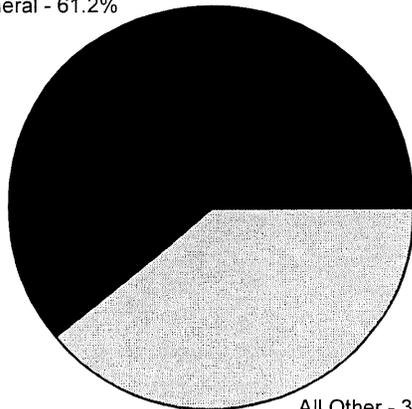
SOS/Statewide DD Support - 5.7%

SOS/NE Minn Mental Health - 2.3%

Total All Funds = \$278,526,000

SOS / NE Minnesota Mental Health By Fund

General - 61.2%



All Other - 38.8%

Total All Funds = \$6,390,000

Agency: HUMAN SERVICES DEPT
 Program: STATE OPERATED SERVICES (SOS)
 Activity: SOS - NORTHEAST MINNESOTA MH

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	2,644	2,877	3,163	3,163	3,233	3,163	3,305	498	8.2%
OPERATING EXPENSES	809	880	921	896	896	871	871	(34)	-1.9%
SUBTOTAL STATE OPERATIONS	3,453	3,757	4,084	4,059	4,129	4,034	4,176	464	5.9%
LOCAL ASSISTANCE	2,195	2,259	2,331	2,331	2,331	2,331	2,331	72	1.6%
Total Expenditures	5,648	6,016	6,415	6,390	6,460	6,365	6,507	536	4.3%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) COLA MH TRANSITION SERVICES	GEN				70		142		
Total Change Items					70		142		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	3,390	3,560	3,913	3,913	3,983	3,913	4,055		
STATUTORY APPROPRIATIONS:									
GENERAL	2,258	2,456	2,502	2,477	2,477	2,452	2,452		
Total Financing	5,648	6,016	6,415	6,390	6,460	6,365	6,507		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: State Operated Services
ACTIVITY: State Operated Services: Northeast Minnesota Mental Health Services

ITEM TITLE: Cost-of-Living Adjustments of Mental Health Transition Services

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
SOS-NE MN MH Svcs	\$70	\$142	\$142	\$142
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$70,000 in F.Y. 2000 and \$142,000 in F.Y. 2001 to provide negotiated salary, benefit, and step increases for transitional mental health services in the Moose Lake area.

RATIONALE:

Background

The legislature mandated, with the closure of Moose Lake Regional Treatment Center (RTC), the transition of certain mental health services into the community to serve persons with mental illness. Mental health services include both inpatient and crisis/transitional services. State General Fund appropriations fund the inpatient services while state mental health grants fund the crisis/transition services. Without funding, the mental health system infrastructure put in place as the result of the Moose Lake closure will be decreased.

Proposal

This request funds cost-of-living adjustments for State Operated Services employees providing mental health crisis and transitional services funded with State Mental Health grants. Costs of this proposal assume cost-of-living adjustments of 3% in F.Y. 2000 and 3% in F.Y. 2001.

Implementation

The cost-of-living adjustments will be effective July 1 of each fiscal year.

OUTCOMES:

Maintain continuation of mental health transition services in the Moose Lake area.

2000-01 Biennial Budget

BUDGET ACTIVITY: State Operated Services: Statewide DD Supports
PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity supports the transition out of campus- based regional treatment centers (RTC) into community based services for persons with developmental disabilities (DD).

Services Provided and People Served

Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) provide residential and active treatment to former clients of RTC DD programs in 6-bed group homes located in community settings. SOS operates 15 group homes throughout the state serving a total of 90 people annually.

In 1995, the state began providing Community Support Services (CSS) in an effort to provide alternatives to institutional placement. CSS provides crisis services in the form of technical assistance, direct staff support to families and providers, and crisis beds. CSS also provides training to providers in an effort to enhance the community's capacity to serve challenging individuals and eventually prevent crises from developing. CSS provides services to over 1,200 customers annually.

SOS also operates 2 Community Health clinics that provide medical, psychiatric, and dental services to people with developmental disabilities who are unable to obtain these services in the community. These clinics provide services to approximately 7,500 clients annually.

FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

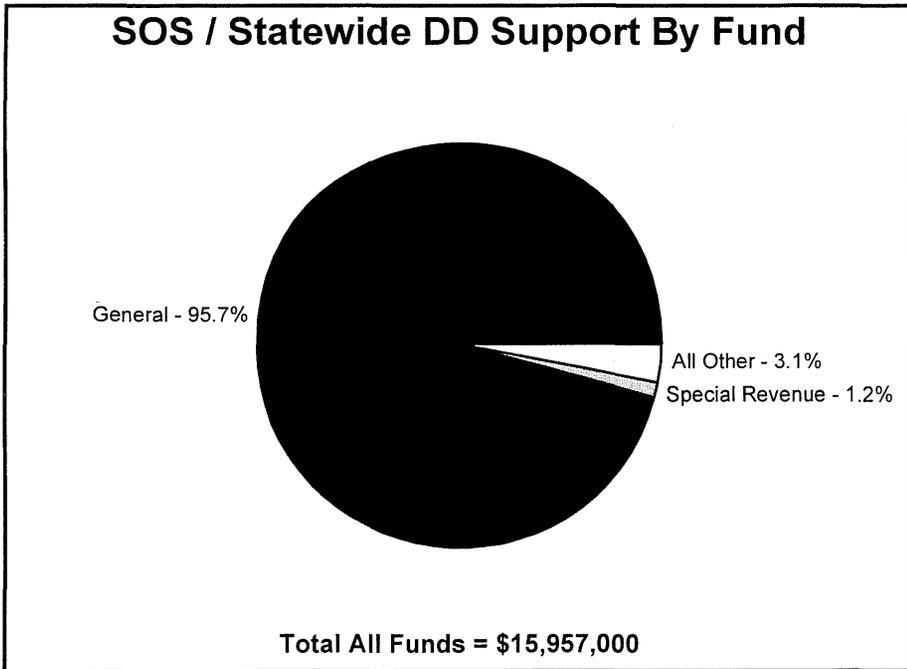
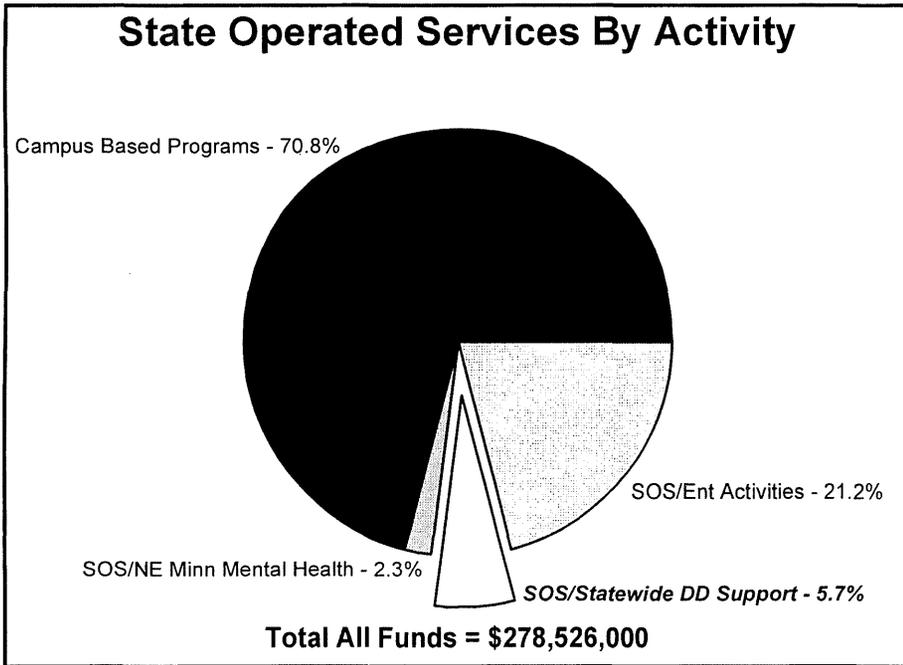
- County Regional Planning Groups are planning for the development of an array of both public and private community options, including crisis services. These services will reduce the need for institutionalization of persons with DD to those individuals who pose a public safety risk and are in need of secured treatment services provided by the Minnesota Extended Treatment Options program. CSS's role will continue to change in each region as the private sector provides more and different services and as counties become more experienced in working within a regional planning structure for DD services.
- The goal is to ultimately have clients served by the Community Health Clinics receive care from community providers.

Activity Finance Summary

SOS - Statewide DD Support

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages



Agency: HUMAN SERVICES DEPT
 Program: STATE OPERATED SERVICES (SOS)
 Activity: SOS - STATEWIDE D.D. SUPPORTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	9,175	10,751	14,083	13,431	13,580	13,431	14,052	2,798	11.3%
OPERATING EXPENSES	1,894	2,060	2,928	2,446	2,529	2,446	2,611	152	3.0%
SUBTOTAL STATE OPERATIONS	11,069	12,811	17,011	15,877	16,109	15,877	16,663	2,950	9.9%
CAPITAL OUTLAY	3	14	80	80	80	80	80	66	70.2%
PAYMENTS TO INDIVIDUALS	51	62	0	0	0	0	0	(62)	-100.0%
Total Expenditures	11,123	12,887	17,091	15,957	16,189	15,957	16,743	2,954	9.9%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(A) DD DOWNSIZING AND COMM SUPP SERVICES	GEN				232		786		
Total Change Items					232		786		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	8,759	12,155	16,203	15,261	15,493	15,261	16,047		
STATUTORY APPROPRIATIONS:									
GENERAL	2,117	526	544	500	500	500	500		
SPECIAL REVENUE	247	206	344	196	196	196	196		
Total Financing	11,123	12,887	17,091	15,957	16,189	15,957	16,743		

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2000-01 Biennial Budget

BUDGET ACTIVITY: State Operated Services: Enterprise Activity
PROGRAM: State Operated Services
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity provides services to disabled people while competing in the marketplace with other providers. These services are funded through revenues collected from a variety of third party payment sources.

Services Provided

The services provided within this activity include:

- chemical dependency treatment,
- waiver residential and day training and habilitation (DT&H) services for people with developmental disabilities,
- residential and habilitation service for people with traumatic brain injuries .

People Served

State Operated Chemical Dependency (CD) programs provide treatment to persons with chemical dependencies and substance abuse problems. CD treatment is provided in in-patient and out-patient settings and receives approximately 3,500 admissions annually. Each CD program/facility negotiates contracts with counties to provide admission to their programs. Rates differ by program/facility and type of services provided.

Waiver residential services typically are 4-bed group homes providing residential and active treatment to people with developmental disabilities. Individual service agreements are negotiated with the counties for each client based on his/her needs. Waiver residential services were established to support the transition out of campus-based regional treatment centers and into community-based services. Approximately 270 people reside in these group homes.

Day Training and Habilitation (DT&H) programs provide vocational support services to people with DD and includes evaluation, training, and supported employment. Individual service agreements are negotiated for each client. These programs serve approximately 500 people annually.

The Minnesota Neurorehabilitation Hospital (MNH) serves individuals with acquired brain injury who have challenging behaviors. This 12-bed program serves between 15 and 20 clients annually.

FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

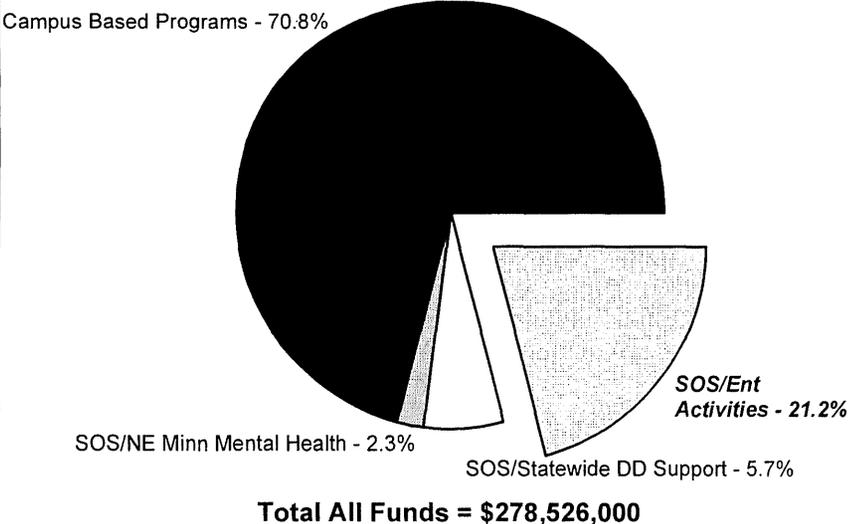
Continued evaluation of SOS services may result in the move of some appropriated services into enterprise activities.

Activity Finance Summary SOS - Enterprise Activities

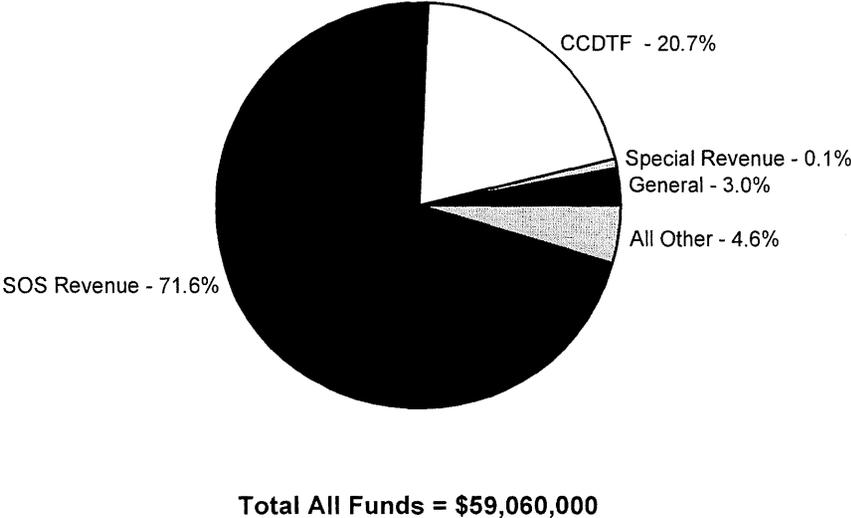
F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

State Operated Services By Activity



SOS / Enterprise Activities By Fund



2000-01 Biennial Budget

PROGRAM: Continuing Care and Community Support Grants

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE:

Purpose

This area furthers DHS's mission to help Minnesotans whose personal or family resources are inadequate to meet their basic needs by helping elderly Minnesotans and individuals with disabilities get access to chronic health care, residential care, and social services.

Promoting independent living, alternatives to institutionalization, and engaging family and community supports orients this budget area; each grant supports this purpose, some serving one population group, others several.

Services Provided

Grant monies are delivered to clients in a number of ways. In some cases resources are provided to counties to purchase services for clients. In other cases payment is made directly by the state to service providers. There are also some grants provided directly to individuals to buy the services they need.

Services or benefits provided through this area include:

- Congregate dining and other nutritional services
- Home care and skilled nursing services
- Nursing home services
- Residential services for individuals with developmental disabilities
- Community support and residential treatment for adults with serious and persistent mental illness
- Chemical dependency treatment and aftercare
- Group residential housing
- Adaptive technology and translation services for the deaf, deafblind, and hard of hearing
- Social services, adult and child foster services
- Ombudsman services for the elderly and disabled

People Served

Over 250,000 people receive some form of assistance provided through this program activity. This includes the following:

- 27,000 persons at risk of institutional placement receive supports to live in the community.
- 34,000 persons receive publicly funded institutional care.
- 25,000 persons with serious mental illness receive services which support their recovery.
- 19,150 persons with chemical dependency issues receive appropriate treatment.
- 109,000 older persons receive community social support services such as meals and transportation.
- 40,300 persons dealing with issues related to hearing loss or being deaf.

Components

The Continuing Care Program contains the following budget activities:

- Community Social Services Block Grant
- Consumer Support Grants
- Aging and Adult Services Grants
- Deaf and Hard of Hearing Grants
- Mental Health Grants
- Developmental Disabilities Community Support Grants
- Medical Assistance (MA) Long-Term Care Waivers and Home Care
- MA Long-Term Care Facilities
- Alternative Care Grants
- Group Residential Housing
- Chemical Dependency Entitlement Grants
- Chemical Dependency Non-Entitlement Grants

Accomplishments

- The Minnesota Seniors Health Options project is one of the few projects in the nation authorized to integrate Medicare and MA funds to best coordinate services for the elderly.
- The Aging Initiative and Community Supports for Minnesotans with Disabilities continues to reduce the utilization and growth of institutional services by developing cost-effective options within the community.
- Minnesota was one of the first states in the nation to receive federal approval for funding consumer-directed support using a Medicaid waiver.
- Individuals with mental illness receive more comprehensive services by shifting funding and regional treatment center staffing toward community-based care.

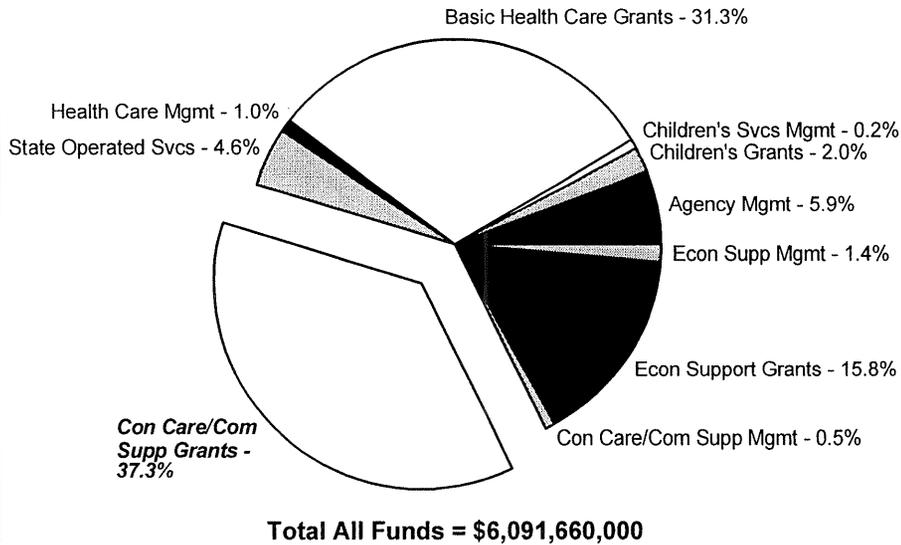
Agency: HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES (SOS)

Activity: SOS - ENTERPRISE ACTIVITIES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	28,473	32,974	40,650	42,831	42,831	42,956	42,956	12,163	16.5%
OPERATING EXPENSES	8,863	9,957	13,822	14,378	14,378	14,379	14,379	4,978	20.9%
OTHER EXPENSES	500	874	886	886	886	886	886	12	.7%
NON-CASH TRANSACTIONS	0	425	422	445	445	447	447	45	5.3%
SUBTOTAL STATE OPERATIONS	37,836	44,230	55,780	58,540	58,540	58,668	58,668	17,198	17.2%
CAPITAL OUTLAY	9	29	0	0	0	0	0	(29)	-100.0%
PAYMENTS TO INDIVIDUALS	322	364	513	520	520	520	520	163	18.6%
Total Expenditures	38,167	44,623	56,293	59,060	59,060	59,188	59,188	17,332	17.2%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	435	350	872	1,757	1,757	1,757	1,757		
STATUTORY APPROPRIATIONS:									
GENERAL	25,471	31,270	2,815	2,743	2,743	2,743	2,743		
SPECIAL REVENUE	152	268	75	75	75	75	75		
GIFT	1	0	0	0	0	0	0		
CHEMICAL DEPENDENCY TREATMENT	12,108	12,133	12,207	12,207	12,207	12,207	12,207		
REVENUE BASED STATE OPER SVCS	0	602	40,324	42,278	42,278	42,406	42,406		
Total Financing	38,167	44,623	56,293	59,060	59,060	59,188	59,188		

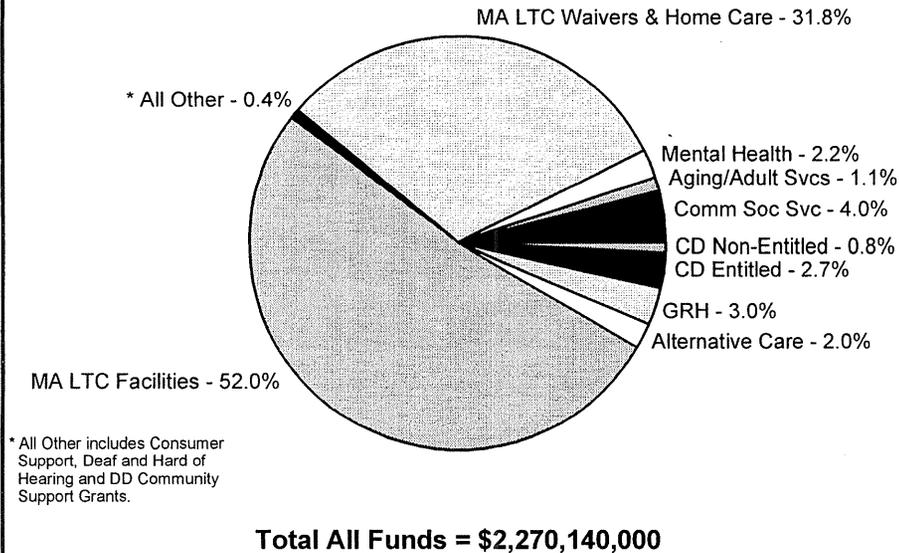
Dept. Of Human Services By Program



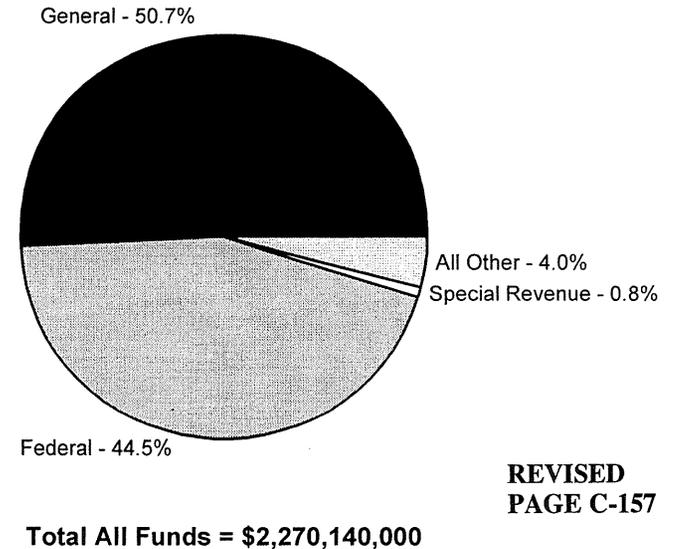
Program Finance Summary Continuing Care & Community Support Grants F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Cont Care & Comm Suppt Grants By Activity



Cont Care & Comm Suppt Grants By Fund



REVISED
PAGE C-157

2000-01 Biennial Budget

PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

- Minnesota is purchasing continuing care for the elderly and disabled in nursing facilities and group homes through performance-based contracts as a way to more actively shape quality services that produce specific outcomes for consumers.

STRATEGIES AND PERFORMANCE:

Minnesota has a strong history of providing support to its elderly and disabled citizens. Encouraging and funding alternatives to institutional care that are accountable and cost-effective remains a priority, as does encouraging prevention and the adoption of healthy lifestyles. Currently, the department places a strong emphasis on developing services and supports that accomplish the following goals:

- Have decisions made at a level which is closest to the person.
- Promote self-determination and self-reliance.
- Build informal supports from family, friends, and community.
- Allow flexible purchasing to meet individual needs.
- Purchase supports on a performance rather than a cost basis.
- Coordinate long-term and acute care services.
- Encourage local innovation, efficiency, and accountability.
- Assure a statewide safety net.

Services are provided to the most vulnerable people and referrals to other community options are suggested for those who need help but do not qualify for public assistance.

The performance measures for this program area are as follows:

- Decreased average length of stay in institutions
- Increased proportion of Minnesotans receiving public funding for continuing care who reside in the community rather than an institution
- Increased average need level of persons residing in nursing facilities
- Increased availability of self-determination and family support options

- Increased client participation integrated service delivery models that are locally or regionally designed/delivered
- Maintained or increased post treatment abstinence rates for adults receiving chemical dependency treatment

FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Growing number of elderly and disabled needing services
- Aging baby-boom population that will strain existing long-term care system
- Shrinking number of future workers which means a smaller tax base
- Continued demands for simplified administrative structures and processes
- Coordination of acute and long-term care services and funding
- Increasing competition in nursing facilities and alternative care settings for a dwindling workforce and increasing staff turnover issues
- Need for additional affordable housing options for the elderly and disabled

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: CONT CARE & COMM SUPP GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
COMMUNITY SOCIAL SERV GRANTS	93,436	96,602	102,947	91,236	91,890	88,520	89,888	(17,771)	-8.9%
CONSUMER SUPPORT GRANTS	2	16	1,757	1,123	1,123	1,123	1,123	473	26.7%
AGING ADULT SERVICES GRANTS	21,616	23,879	24,987	25,494	25,114	25,494	25,114	1,362	2.8%
DEAF & HARD OF HEARING GRANTS	911	1,547	1,678	1,613	1,629	1,613	1,645	49	1.5%
MENTAL HEALTH GRANTS	45,831	48,090	52,055	49,444	50,457	49,444	51,515	1,827	1.8%
DD COMMUNITY SUPPORT GRANTS	6,207	7,132	6,685	7,060	8,194	7,060	9,332	3,709	26.8%
MA LTC WAIVERS & HOME CARE	465,930	529,199	617,907	722,200	729,966	824,811	842,999	425,859	37.1%
MA LONG TERM CARE FACILITIES	1,188,049	1,162,507	1,162,180	1,180,033	1,172,701	1,168,370	1,171,209	19,223	.8%
ALTERNATIVE CARE GRANTS	37,059	46,423	56,441	45,751	61,672	43,494	60,397	19,205	18.7%
GROUP RESIDENTIAL HOUSING	56,299	56,246	60,035	66,889	65,920	73,127	69,331	18,970	16.3%
CD ENTITLEMENT GRANTS	57,506	58,421	58,173	60,215	60,215	62,624	62,624	6,245	5.4%
CD NON-ENTITLEMENT GRANTS	11,735	15,427	19,482	19,082	19,082	18,294	18,294	2,467	7.1%
Total Expenditures	1,984,581	2,045,489	2,164,327	2,270,140	2,287,963	2,363,974	2,403,471	481,618	11.4%

CHANGE ITEMS:	FUND			
(A) ALTERNATIVE CARE CHOICE	GEN			2,315
(A) ALTERNATIVE CARE FUNDING DECREASE	GEN			1,962
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN			14,882
(A) DD DOWNSIZING AND COMM SUPP SERVICES	GEN			(2,172)
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN			339
(A) DHS BASE REDUCTIONS	GEN			(434)
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN			175
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN			
(A) STATEWIDE ASSET PRESERVATION & REPAIR	GEN			124
(P) GRH BOARDING CARE SERVICE TRANSFER	GEN			(593)
(B) CSSA REFINANCING	FED			15,000
(B) CSSA REFINANCING	GEN			(15,000)
(B) EXPAND FAMILY SUPPORT GRANT PROGRAM	GEN			1,000
(B) GRH SUPPLEMENTARY R & B RATE ALLOC.	GEN			
(B) INCREASE ACG ASSET LEVEL	GEN			225
Total Change Items				17,823
				39,497

FINANCING BY FUND:				

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: CONT CARE & COMM SUPP GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DIRECT APPROPRIATIONS:							
GENERAL	922,808	985,245	1,057,948	1,150,645	1,153,468	1,199,769	1,224,266
LOTTERY CASH FLOW	0	982	1,858	1,008	1,008	1,008	1,008
OPEN APPROPRIATIONS:							
SPECIAL REVENUE	0	0	340	340	340	340	340
STATUTORY APPROPRIATIONS:							
GENERAL	84,969	79,118	84,847	90,813	90,813	94,971	94,971
SPECIAL REVENUE	57,624	52,227	55,208	17,764	17,764	17,289	17,289
FEDERAL	919,180	927,917	964,126	1,009,570	1,024,570	1,050,597	1,065,597
Total Financing	1,984,581	2,045,489	2,164,327	2,270,140	2,287,963	2,363,974	2,403,471

2000-01 Biennial Budget

BUDGET ACTIVITY: Community Social Services Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Community Social Services Grants are flexible funds given to counties to use to support families and children, the elderly, vulnerable adults, and persons with disabilities to live safely and independently.

Services Provided

Community Social Services Grant funds support:

- Adoption Services - counseling for the biological parent(s), recruitment of adoptive homes, and pre- and post-placement training and/or counseling.
- Case Management Services - individual service plan development; counseling; monitoring, developing, securing, and coordinating services; monitoring and evaluating client progress; and assuring that clients' rights are protected.
- Counseling Services - therapeutic help to resolve personal, family, situational, or occupational problems.
- Foster Care Services for Adults and Children - arranging substitute care and alternative living situations. Individuals may need such services because of social, physical, or mental disabilities, or as a consequence of abuse or neglect.
- Protective Services for Adults and Children - services designed to prevent or remedy abuse, neglect, or exploitation of persons who are unable to protect their own interests.
- Residential Treatment Services - short-term residential care and comprehensive treatment and services for children or adults whose problems are so severe or are such that they cannot be cared for at home or in foster care and need services provided by specialized facilities.
- Special Services for Persons with Developmental, Emotional, or Physical Disabilities - personal and family counseling, respite care, family support, recreation, transportation, assistance tied to independent functioning in the community, training in mobility, communication skills, special aids and alliances, and self-sufficiency skills.
- Substance Abuse Services - a comprehensive range of personal and family counseling, methadone treatment for opiate abusers, or detoxification treatment for substance abusers. Services may be provided in institutional settings,

community-based halfway houses, and out-patient facilities.

- Transportation Services - help to access services or obtain medical care or employment.
- Public Guardianship - assuring the emotional, health, vocational, and educational needs of these individuals and an 18-month review of the physical, mental, and social circumstances of each ward of the commissioner of Human Services.

People Served

There are 9 groups of persons to be served with community social services funding:

- Children in need of protection, pregnant adolescents, adolescent parents, and their children.
- Dependent and neglected wards under the commissioner of Human Services.
- Adults who are vulnerable and in need of protection.
- Persons over age 60 who need help living independently.
- Emotionally disturbed adolescents and children, and acutely mentally ill adults.
- Developmentally disabled individuals.
- Chemically dependent and intoxicated persons.
- Child care services to parents with incomes below 70% of state median income.
- Children and adolescents at risk of involvement with criminal activity.

Counties use the biggest percentage of community services funds for Families and Children services.

Community social services funding includes state Community Social Services Act (CSSA) dollars and federal Title XX monies that are provided as a block grant to counties. Each county is required to levy an amount for social services at least equal to its CSSA allocation.

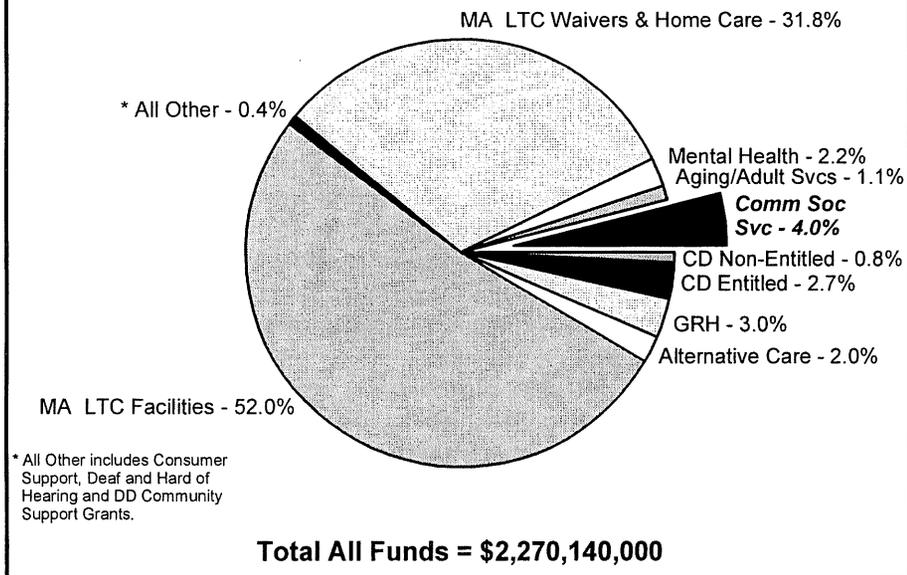
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Uncertainty of the amount of federal social services block grant funding since 15% decrease from 1995 to 1996.
- Transportation Equity Act of 1998 calls for an additional reduction of 28.5% in the year 2001 from that authorized for 1999.

Cont Care & Comm Suppt Grants By Activity

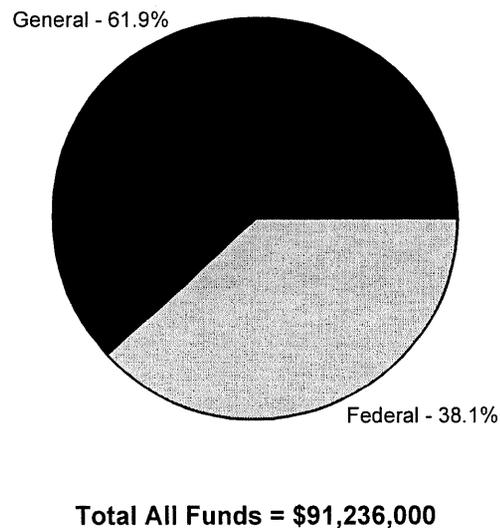


Activity Finance Summary Community Social Services Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Community Social Services Grants By Fund



*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: COMMUNITY SOCIAL SERV GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	1,149	1,238	1,250	1,232	1,232	1,052	1,052	(204)	-8.2%
SUBTOTAL STATE OPERATIONS	1,149	1,238	1,250	1,232	1,232	1,052	1,052	(204)	-8.2%
PAYMENTS TO INDIVIDUALS	0	0	10,200	0	0	0	0	(10,200)	-100.0%
LOCAL ASSISTANCE	92,287	95,364	91,497	90,004	90,658	87,468	88,836	(7,367)	-3.9%
Total Expenditures	93,436	96,602	102,947	91,236	91,890	88,520	89,888	(17,771)	-8.9%

CHANGE ITEMS:	FUND						
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN			693		1,407	
(A) DHS BASE REDUCTIONS	GEN			(39)		(39)	
(B) CSSA REFINANCING	FED			15,000		15,000	
(B) CSSA REFINANCING	GEN			(15,000)		(15,000)	
Total Change Items				654		1,368	

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	53,328	55,534	56,687	56,481	42,135	56,481	42,849
STATUTORY APPROPRIATIONS:							
FEDERAL	40,108	41,068	46,260	34,755	49,755	32,039	47,039
Total Financing	93,436	96,602	102,947	91,236	91,890	88,520	89,888

Funding Detail

Community Social Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
CSSA Block Grant	Grants to counties to support county administered social service programs.	49,442	49,727	50,167	50,164	35,164	(15,000)	50,164	35,164	(15,000)
- Traditional Allocation		1,127	2,692	3,511	3,511	4,204	693	3,511	4,918	1,407
- DT&H Allocation		1,179	1,179	1,179	1,179	1,179	0	1,179	1,179	0
- DDCM Allocation		330	330	330	330	330	0	330	330	0
- Minor Parent Evaluation										
SILS and GRH Related Grants	Grants to certain counties for persons with mental retardation receiving semi-independent living services and are no longer eligible for Group Residential Housing. (approx. served FY97 - 128)	718	741	765	762	762	0	762	762	0
DT&H Related Grants	Grants to certain counties to offset reduced DT&H funding.	36	39	39	39	0	(39)	39	0	(39)
Red Lake Band Grants	Grants to Clearwater and Beltrami counties for costs of social services for members of the Red Lake Band residing on the Red Lake Reservation. (approx. cases FY98 - 1,664)	496	496	496	496	496	0	496	496	0
Disaster Relief Grants	One-time grants to cover flood and tornado disasters.	0	330	200	0	0	0	0	0	0
General Fund Total		53,328	55,534	56,687	56,481	42,135	(14,346)	56,481	42,849	(13,632)
DIRECT APPROPRIATIONS TOTAL		53,328	55,534	56,687	56,481	42,135	(14,346)	56,481	42,849	(13,632)
STATUTORY APPROPRIATIONS										
Federal Fund										
Title XX Block Grant	Grants to counties to support county administered social service programs.	37,926	40,258	33,897	32,592	47,592	15,000	29,876	44,876	15,000
Urban Enterprise Grant	Grants to St. Paul and Minneapolis for social services development.	2,182	710	2,163	2,163	2,163	0	2,163	2,163	0
TANF Transfer	Pass-through: reflects the transfer of TANF to Title XX.	0	100	10,200	0	0	0	0	0	0
Federal Fund Total		40,108	41,068	46,260	34,755	49,755	15,000	32,039	47,039	15,000
STATUTORY APPROPRIATIONS TOTAL		40,108	41,068	46,260	34,755	49,755	15,000	32,039	47,039	15,000
TOTAL - COMMUNITY SOCIAL SERVICES GRANTS		93,436	96,602	102,947	91,236	91,890	654	88,520	89,888	1,368

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Community Social Services Grants

ITEM TITLE: Temporary Refinancing of CSSA

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Comm Social Srv Grants	\$ (15,000)	\$ (15,000)	\$ -0-	\$ -0-
TANF Reserve				
Comm Social Srv Grants	\$ 15,000	\$ 15,000	\$ -0-	\$ -0-
Revenues: (\$000s)				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$15 million in F.Y. 2000 and \$15 million in F.Y. 2001 for Community Social Services grants, and a 2-year transfer of federal Temporary Assistance to Needy Families (TANF) Reserve funds in the amount of \$15 million in F.Y. 2000 and \$15 million in F.Y. 2001 to Title XX Funds.

RATIONALE:

Background

The Community Social Services Act (CSSA) funds are flexible state funds given to counties to use to support families and children, the elderly, vulnerable adults, and persons with disabilities to live safely and independently. CSSA funds are allocated to counties as follows: 1/3 on human service caseloads, 1/3 on population, and 1/3 on number of persons 65 years or older.

Title XX of the Social Security Act provides federal funding to cover the social service needs of families, children, and adolescents at risk or in crisis; adults and children who are physically emotionally, or developmentally disabled; chemically dependent; adults in need of protection and vulnerable; and those over age 60 experiencing difficulty living independently. Two-thirds of the Title XX funds are allocated to the counties on the basis of human services caseload numbers and 1/3 on population.

Proposal

This proposal will replace General Fund monies for CSSA with TANF Reserve funds under Title XX for 2 years. The CSSA allocation process in statute will be used to allocate the Title XX funds used for the purpose of replacing the loss of CSSA funds so that counties' total allocations will not be affected. The net result is a temporary reduction of General Fund costs for this activity.

FINANCING:

This proposal is funded by transferring TANF funds to Title XX using existing federal authority. Base funding is restored in the F.Y. 2002-03 biennium.

OUTCOMES:

Reduces General Fund obligations in F.Y. 2000 and F.Y. 2001.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Consumer Support Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Consumer Support Grants (CSG) provide elderly and disabled Minnesotans already receiving public help to remain at home with a more cost effective alternative to traditional home and community-based care programs. These grants enable individuals and families to directly purchase the support needed to live at home while also giving them more control, flexibility, and responsibility over the support they need. Individuals must already be receiving services from an existing program to qualify for CSG.

Services Provided

Support grants can be used for the purchase of any service, assistive aid, and/or home adaptation as long as it is directly related to the individual's functional limitation. Individuals sign an agreement with the county on how the funds will be spent before monthly grants begin.

People Served

These grants serve individuals of any age with functional limitations that put them at risk of out-of-home placement. CSG is currently available to people who reside in a county participating in CSG and are receiving services from the Alternative Care program, Medical Assistance Home Care Services, Personal Care Attendant services or recipients of Developmental Disabilities Family Support Grants. Participation in the program is completely voluntary for both counties and individuals. The individual served may return to his/her original program at any time.

FINANCING INFORMATION:

(See charts which follow narrative.)

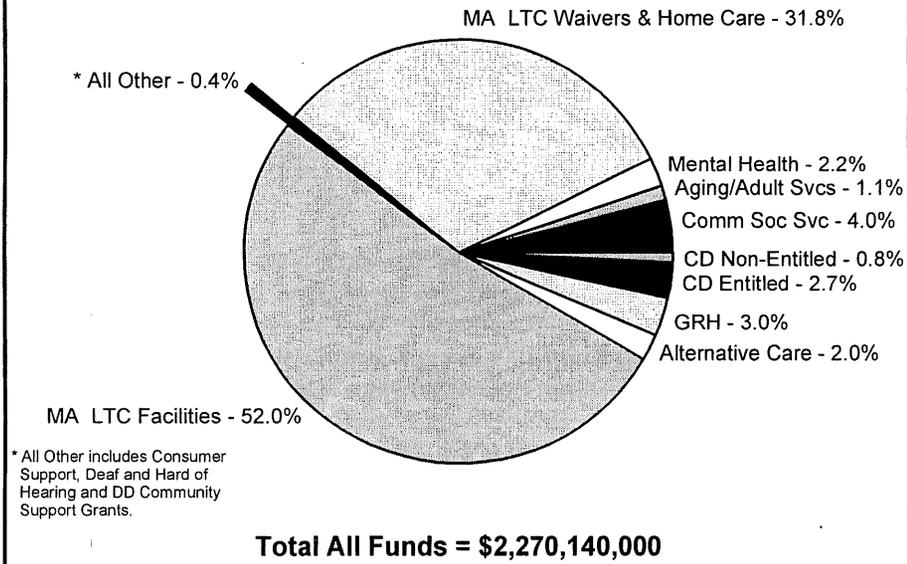
BUDGET ISSUES:

- Increased demand for consumer control over home care services.
- State and federal efforts to control costs of home care.
- Health Care Financing Administration and the Robert Wood Johnson Foundation are interested in sponsorship "cash and counseling" research projects that provide consumers more control of service purchasing.
- Consumer demand for increased flexibility in the provision of home care.
- Problems with availability of home care services in rural Minnesota.
- National trend toward consumer control of home care services.

The original CSG base appropriation was established by transfers from Alternative Care, Personal Care Attendant Services, and Developmental Disabilities Family Support, based on estimated utilization within these programs. Law directs the commissioner to adjust the bases of these programs biennially based on revised estimates of future utilization. Accordingly, the F.Y. 2000-01 CSG base has been adjusted. The table below summarizes the original and adjusted base:

<u>Sources of base</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Alternative Care	\$315	\$315	\$315	\$315
PCA Services	917	917	683	683
DD Family Support	<u>525</u>	<u>525</u>	<u>125</u>	<u>125</u>
Total CSG Base	\$1,757	\$1,757	\$1,123	\$1,123

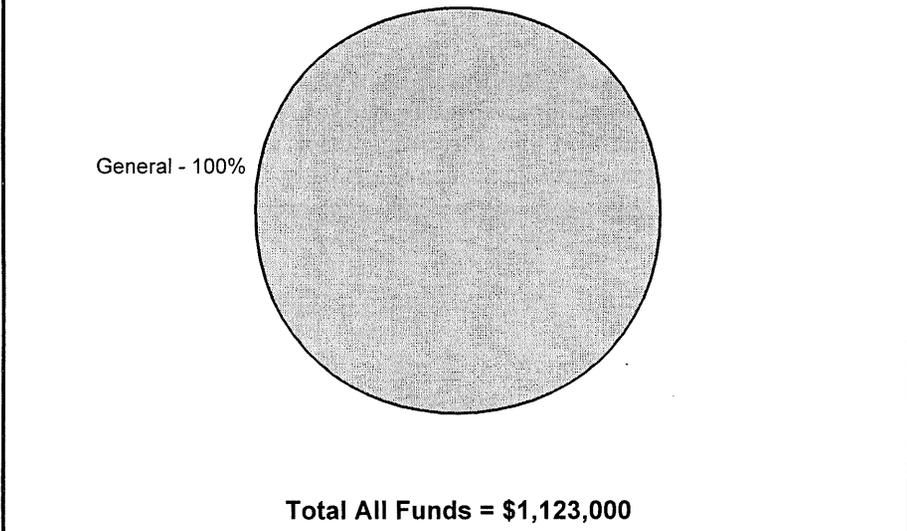
Cont Care & Comm Suppt Grants By Activity



Activity Finance Summary Consumer Support Grants F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Consumer Support Grants By Fund



*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT

Program: CONT CARE & COMM SUPP GRANTS

Activity: CONSUMER SUPPORT GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
LOCAL ASSISTANCE	2	16	1,757	1,123	1,123	1,123	1,123	473	26.7%
Total Expenditures	2	16	1,757	1,123	1,123	1,123	1,123	473	26.7%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	2	16	1,757	1,123	1,123	1,123	1,123		
Total Financing	2	16	1,757	1,123	1,123	1,123	1,123		

Funding Detail

Consumer Support Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Consumer Support Grants	Grants to certain counties which enable the clients to purchase services, assistance and/or adaptive aid related to functional limitations which place them at risk of out-of-home placement. (approx. served FY98 - 25)	2	16	1,757	1,123	1,123	0	1,123	1,123	0
General Fund Total		2	16	1,757	1,123	1,123	0	1,123	1,123	0
DIRECT APPROPRIATIONS TOTAL		2	16	1,757	1,123	1,123	0	1,123	1,123	0
TOTAL - CONSUMER SUPPORT GRANTS		2	16	1,757	1,123	1,123	0	1,123	1,123	0

2000-01 Biennial Budget

BUDGET ACTIVITY: Aging and Adult Services Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This activity serves as the first safety net “stopgap” for helping older Minnesotans remain independent and in their own homes. It provides nonmedical social services and provides support for communities to develop informal services to keep older people engaged in their communities. These services are targeted at those with the greatest social and economic needs.

Services Provided

- Nutritional services: meals, grocery delivery, and nutritional counseling.
- Transportation, chore services, and other social support services.
- Diabetes, blood pressure screening, and other health promotion services.
- Mentoring of families and children, volunteer community services projects.
- Care and one-on-one attention for special needs children.
- Assistance with daily activities for frail elderly.
- Information and counseling about Medicare and supplemental insurance choices.
- Caregiver respite support.
- Development of housing alternatives .
- Development of nonpublic support services.

People Served

This activity covers a wide variety of community services and serves approximately:

- 82,400 people in congregate dining and 16,200 people who received home delivered meals;
- 109,000 people through a variety of social support services and 4,100 through health promotion services;
- 19,300 volunteers who provide over 2,000,000 volunteer hours in the Retired and Senior Volunteer Program (RSVP);
- 700 volunteers who served 3,200 persons in the Foster Grandparents Program;
- 380 volunteers who served 1,800 persons in the Senior Companion Program;
- 6,700 people who received one-to-one information and counseling in selecting

- a Medicare supplemental policy from Health Insurance Counseling;
- 1,497 families served through Caregiver Support;
- 3,800 seniors have been assisted through Living at Home/Block Nurse (LAH/BN);
- 472 people in the Home Sharing program;
- 21 people through the Epilepsy Grant.

All of the services purchased through this activity are by grant or contract through area agencies on aging, private nonprofit organizations, and public agencies.

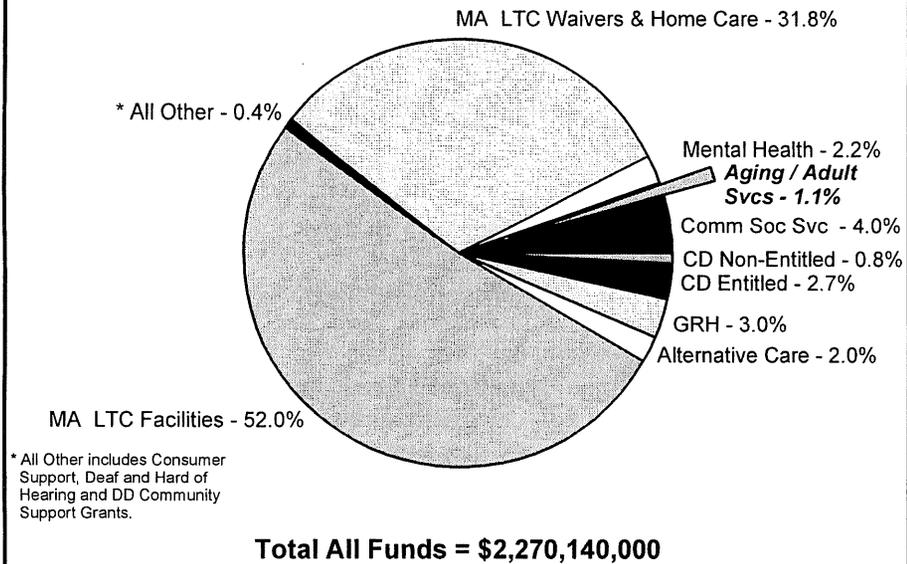
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Increased demand for community services due to an aging population.
- Need of early intervention with accurate information and assistance about the full spectrum of services.
- Integration of services from multiple funders at the service delivery level.
- Support for informal caregivers.
- Assistance to help seniors understand their health care service choices through Medicare and the Prepaid Medical Assistance Program (PMAP).

Cont Care & Comm Suppt Grants By Activity

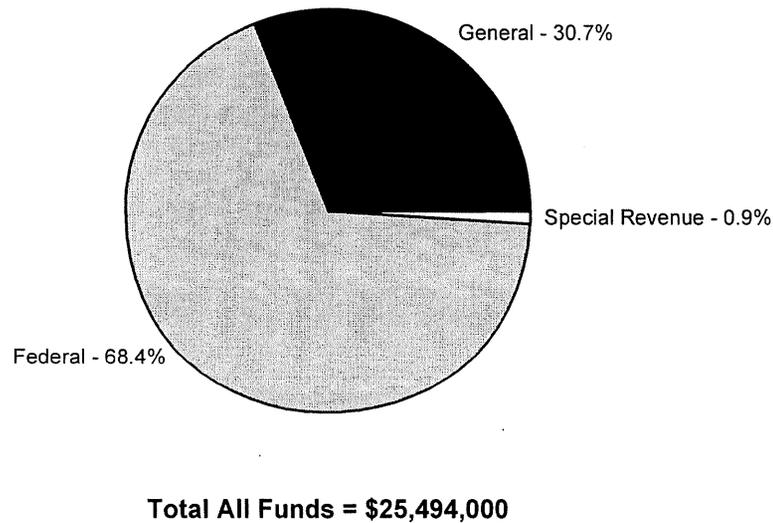


Activity Finance Summary Aging & Adult Services Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Aging & Adult Services Grants By Fund



**See next page for
Funding Detail**

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: AGING ADULT SERVICES GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	532	546	538	538	538	538	538	(8)	-.7%
OPERATING EXPENSES	146	110	94	94	94	94	94	(16)	-7.8%
SUBTOTAL STATE OPERATIONS	678	656	632	632	632	632	632	(24)	-1.9%
LOCAL ASSISTANCE	20,938	23,223	24,355	24,862	24,482	24,862	24,482	1,386	2.9%
Total Expenditures	21,616	23,879	24,987	25,494	25,114	25,494	25,114	1,362	2.8%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) DHS BASE REDUCTIONS	GEN				(380)		(380)		
Total Change Items					(380)		(380)		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	7,070	7,517	7,815	7,815	7,435	7,815	7,435		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	233	239	235	235	235	235	235		
FEDERAL	14,313	16,123	16,937	17,444	17,444	17,444	17,444		
Total Financing	21,616	23,879	24,987	25,494	25,114	25,494	25,114		

Funding Detail

Aging & Adult Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
SAIL Grants	Grants to certain counties and area agencies to integrate, coordinate and enhance informal, quasi-formal and formal services for seniors.	1,474	1,852	1,997	1,997	1,997	0	1,997	1,997	0
Epilepsy Demo Project	Grants to non-profit organizations for independent living skills training to adults with intractable epilepsy. (approx. served FY98 - 21)	200	230	230	230	0	(230)	230	0	(230)
Senior Nutrition Grants	Grants to area agencies on aging to provide nutritious meals and related services such as meal delivery and nutrition counseling for homebound seniors. (approx. served FY 98 - 98,600)	2,890	2,890	2,890	2,890	2,740	(150)	2,890	2,740	(150)
Adult Day Care		250	0	0	0	0	0	0	0	0
Senior Volunteer Grants	Grants to counties and non-profit organizations to provide volunteer opportunities in the Foster Grandparent, Senior Companion and the Retired and Senior Volunteers programs. The more than twenty thousand volunteers provide a total of over two million hours of volunteer service. (approx. served FY98 - 5,000)	2,006	2,013	2,013	2,013	2,013	0	2,013	2,013	0
Homeshare Grants	Grants to non-profit organizations to assist homeowners stay in their homes longer by pairing them with home seekers willing to share the rent or provide services in exchange for sharing the home. (approx. served FY98 - 472)	250	250	400	400	400	0	400	400	0
Health Insurance Counsel Grant	Grants to non-profit organizations to provide information and counseling about Medicare bills and payments and supplemental insurance options. (approx. served - FY98 6,700)	0	197	200	200	200	0	200	200	0
Home Care Ombudsman	Grant to non-profit organization to provide ombudsman services regarding in-home health care services.	0	85	85	85	85	0	85	85	0
General Fund Total		7,070	7,517	7,815	7,815	7,435	(380)	7,815	7,435	(380)
DIRECT APPROPRIATIONS TOTAL		7,070	7,517	7,815	7,815	7,435	(380)	7,815	7,435	(380)

Funding Detail

Aging & Adult Services Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
Special Revenue										
Nursing Home Advisory Council	Grants to nursing home resident councils for on-going education, training and information dissemination.	233	239	235	235	235	0	235	235	0
Special Revenue Total		233	239	235	235	235	0	235	235	0
Federal Fund										
Older Americans Act Grants	Grants to 14 area agencies on aging to provide a variety of community based social and nutritional services targeted at seniors in the greatest social or economic need and to assist them in living independently. (approx. served FY98 - 109,000)	14,313	16,123	16,937	17,444	17,444	0	17,444	17,444	0
Federal Fund Total		14,313	16,123	16,937	17,444	17,444	0	17,444	17,444	0
STATUTORY APPROPRIATIONS TOTAL		14,546	16,362	17,172	17,679	17,679	0	17,679	17,679	0
TOTAL - AGING & ADULT SERVICES GRANTS		21,616	23,879	24,987	25,494	25,114	(380)	25,494	25,114	(380)

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2000-01 Biennial Budget

BUDGET ACTIVITY: Deaf and Hard of Hearing Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

Independence and integrated community living are the key strategies to serve Minnesotans who are deaf, deafblind, and hard of hearing, or have multiple disabilities including deafness.

Services Provided and People Served

- *Interpreter referral services.* Interpreter referral grants are awarded to community-based vendors in both Greater Minnesota and in the Twin Cities area. The 1980 Deaf and Hard of Hearing Services Act (DHHSA) has responsibility to coordinate and monitor interpreters referral grants statewide, which include placement of qualified interpreters, technical assistance to teach agencies and consumers how to effectively work with interpreters and interpreters screening. In 1998, approximately 37,000 interpreter referrals were coordinated.
- *Services to persons with deafblindness.* Statewide grants are awarded to specialized community-based providers. This allocation goes to direct service providers and community agencies to provide independent living and family support services. Community-based vendors provide services such as assessment and determination of client need, advocacy for clients, independent living skills, individual assistance, and interpreter services allowing individual access to the community-at-large.
- *Specialized Mental Health Services.* Current availability of specialized mental health services for deaf, deafblind, and hard of hearing individuals and their families are limited to 2 metro-based providers. Services provided include psychological therapy for individuals and families, assessment and diagnostic testing, community support in group homes, in-home support, 1 drop-in center, and area technical assistance.

240,000 deaf, deafblind, and hard of hearing Minnesotans are eligible to receive assistance through this grant activity. Services are delivered by working with and supporting the private sector, community-based marketplace to ensure adequate specialized service delivery to deaf, deafblind, and hard of hearing people statewide.

All grant allocations are put out on competitive bid to recruit and maintain the few specialized services providers that exist.

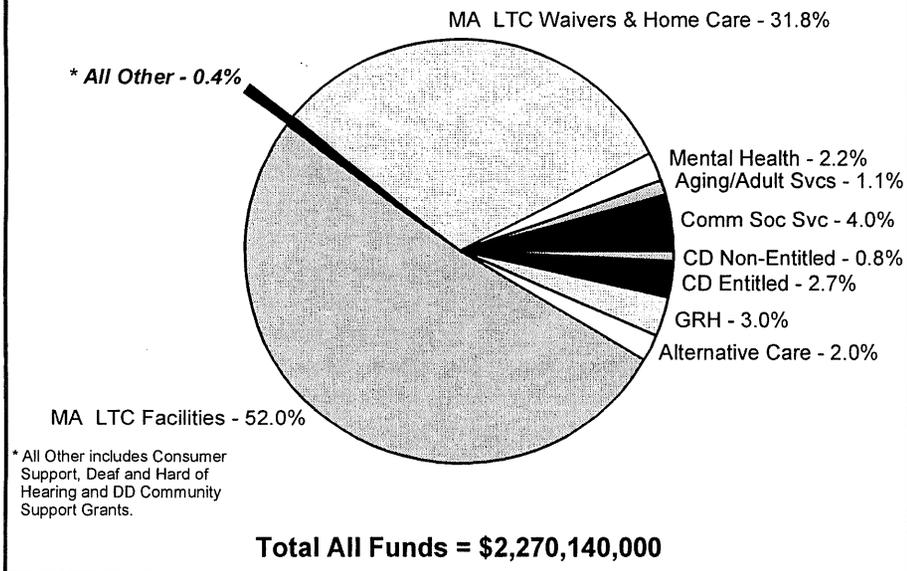
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- Increased requests in Greater Minnesota for specialized mental health services for deaf, deafblind, and hard of hearing persons.
- Increased numbers of aging persons needing assistance with hearing and vision loss.
- Increased numbers of infants identified at birth with hearing and vision loss in need of early intervention services.
- Marketplace changes, concentrating specialized service delivery in metropolitan areas.

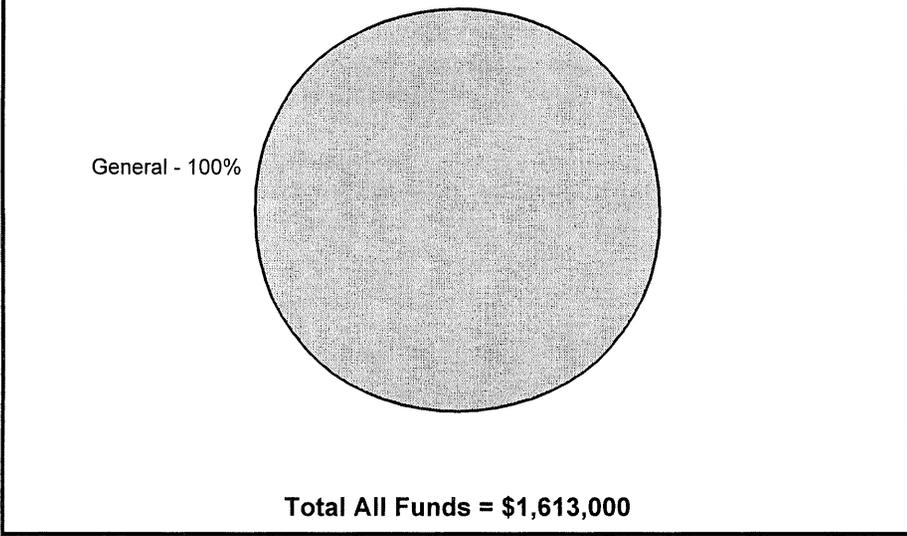
Cont Care & Comm Suppt Grants By Activity



Activity Finance Summary Deaf & Hard of Hearing Grants F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Deaf & Hard Of Hearing Grants By Fund



**See next page for
Funding Detail**

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: DEAF & HARD OF HEARING GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	123	176	127	127	127	127	127	(49)	-16.2%
SUBTOTAL STATE OPERATIONS	123	176	127	127	127	127	127	(49)	-16.2%
LOCAL ASSISTANCE	788	1,371	1,551	1,486	1,502	1,486	1,518	98	3.4%
Total Expenditures	911	1,547	1,678	1,613	1,629	1,613	1,645	49	1.5%
CHANGE ITEMS:									
	FUND								
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				16		32		
Total Change Items					16		32		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	884	1,500	1,678	1,613	1,629	1,613	1,645		
STATUTORY APPROPRIATIONS:									
FEDERAL	27	47	0	0	0	0	0		
Total Financing	911	1,547	1,678	1,613	1,629	1,613	1,645		

Funding Detail

Deaf & Hard of Hearing Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Interpreter Referral Grants	Grants to individuals and non-profit entities for the provision of statewide interpreter referral services as mandated by M.S. 256C.25. (approx. served FY98 - 37,000)	201	201	201	201	201	0	201	201	0
Specialized Mental Health Grants	Grants to non-profit agencies for the provision of specialized mental health services for clients who are deaf, deafblind or hard of hearing. (approx. served FY98 - 400)	483	919	957	892	908	16	892	924	32
Independent Living And Family Support Grants for Persons Who Are Deafblind	Grants to non-profit agencies for the provision of statewide independent living and family support services for individuals who are deafblind. (approx. served FY98 - 550)	200	330	520	520	520	0	520	520	0
Assistance Dogs	One-time grants to non-profit agencies for the training and placement of service dogs with persons with disabilities learning independent living skills. (approx. served FY98 - 10)	0	50	0	0	0	0	0	0	0
General Fund Total		884	1,500	1,678	1,613	1,629	16	1,613	1,645	32
DIRECT APPROPRIATIONS TOTAL		884	1,500	1,678	1,613	1,629	16	1,613	1,645	32
STATUTORY APPROPRIATIONS										
Federal Fund										
After Care Accessibility For Deaf & Hard Of Hearing Consumers	Grants to non-profit agencies for the provision of chemical dependency services for eligible clients. Federal grant is no longer available	27	47	0	0	0	0	0	0	0
Federal Fund Total		27	47	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS TOTAL		27	47	0	0	0	0	0	0	0
TOTAL - DEAF & HARD OF HEARING GRANTS		911	1,547	1,678	1,613	1,629	16	1,613	1,645	32

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2000-01 Biennial Budget

BUDGET ACTIVITY: Mental Health Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE:

Purpose

This area's purpose is to serve Minnesotans with mental illness, to set overall policy related to best practices in mental health services received by enrollees in publicly funded programs, to spur development of non-institutional treatment options, and to pay for mental health services for people when they cannot afford to pay. It supports the overall objective of promoting assistance for people to live independently, when possible, and when not, to live in treatment settings that are clean, safe, caring, and effective.

While mental health policy is guided by multiple department core values, one is especially worth noting—that the agency is about safety nets and ladders up. People do recover from mental illness. Department policies believe in the recovery concept, recognizing that effective services focus on people's needs while supporting their existing strengths. Services must be structured so that people can get the ladder up they need without being forced to take more services than necessary. Additionally, services must acknowledge that the best ladder up is a job and a home in the community. Service efforts are designed to support this ideal.

Services Provided

Included in this area are a number of specific grants:

- *Adult Mental Health Initiative/Integrated Fund.* This statewide activity supports local planning and development to expand community-based services and to develop alternative service delivery models to reduce reliance on facility-based care. Regional Treatment Centers' human resources are being integrated into the community mental health delivery system. In most of the state, most of the grants listed below are now administered in a more effective and efficient way as part of the Adult Mental Health Initiative/Integrated Fund.
- *Adult Residential Grants (Rule 12).* This grant primarily pays for residential facilities staff to provide treatment to people with mental illness. County Boards apply for Rule 12 funds on behalf of local residential facilities to assist in meeting program licensing standards. During 1997, 2,984 people received adult residential services.

- *Alternatives to Institutions for Mental Disease.* Residential facilities for the mentally ill with over 16 beds and nursing facilities specializing in care for the mentally ill were deemed Institutions for Mental Disease (IMD) by the federal government. This meant that residents of these institutions who are under the age of 65 were made ineligible for MA (including doctor visits, dental care, and medications). This grant has assisted facilities in downsizing or developing more appropriate non-IMD alternatives for these individuals.
- *Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78).* These grants to counties provide client outreach, medication monitoring, independent living skills development, employability skills development, and psychosocial rehabilitation. Additionally, these grants support day treatment or case management if MA is inadequate or not available. These funds are allocated by formula, primarily based on a county's population. This grant has proven effective in reducing the number of clients needing hospitalization and in increasing their employability. 21% percent of clients receiving these types of services were hospitalized versus 52% prior to being in these programs. During 1997, 9,824 people received community support services.
- *Crisis Housing.* This grant provides financial help when an individual is hospitalized and needs help to maintain their current housing. Eligible individuals need to be in inpatient care for up to 90 days and have no other help to pay housing costs. In 1997, this program served 201 individuals.
- *Moose Lake Regional Treatment Center Alternatives.* This grant helped build an expanded community mental health infrastructure that provides services close to the person's home community and reduces the need for extended inpatient hospital care.
- *Federal Mental Health Block Grant Services.* These funds are generally used to demonstrate innovative projects based on best practices and that, based on evaluation results, could be implemented statewide. Of the federal block grant, Minnesota has allocated about 55% for children's services. By law, at least 25% is used for Indian mental health services, not more than 15% for planning and evaluation, and not more than 5% for statewide administration. DHS has kept its administrative costs below 4% to free up more money for services. Grants provided for Indian mental health services fund 9 projects on reservations and 3 in the metro area.
- *Projects for the Homeless (PATH).* Under the federal McKinney Act, monies are provided to counties to address mental illness among the homeless. Grants to counties are made in combination with Rule 78/Community Support Program funds. In 1997, PATH served 7,974 people who are homeless and have a serious mental illness.

2000-01 Biennial Budget

BUDGET ACTIVITY: Mental Health Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

- *Consumer and Family Networks.* This federal grant increases consumer and family involvement in implementing a solid, state-wide community mental health system.
- *Mental Health Services for People Affected by Natural Disasters.* The Mental Health Division has obtained federal grants for crisis counseling for people affected by the April 1997 floods and the April 1998 tornadoes. The 1998 session also provided state funding to provide additional mental health services for people in these presidentially-declared disaster areas, primarily to continue services in the flood area after the federal grant ends.
- *Performance Indicators Grant.* This federal grant will establish statewide performance outcome indicators to measure and evaluate the current mental health delivery system. These indicators are being developed with input from a range of stakeholders including consumers, family members and providers.
- *Compulsive Gambling Treatment and Education.* This service area was created in 1990 to address concerns about the social consequences of large scale gambling expansion. Minnesota ranks third nationally in spending on gambling. A 1997 evaluation of treatment programs in Minnesota indicated that treatment is effective both short and long term. This area funds a statewide 24-hour toll-free hotline providing information and referral services for problem gamblers, public awareness, education and prevention programs, and a combination of site-based and fee-for-service treatment programs.

People Served

Using federally-recognized statistical measures, approximately 89,000 Minnesota adults have serious and persistent mental illness (SPMI). However, because private insurance exists for some of these individuals and covers some, if not all, of their needs, 67,000 adults with SPMI in Minnesota are estimated to need publicly-subsidized mental health services. This compares to about 25,000 people who actually received these services in 1997.

This grant area primarily covers adults with SPMI. This definition does not include people with developmental disabilities or chemical dependency unless these conditions co-exist with mental illness.

This grant area includes a few grants that serve both adults and children. Grants that serve children only are in the Children's Grants budget activity.

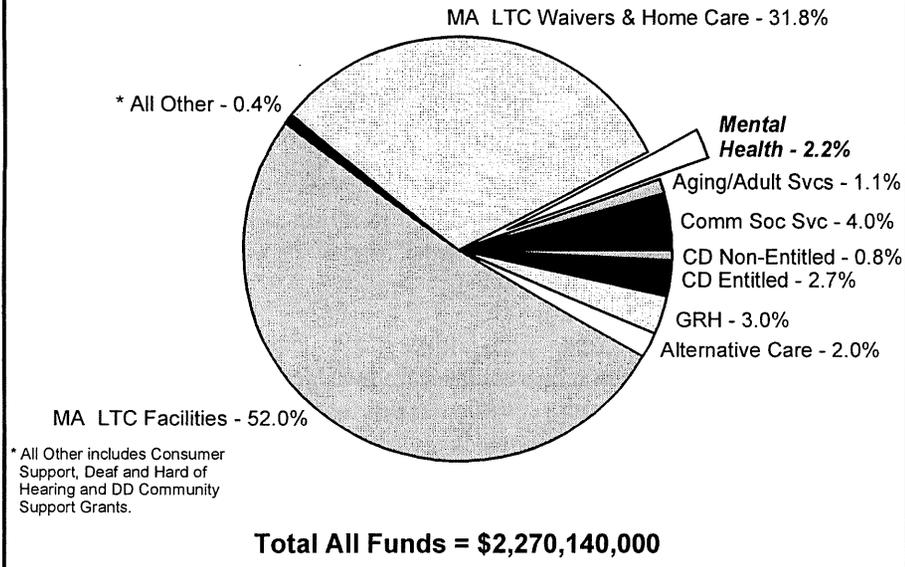
FINANCING INFORMATION:

(See charts which follow narrative.)

BUDGET ISSUES:

- The Adult Mental Health Initiatives are successfully integrating state-operated, county and private services to provide more effective supports to enable more adults with serious and persistent mental illness to remain and function in the community. Initial evaluation findings indicate a reduction in hospital bed days.
- In recent years, the department's key initiatives affecting mental health services, such as the Adult Mental Health Initiatives and the Demonstration Projects for People with Disabilities, have focused on system redesign and more efficient use of existing funds. However, it is apparent that overall funding is still less than what is needed to fully implement Minnesota's Comprehensive Mental Health Act.
- The 1998 legislature required the department to submit a report to the 1999 session regarding ways to maximize federal funding for mental health services.
- In the 1998 session, the department obtained legislative approval for a proposal that will increase federal funding for mental health case management by about \$4 million per year, effective 7-1-99.

Cont Care & Comm Suppt Grants By Activity

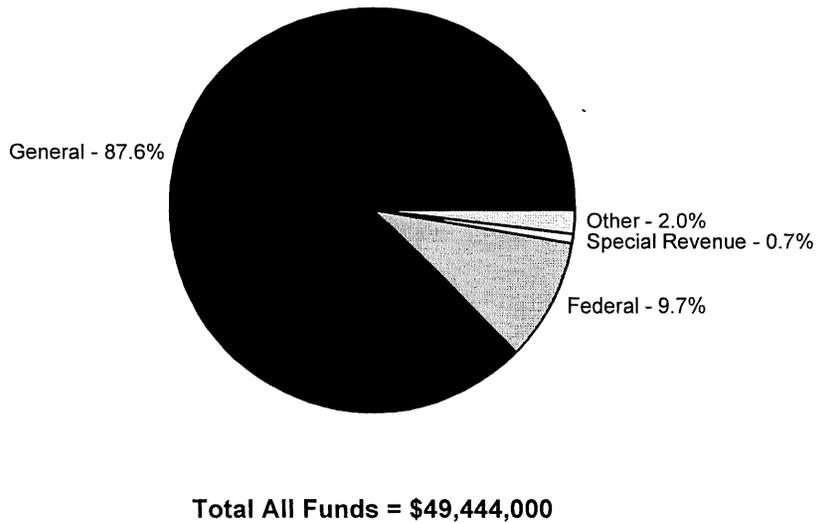


Activity Finance Summary Mental Health Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Mental Health Grants By Fund



*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: MENTAL HEALTH GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	392	523	553	503	503	503	503	(70)	-6.5%
OPERATING EXPENSES	392	393	776	717	717	717	717	265	22.7%
SUBTOTAL STATE OPERATIONS	784	916	1,329	1,220	1,220	1,220	1,220	195	8.7%
LOCAL ASSISTANCE	45,047	47,174	50,726	48,224	49,237	48,224	50,295	1,632	1.7%
Total Expenditures	45,831	48,090	52,055	49,444	50,457	49,444	51,515	1,827	1.8%

CHANGE ITEMS:	FUND								
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				1,028				2,086
(A) DHS BASE REDUCTIONS	GEN				(15)				(15)
Total Change Items					1,013				2,071

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	40,567	41,266	44,155	43,330	44,343	43,330	45,401		
LOTTERY CASH FLOW	0	982	1,858	1,008	1,008	1,008	1,008		
OPEN APPROPRIATIONS:									
SPECIAL REVENUE	0	0	340	340	340	340	340		
STATUTORY APPROPRIATIONS:									
FEDERAL	5,264	5,842	5,702	4,766	4,766	4,766	4,766		
Total Financing	45,831	48,090	52,055	49,444	50,457	49,444	51,515		

Funding Detail

Mental Health Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Adult Mental Health Integrated Fund - Implementation Grants - Integration of Categorical Grants	Grants to counties for expanding services, improving access and integrating state resources into communities. (approx. served FY99 - 25,000 unduplicated across the various MH Grants)	1,742 13,495	2,442 22,505	3,742 25,895	3,742 25,895	3,742 26,923	0 1,028	3,742 25,895	3,742 27,981	0 2,086
Adult Residential	Grants to counties for residential facilities staff who care for the mentally ill.	11,547	6,986	6,286	6,286	6,286	0	6,286	6,286	0
Institutions for Mental Disease (IMD) Alternatives	Grants to counties for assisting facilities in developing more appropriate non-IMD alternatives for residents not eligible for MA.	645	389	290	290	290	0	290	290	0
Community Support	Grants to counties for the provision of services to adults with serious and persistent mental illness.	8,356	6,652	5,996	5,996	5,996	0	5,996	5,996	0
Crisis Housing	Grant to a nonprofit agency for the provision of financial assistance to hospitalized clients needing help to pay for their housing.	113	126	74	74	74	0	74	74	0
Anoka/ML Alternatives	Grants to counties to help increase the level of non-institutionalized mental illness services.	2,981	1,926	1,032	1,032	1,032	0	1,032	1,032	0
Compulsive Gambling	Grants to non-profit agencies for treatment and education programs for the problem gambler.	1,673	125	125	0	0	0	0	0	0
MH Disaster Services	One-time grants to counties to provide additional mental health services for people in Presidentially declared disaster areas, primarily to continue services for a limited time after federal funding has ended.	0	100	700	0	0	0	0	0	0
MH Special Projects - Camping Grant	Appropriation rider directs funds to a non-profit camping program for people with mental illness.	15	15	15	15	0	(15)	15	0	(15)
General Fund Total		40,567	41,266	44,155	43,330	44,343	1,013	43,330	45,401	2,071
State Gov't Special Revenue										
Compulsive Gambling	Grants and fee for service payments for treatment and education programs for the problem gambler.	0	0	340	340	340	0	340	340	0
Special Revenue Total		0	0	340	340	340	0	340	340	0

Funding Detail

Mental Health Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS CONTINUED										
Lottery Cash Flow										
Gambling Grants	Funds transferred from the Minnesota State Lottery to DHS for compulsive gambling prevention and treatment. (approx. served FY99 - 4,000 hotline services / 600 treated)	0	982	1,108	1,008	1,008		1,008	1,008	
Project Turnabout	One-time funds for a treatment center for compulsive gamblers.	0	0	750	0	0		0	0	
Lottery Cash Flow Total		0	982	1,858	1,008	1,008	0	1,008	1,008	0
DIRECT APPROPRIATIONS TOTAL		40,567	42,248	46,353	44,678	45,691	1,013	44,678	46,749	2,071
STATUTORY APPROPRIATIONS										
Federal Fund										
Federal MH Block Grant - Planning, Evaluation & Training	Funds to develop and review plans, reports and evaluations, many of which are required by state or federal law. Funding also provided for statewide conferences and workshops to provide training in best practices for count, state and private agency staff serving children with severe emotional disturbance and adults with serious and persistent mental illness.	537	634	712	712	712	0	712	712	0
Federal MH Block Grant - Indian Mental Health Services	As required by state law, 25% of the Federal MH Block Grant is used for grants to American Indian Tribes and non-profit agencies to provide mental health services, particularly community support services, to American Indians.	1128	930	1,115	1,115	1,115		1,115	1,115	
Federal MH Block Grant - Administration	Funding for state staff to administer the Federal MH Block Grant as required by state and federal law. Under state and federal law a maximum of 5% of the Federal MH Block Grant may be used for this purpose.	75	156	152	152	152		152	152	
Federal MH Block Grant - Demonstration Projects	Grants to counties and non-profit agencies for innovative projects based on best practices. Projects include children's mental health collaboratives, crisis services for children and adults, adult mental health initiatives and self-help projects for consumers and their families.	2,861	1,724	2,487	2,487	2,487		2,487	2,487	

Funding Detail

Mental Health Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
Federal Fund Continued										
Projects For Homeless	Grants to counties for outreach and mental health services for people that are homeless. (approx. served FY99 - 8,000)	345	300	300	300	300	0	300	300	0
Consumer Family Networks	Grant to a nonprofit agency to increase consumer and family involvement in development of a community mental health service system.	73	51	5	0	0	0	0	0	0
Mental Health Disaster Services	Grants to counties and non-profit agencies to provide additional mental health services for people in Presidentially declared disaster areas.	245	2,047	931	0	0	0	0	0	0
Federal Fund Total		5,264	5,842	5,702	4,766	4,766	0	4,766	4,766	0
STATUTORY APPROPRIATIONS TOTAL		5,264	5,842	5,702	4,766	4,766	0	4,766	4,766	0
TOTAL - MENTAL HEALTH GRANTS		45,831	48,090	52,055	49,444	50,457	1,013	49,444	51,515	2,071

2000-01 Biennial Budget

BUDGET ACTIVITY: Developmental Disabilities Community Support Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Community Support Grants for people with developmental disabilities provide support options which are far less costly than institutional care. Two programs are funded under this budget activity:

- Family Support Grants (FSG) provide families funds to offset the higher-than-average cost of raising a child with a disability. Since 1992, families whose annual adjusted gross income is less than \$60,000 have been eligible for FSG. Annual adjustments have been made to reflect changes in the consumer price index since 1994. FSG funds enable children with disabilities to be supported in the most normal and least-restrictive environment possible - their family home.
- Semi-Independent Living Skills (SILS) Grants assist adults with mental retardation or a related condition to maintain or increase their independence in activities of daily living and to live as independently as possible in the community.

Services Provided

- FSG provide cash grants to families who have children with mental retardation or a related condition. Families purchase such things as supplies, home modifications, vehicle adaptations, which are not available from other sources. The average grant per family is \$3,000 per year.
- SILS Grants fund services which train and assist adults with disabilities seeking to live independently in their own home and make meaningful contributions to their community. SILS Grants are used to purchase instruction or assistance to the person in the following areas: nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and transportation skills. The average cost per individual is approximately \$5,200 per year.

People Served

Approximately 720 persons with developmental disabilities are served by the Family Support Grant each year and 1,280 by SILS grants.

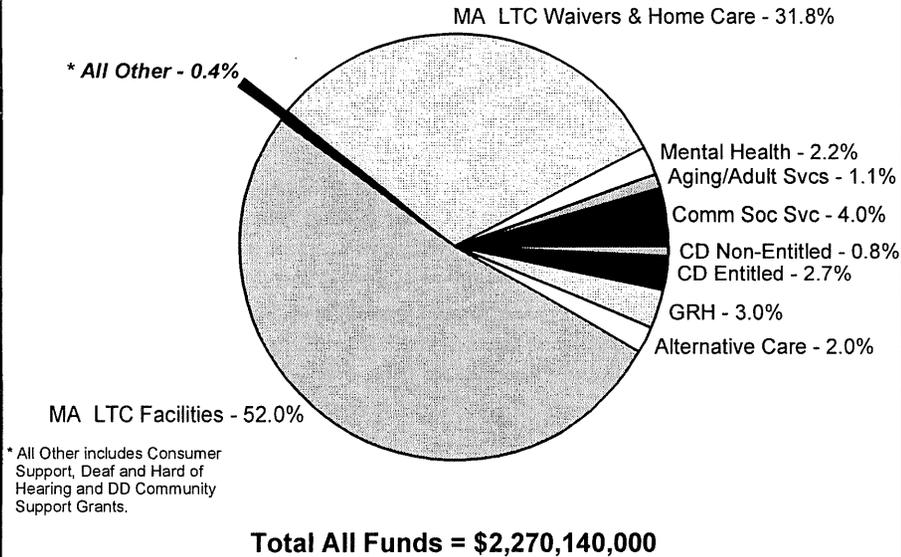
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- The number of children with disabilities is increasing due to medical interventions and other factors.
- Labor conditions have resulted in reduced availability of direct care providers and in turn a higher reliance on informal supports.
- Families have an increased interest in flexible supports and consumer-managed services.

Cont Care & Comm Suppt Grants By Activity

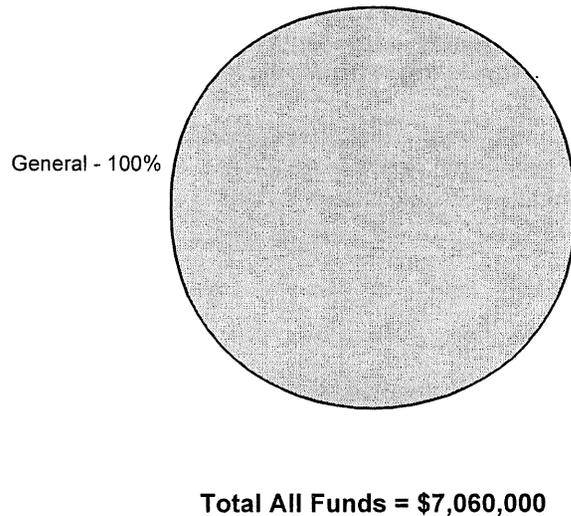


Activity Finance Summary DD Community Support Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

DD Community Support Grants By Fund



*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: DD COMMUNITY SUPPORT GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
LOCAL ASSISTANCE	6,207	7,132	6,685	7,060	8,194	7,060	9,332	3,709	26.8%
Total Expenditures	6,207	7,132	6,685	7,060	8,194	7,060	9,332	3,709	26.8%
CHANGE ITEMS:									
	FUND								
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				134		272		
(B) EXPAND FAMILY SUPPORT GRANT PROGRAM	GEN				1,000		2,000		
Total Change Items					1,134		2,272		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	6,207	7,132	6,685	7,060	8,194	7,060	9,332		
Total Financing	6,207	7,132	6,685	7,060	8,194	7,060	9,332		

Funding Detail

DD Community Support Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
DD SILS Program	Grants to counties to assist adults with mental retardation or a related condition to maintain or increase independence in activities of daily living and to live as independently as possible. (approx. served 1,280)	4,608	5,424	5,586	5,586	5,720	134	5,586	5,858	272
Family Support Grants	Grants to families to offset the higher than average cost of raising a child with a disability. Allows children to stay in their family home. (approx. served - 720 families)	1,599	1,599	974	1,474	2,474	1,000	1,474	3,474	2,000
Disaster Relief Grants	Grants to counties for one-time costs associated with assisting local agencies deal with unanticipated natural disasters or funding start up costs of local projects.	0	109	125	0	0	0	0	0	0
General Fund Total		6,207	7,132	6,685	7,060	8,194	1,134	7,060	9,332	2,272
DIRECT APPROPRIATIONS TOTAL		6,207	7,132	6,685	7,060	8,194	1,134	7,060	9,332	2,272
TOTAL - DD COMMUNITY SUPPORT GRANTS		6,207	7,132	6,685	7,060	8,194	1,134	7,060	9,332	2,272

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: DD Community Support Grants

ITEM TITLE: Expansion of the Family Support Grant Program

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
DD Comm Supp Grants	\$1,000	\$2,000	\$2,000	\$2,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 253B

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1 million in F.Y. 2000 and \$2 million in F.Y. 2001 to support an additional 667 families who have children with mental retardation or a related condition, and are striving to support them in the family home.

RATIONALE:

Background

The Family Support Grant (FSG) Program promotes family health and well-being by fostering access to family centered services and supports. It prevents or delays the out-of-home placement of children. Often families with a disabled child are forced to seek the support they need outside their home because they lack the resources to offset the unusual costs of raising a child with a disability. The cost to place a child out of his/her family home can be more than 20 times the costs to support the family with a FSG. The FSG program has been an effective alternative to both ICF/MR and home and community-based waived services funded by Medicaid. It currently supports 755 families statewide.

The FSG program assists counties to empower families to assume the responsibility for meeting their son or daughter's needs in an efficient, flexible, and cost-effective manner. Services and equipment purchased with the grant do not replace assistance already provided by the family and/or community systems; it supports them. Families like the program because it places resources, control, and decision-making in their hands.

Proposal

This proposal increases Family Support Grant funding to serve an additional 667 families by providing grants averaging approximately \$3,000 annually.

Implementation

The recommended effective date of implementation is 7-1-99. It is estimated that an additional 333 families will receive FSG funds in F.Y. 2000 and 334 families in F.Y. 2001.

OUTCOMES:

667 additional families will be supported to maintain a child with a disability in their home environment

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2000-01 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

When given a choice, most elderly and disabled Minnesotans needing support prefer to live in their own homes and communities rather than in institutions. Medical Assistance (MA) Long-Term Care (LTC) Waivers and Home Care provide medical and support services which enable elderly and disabled Minnesotans to meaningfully exercise this choice.

Services Provided

Medically necessary Home Care services to eligible MA recipients include:

- Assessments by public health nurses
- Home health aide visits
- Nurse visits
- Private duty nursing services
- Personal care services
- Occupational, physical, speech, and respiratory therapies

In addition to in-home medical care, home and community-based waiver programs provide a variety of support services which assist persons at risk of institutionalization to remain in the community. The available support services include:

- Caregiver training and education
- Respite care
- Day activity, day habilitation, and vocational supports
- Homemaking and chore services
- Home delivered meals
- Supplies and equipment
- Home and environmental modifications
- Transportation
- Services in foster care, assisted living, and residential care settings
- Behavioral intervention
- Extended MA home care services including therapies
- Case management

- Specific services vary by waiver program and individual eligibility.

People Served

MA LTC Waivers and Home Care provide services to low-income Minnesotans with disabilities. Persons of all ages are served, including infants and the frail elderly. These programs served the following number of people in F.Y. 1997:

	<u>People Served</u>	<u>Average Annual Cost Per Person</u>
MA Home Care Services	18,939	\$1,167
Personal Care Services	6,225	\$17,285
Community Alternative Care Waiver (CAC)	181	\$53,312
Community Alternative for Disabled Individuals Waiver (CADI)	2,770	\$4,082
Elderly waiver	6,996	\$4,823
Mental Retardation/Related Conditions Waiver (MR/RC)	7,427	\$35,163
Traumatic Brain Injury Waiver (TBI)	337	\$23,322

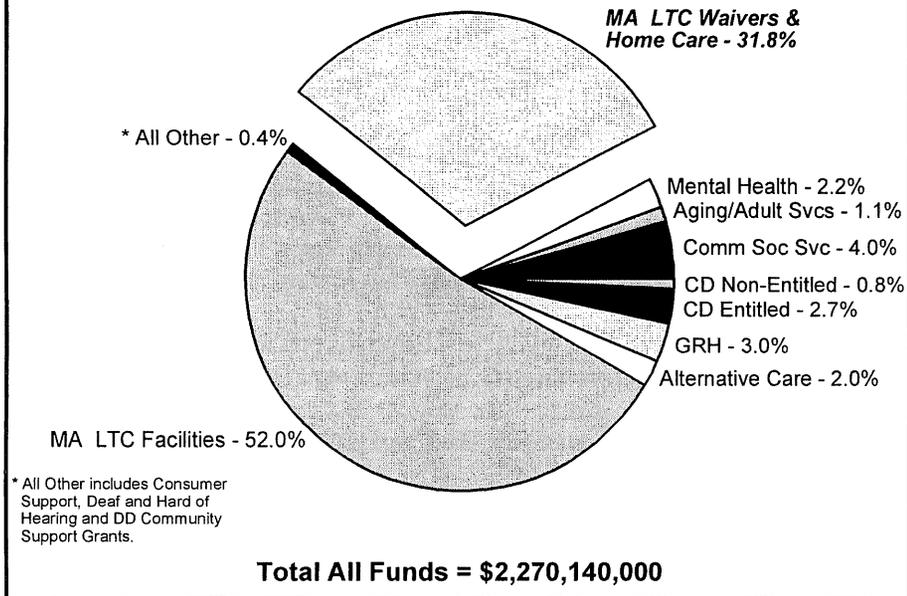
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Declining use of institutional services to support the elderly and persons with disabilities.
- Continuing moratorium on the development and certification of new beds in nursing facilities and intermediate care facilities for the mentally retarded.
- Continuing movement of persons with disabilities from institutional to community-based services.
- Ongoing efforts to update quality assurance activities in a dispersed, community-based service and support system.
- Continuing commitment to streamline the administration of services and to move decision-making authority as close as possible to the consumer.
- Tightening of labor market resulting in some limitations on the availability of health care personnel.
- Increasing use of capitated managed health care models which integrate acute and long term care for elderly Minnesotans.

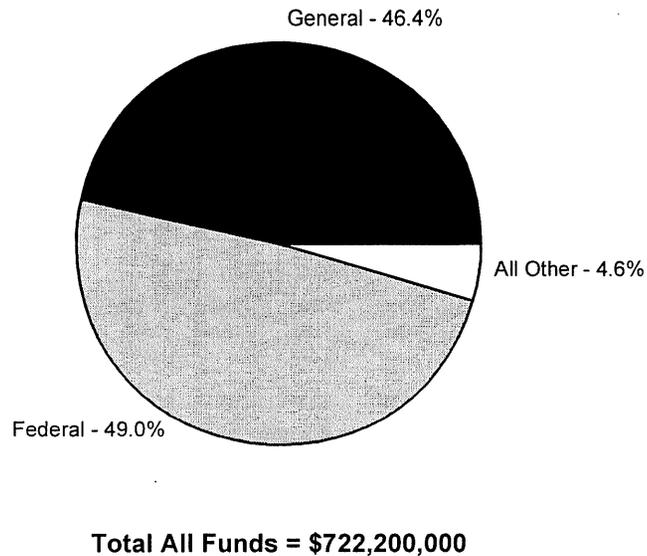
Cont Care & Comm Suppt Grants By Activity



Activity Finance Summary MA LTC Waivers & Home Care F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

MA LTC Waivers & Home Care By Fund



**See next page for
Funding Detail
(forecast)**

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: CONT CARE & COMM SUPP GRANTS
Activity: MA LTC WAIVERS & HOME CARE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	443,650	503,889	588,297	686,959	694,725	784,171	802,359	404,898	37.1%
LOCAL ASSISTANCE	22,280	25,310	29,610	35,241	35,241	40,640	40,640	20,961	38.2%
Total Expenditures	465,930	529,199	617,907	722,200	729,966	824,811	842,999	425,859	37.1%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				6,619		16,895		
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN				209		190		
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN				300		2,145		
(A) REFINANCE MA SCHOOL REIMBURSEMENT	GEN						(2,426)		
(P) GRH BOARDING CARE SERVICE TRANSFER	GEN				547		1,094		
(P) GRH CONVERSION RATE	GEN				91		290		
Total Change Items					7,766		18,188		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	207,229	240,677	285,555	335,161	342,927	383,072	401,260		
STATUTORY APPROPRIATIONS:									
GENERAL	20,550	23,930	28,438	33,324	33,324	38,048	38,048		
FEDERAL	238,151	264,592	303,914	353,715	353,715	403,691	403,691		
Total Financing	465,930	529,199	617,907	722,200	729,966	824,811	842,999		

Funding Detail

MA Long Term Care Waivers & Home Care

Services	Funding State/Federal	FY 1998 Average Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
MR/RC Waivers	State/Federal	6,400	261,158	306,691	361,436	416,327	471,150
Elderly Waiver	State/Federal	5,200	24,280	28,691	34,549	50,641	64,848
Disabled Waiver (CADI)	State/Federal	2,100	11,305	15,189	18,580	21,937	25,125
Chronically Ill Waiver (CAC)	State/Federal	124	9,671	7,922	8,780	10,928	11,519
Traumatic Brain Injury Waiver (TBI)	State/Federal	340	7,527	9,216	12,598	16,807	21,275
Home Health Agencies	State/Federal	5,700	22,100	22,576	24,275	26,328	28,277
Personal Care / PD Nursing	State/Federal	5,100	107,608	113,604	128,079	143,992	161,977
County Share Reimbursement	State	-	22,280	25,310	29,610	35,240	40,640
TOTAL - MA LTC WAIVERS & HOME CARE		* 23,700	465,930	529,199	617,907	722,200	824,811

* Unduplicated Total

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA LTC Waivers and Home Care

ITEM TITLE: Home Health Services - Federal Compliance

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA LTC Waivers	\$300	\$2,145	\$3,027	\$3,027
Group Residential Housing	(125)	(873)	(1,248)	(1,248)
Continuing Care Mgmt	80	80	-0-	-0-
HC Operations	<u>20</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$275	\$1,352	\$1,777	\$1,777
Revenues: (\$000s)				
General Fund				
	\$35	\$35	\$-0-	\$-0-

Statutory Change? Yes X No ___
 If yes, statutes(s) affected: M.S. 256B.0625

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$275,000 in F.Y. 2000 and \$1,352,000 in F.Y. 2001 to assure federal compliance in the provision of home health services funded by Medical Assistance (MA). Federal law requires Minnesota to extend MA home health coverage to eligible recipients residing in licensed care facilities that are not certified as hospitals, nursing homes, and intermediate care facilities for the mentally retarded (ICF/MR).

RATIONALE:

Background

Minnesota was recently informed by the Health Care Financing Agency (HCFA) that the definition of "health care facility" that has been used by the state to identify the residential settings in which home health services can be provided was more narrow than allowed under federal regulations.

This federal interpretation results in the state needing to make MA home health services available to persons residing in group residential facilities for children with emotional disturbances, adults with mental health needs, chemical dependency residential treatment, and group settings for the disabled. HCFA has indicated that without the requested changes to Minnesota's Medicaid state plan further state plan amendments would not be approved. Federal action of this nature would limit the state's ability to move forward with other legislatively-mandated initiatives.

Proposal

This proposal provides MA reimbursement for medically necessary home health services to eligible persons residing in board and care or supervised living settings. Reimbursable home health services under Minnesota's state Medicaid plan include home health aide visits, skilled nurse visits, physical therapies, occupational therapies, speech therapies, and respiratory therapies as authorized by a physician. Residential care facilities impacted include supervised living facilities, board and care homes, and group residential facilities for children and adults with disabilities. Residents of Institution for Mental Diseases (IMDs) and Intermediate Care Facilities for the mentally retarded (ICFs/MR) will continue to be ineligible for home health care agency services.

Estimates indicate that an additional 1,500-1,600 persons residing in eligible facilities may receive MA reimbursement for home health services as a result of this proposal. Payment rate adjustments for these facility types may be necessary as FFP can now be obtained for some health services provided in these settings. Facilities presently providing health services, like those reimbursed by MA, are paid with state and county Group Residential Housing (GRH) dollars.

Administrative issues

MMIS system changes are necessary. Extensive research and analysis will be needed to make adjustments in group residential housing rates. Training and technical assistance to local county social service, public health agencies, provider organization, and consumers will also be required.

Implementation

The recommended effective date of the proposal is 4-1-2000. This will allow the necessary state plan amendments, systems, and GRH rate adjustments to occur.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA LTC Waivers and Home Care

ITEM TITLE: Home Health Services - Federal Compliance
(Continuation)

FINANCING

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Net grant increase	\$175	\$1,273	\$1,779	\$1,779
GRH rate changes contract	60	60	-0-	-0-
Training	20	20	-0-	-0-
MMIS (state share)	<u>20</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$275	\$1,353	\$1,779	41,779

OUTCOMES

- Compliance with federal home health regulations.
- Cost savings to GRH.
- Expanded access to home health services for MA recipients residing in licensed care facilities.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA LTC Waivers and Home Care

ITEM TITLE: Staff Compensation Increases for NFs, ICFs/MR & Continuing Care Providers

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA LTC Waivers	\$6,619	\$16,895	\$20,513	\$23,272
MA LTC Facilities	5,342	17,967	19,681	19,839
Alternative Care Grants	1,050	2,255	2,434	2,422
Adult Mental Health Grants	1,028	2,086	2,086	2,086
Children's Mental Health Grants	367	744	744	744
DD Comm Supp Grants	134	272	272	272
Comm Social Srv Grants	693	1,407	1,407	1,407
Deaf & Hard of Hearing Grants	16	32	32	32
Total	\$15,249	\$41,658	\$47,169	\$50,074
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$15,249,000 for F.Y. 2000 and \$41,658,000 for F.Y. 2001 to provide staff compensation increases for nursing facilities (NF), intermediate care facilities for the mentally retarded (ICFs/MR) and most continuing care providers.

RATIONALE:

Background

- Most continuing care providers have not received regular cost-of-living

increases. From F.Y. 1992 to F.Y. 1999, the continuing care providers that received any increases received a cumulative total increase of about 16%, while the consumer price index went up 23%.

- It is estimated that about 80% of continuing care providers' costs are staff wages, primarily for direct service staff.
- Providers have significant problems with staff turnover, partly due to their inability to offer competitive wages in a tight job market. High staff turnover increases training and administrative costs, reduces service continuity for recipients, and sometimes leaves providers without adequate staff to provide appropriate services.
- The labor market for care workers is competitive. Provider organizations report that the average nursing assistant, who provides much of the day-to-day care in the nursing facility, earns approximately \$17,500 per year. This individual has other employment options available for the same amount of money that are not as physically and emotionally challenging.
- There are reports from providers that new nursing home admissions are being refused because even if beds are available, staff are not.
- Rate increases can be used to make salaries more competitive and are one way to maintain quality of nursing home care.

Proposal

- Amounts requested are based on 3.0% for F.Y. 2000 and 3.0% for F.Y. 2001 applied to forecasted service costs for compensation for staff other than the administrator and central office.
- For NFs and ICFs/MR, facilities will receive state approval for a plan which ensures that these increased funds are used to increase the compensation of facility employees other than the administrator or central office staff.
- For services that are administered through the county, the county will receive state approval of a plan assuring that the county and its contracted providers use these increased funds to increase the compensation of staff other than administrators and central office staff.
- The approved plan must be posted in locations that are reasonably accessible to the staff providing the services.
- The increases on this page are targeted to those services which were referenced in 1998 legislation (Laws of 1998, Chapter 407, Art. 4, Sec. 12). The state is the primary funding source for these services.

Implementation

This request assumes the first increase will be effective 7-1-99, and a second increase 7-1-2000, except for ICFs/MR where the effective dates are 10-1-99 and 10-1-2000.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA LTC Waivers and Home Care

ITEM TITLE: Staff Compensation Increase for NFs, ICFs/MR & Continuing Care Providers
 (Continuation)

FINANCING:

General Fund				
MA LTC Waivers				
DD Waiver	\$4,016	\$10,183	\$12,387	\$14,372
Elderly Waiver	487	1,379	1,692	1,830
CADI	211	539	660	768
CAC	105	249	284	310
TBI	162	453	603	770
Home Health Agencies	253	611	696	723
PCA & PDN	<u>1,385</u>	<u>3,481</u>	<u>4,191</u>	<u>4,498</u>
MA LTC Waivers Subtotal	\$6,619	\$16,895	\$20,513	\$23,272
MA LTC Facilities				
DT & H for ICF-MR	384	841	881	840
Nursing Facilities	3,910	14,488	15,740	16,068
ICF-MR	<u>1,048</u>	<u>2,638</u>	<u>3,060</u>	<u>2,931</u>
MA LTC Facilities Subtotal	\$5,342	\$17,967	\$19,681	\$19,839
Alternative Care Grants *				
Adult Mental Health Grants	1,050	2,255	2,433	2,422
Children's Mental Health Grants	1,028	2,086	2,086	2,086
DD Comm Supp Grants SILS	367	744	744	744
DD Comm Supp Grants SILS	134	272	272	272
Comm Soc Svc Grants				
Non-MA DT&H - GRH SILS	693	1,407	1,407	1,407
Deaf & Hard of Hearing Grants	<u>16</u>	<u>32</u>	<u>32</u>	<u>32</u>
Total	\$15,249	\$41,658	\$47,169	\$50,074

* figures assume approval of Budget Initiatives on pages C-211 and C-213.

OUTCOMES:

The increase on this page will assist these providers in maintaining adequate staff to provide services.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Long-Term Care Facilities
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

This activity provides funding for nursing home care, intermediate care facilities for persons with mental retardation (ICF/MR), and day training and habilitation (DT&H) for persons with mental retardation or related conditions who need 24-hour care and supervision. Medical Assistance (MA) is used to fund these services.

Services Provided

Nursing facilities provide 24-hour care and supervision in a residential-based facility. Housing and all other services are provided as a comprehensive package, including, but not limited to:

- nursing and nursing assistant services ,
- help with activities of daily living and other care needs,
- housing,
- food,
- medication administration,
- therapy services (at an extra cost),
- activities and social services,
- supplies and equipment,
- housekeeping, linen, and personal laundry.

ICFs/MR provide 24-hour care and supervision to persons with mental retardation or related conditions. Most ICFs/MR are less medically oriented than nursing homes and focus on teaching independent living skills. Like nursing homes, they provide a package of services which include housing and food.

DT&H vendors provide training and activities related to work, self care, communication skills, socialization, community orientations, transportation needs, emotional developments, development of adaptive behavior, cognitive development, and physical mobility. DT&H services assist developmentally disabled persons to prepare for, find, and retain jobs.

People Served

There are nearly 1,000 long-term care (LTC) facilities in this budget activity whose payment rates are established annually by the Department of Human Services.

Nursing homes:

- 441 MA-certified nursing facilities (NFs) and boarding care homes.
- In F.Y. 1998, MA certified NFs and boarding care homes provided services to just over 29,000 persons per month receiving MA at a monthly average payment of \$2,490 per person.

ICFs/MR:

- 307 MA certified ICFs/MR.
- ICFs/MR served almost 3,500 persons per month receiving MA at a monthly average payment of \$4,038 per person.

DT & H:

- 241 Day training and habilitation service (DT&H) vendors.
- This activity funds DT&H services for ICF/MR recipients only. Approximately 2,900 ICF/MR recipients per month receive DT&H services at a monthly average MA payment of \$1,188 per person. DT&H funding is also in the LTC Waiver activity (for those on the MR/RC waiver) and in Community Social Service Grants (for all others). In total, DT&H programs serve more than 10,000 people.

FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- *Wage and Workforce Issues.* Long-term care facility providers are having difficulty hiring and retaining qualified employees. The state is experiencing low unemployment rates, which means there are fewer people looking for jobs. Facilities cannot simply increase wages or enhance benefits to attract workers and pass on these costs through higher rates because the state, as the primary purchaser of long-term care services, controls the rate it pays to facilities. Additional funding from the state would be needed for wage increases to long-term care workers. However, the cost of providing such increases is substantial. For example, the cost of increasing NF wages alone is roughly \$4 million for each 1% pay increase. There are many other service providers also dealing with this issue.

2000-01 Biennial Budget

BUDGET ACTIVITY: Medical Assistance Long Term Care Facilities
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

Other factors affecting a facility's ability to attract and retain staff include the working conditions and overall quality of the work place for employees. DHS is interested in promoting quality improvement and is working with NFs to develop continuous quality improvement plans as part of the Alternative Payment Demonstration. Quality improvement is also central to NF performance-based contracting, which will begin in 7-2000.

- *Moratorium continues.* Since 1985 there has been a moratorium on certification and licensure of any new nursing homes and beds. As a result of the moratorium, overall expenditures for new buildings and major renovations or replacements have been controlled. A moratorium exception process exists to prioritize, select, and fund needed major renovations or building replacements. A moratorium also exists on certification of new ICFs/MR.
- *Number of ICF/MR beds are declining.* For ICFs/MR, the number of facilities has been decreasing, as some providers close facilities and use the home and community-based waiver to provide services to people in their own homes or in small group home settings. Also, some facilities have reduced beds through downsizing.
- *Number of NF beds and occupancy are declining.* In just the past few years, there have been changes in nursing home utilization. Between March 1995 and August 1997, the total number of certified NF beds has decreased by 938 beds, due to closures and downsizing. Even with a significant reduction of beds statewide, and despite demographic trends, NF occupancy continues to decline, especially in the metropolitan area. Declining occupancy is due primarily to growing availability of (and funding for) alternative, less-restrictive care. The average length of stay is also decreasing, as nursing homes are more frequently used for short term rehabilitation after hospitalization.
- *NF Alternative Contract Demonstration.* As of September 1998, 218 of 441 nursing homes have been accepted into the NF Alternative Payment System (APS). In the latest round of contracts, and as contracts are renewed, facilities will be implementing quality improvement plans to address issues identified by the facility with regard to quality of care and quality of life.
- *ICF/MR Performance-based Contracting.* Twenty- six ICFs/MR are participating in a payment contracting demonstration. Under this demonstration, facilities

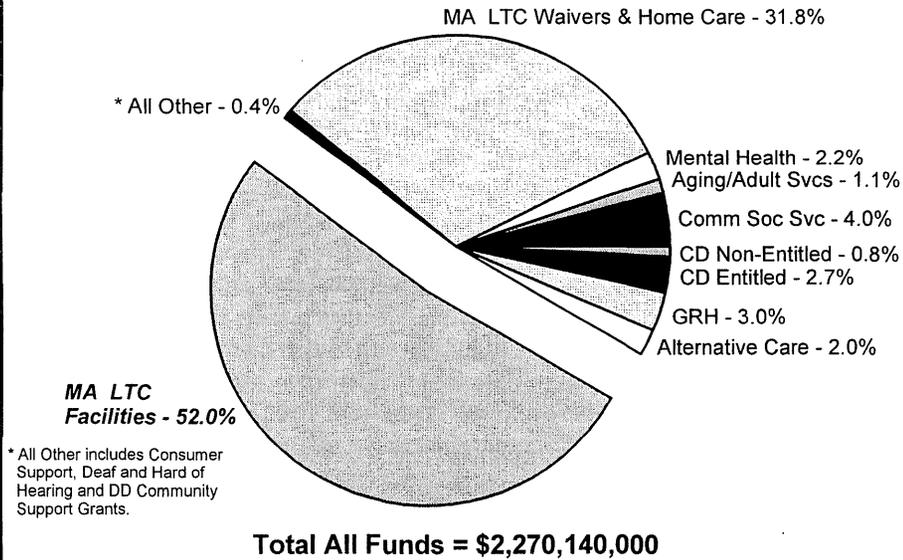
accept a five percent rate reduction in return for the flexibility offered under contract. The project will demonstrate alternative approaches to evaluating service quality and alternative methods for contracting and paying for services.

- *NF Performance-based Contracting and Sunset of Cost-based Payment Systems.* In 1998, legislation was passed to sunset the cost-based payment systems for both nursing facilities and ICFs/MR (Rules 50 and 53). A performance-based contracting system will be implemented to replace the current methods of setting rates. The new contracting system also will replace the APS contracting demonstration. A report to the legislature on these changes will be available 1-15-99.
- This budget proposal does not include a request to fund moratorium exception projects under M.S. 144A.073, subd. 9. Although improvement or replacement of NFs approved through the moratorium exception process are important activities, the department considers the funding proposals contained in this budget document to be higher priorities.

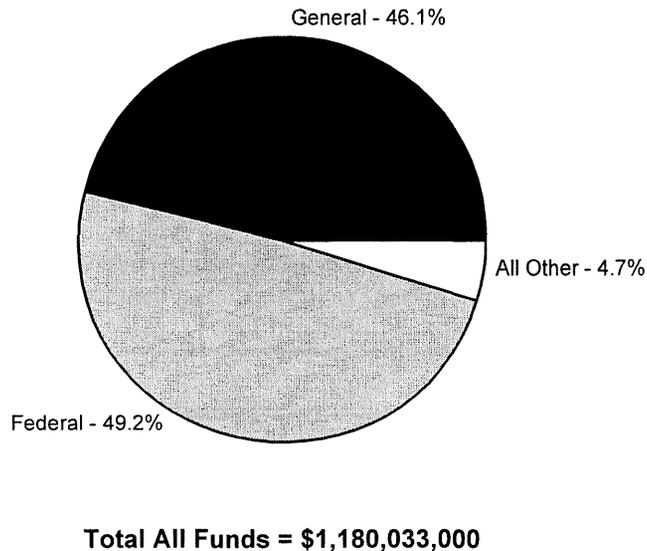
Activity Finance Summary MA Long Term Care Facilities F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Cont Care & Comm Suppt Grants By Activity



MA Long Term Care Facilities



**See next page for
Funding Detail
(forecast)**

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: CONT CARE & COMM SUPP GRANTS
Activity: MA LONG TERM CARE FACILITIES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	1,129,453	1,105,633	1,105,009	1,120,824	1,113,492	1,109,170	1,112,009	14,859	.7%
LOCAL ASSISTANCE	58,596	56,874	57,171	59,209	59,209	59,200	59,200	4,364	3.8%
Total Expenditures	1,188,049	1,162,507	1,162,180	1,180,033	1,172,701	1,168,370	1,171,209	19,223	.8%
CHANGE ITEMS:									
	FUND								
(A) ALTERNATIVE CARE CHOICE	GEN				(3,364)		(10,682)		
(A) ALTERNATIVE CARE FUNDING ADJUSTMENT	GEN				(7,005)		(858)		
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				5,342		17,967		
(A) DD DOWNSIZING AND COMM SUPP SERVICES	GEN				(2,172)		(2,657)		
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN				130		118		
(A) STATEWIDE ASSET PRESERVATION & REPAIR	GEN				124		124		
(P) GRH CONVERSION RATE	GEN				(387)		(1,173)		
Total Change Items					(7,332)		2,839		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	522,334	528,168	534,572	543,768	536,436	538,904	541,743		
STATUTORY APPROPRIATIONS:									
GENERAL	54,045	53,771	54,909	55,989	55,989	55,423	55,423		
FEDERAL	611,670	580,568	572,699	580,276	580,276	574,043	574,043		
Total Financing	1,188,049	1,162,507	1,162,180	1,180,033	1,172,701	1,168,370	1,171,209		

Funding Detail

MA Long Term Care Facilities

Services	Funding State/Federal	FY 1998 Average Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Nursing Facilities	State/Federal	28,400	857,852	844,025	866,232	892,563	891,329
County Nursing Facilities	State/Federal	-	10,400	10,400	10,400	10,400	10,400
ICF/MR	State/Federal	3,400	164,497	156,896	154,341	151,110	145,586
Day Training & Habilitation	State/Federal	2,800	39,962	40,429	40,241	39,873	38,610
State Regional Treatment Center DD	State/Federal	265	44,640	36,500	22,894	18,540	14,670
State Regional Treatment Center MI	State/Federal	150	22,123	17,384	14,484	14,484	14,484
County Share Reimbursement	State	-	58,596	56,874	57,172	59,208	59,200
Alternative Care Cancellation	State	-	(10,021)	(2,930)	(3,584)	(6,145)	(5,909)
Technical Adjustments	State/Federal	-	0	2,931	0	0	0
TOTAL - MA LONG TERM CARE FACILITIES		35,015	1,188,049	1,162,507	1,162,180	1,180,033	1,168,370

2000-01 Biennial Budget

BUDGET ACTIVITY: Alternative Care Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

The purpose of this activity is to keep seniors independent and living in their homes for as long as can be done in a safe, effective, and efficient manner. This is achieved by providing funding so that seniors, who have very little money and are at risk of going on Medical Assistance (MA) and likely into a nursing home, can purchase the in-home services that they need. Alternative Care (AC) Grants are, in some ways, the first "safety net" for seniors directly at risk of nursing home placement. AC is another step along the continuum, a little more targeted and more medically-oriented than services provided by grants available from Adult and Aging Services.

Services Provided

- Respite care, both in-home and at approved facilities, to provide a break for caregivers.
- Case management to assure that care provided is appropriate.
- Adult day care.
- Home health aide services and personal care services to assist with activities of daily living.
- Homemaker services.
- Companion service to enhance quality of life.
- Assisted living for those in greater need of assistance.
- Caregiver training and education to provide caregivers with the knowledge and support necessary to adequately care for the client.
- Chore services to provide assistance with heavy household tasks such as snow shoveling.
- Home health nursing.
- Transportation to medically-related appointments.
- Nutrition services.
- Residential care services for clients living in a board and lodging setting.
- Adult foster care for clients living in licensed foster care.
- Medically necessary supplies and equipment.
- Telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits.

People Served

In F.Y. 1998, AC funded services for over 6,300 elderly persons per month, serving over 10,000 individuals at an average monthly cost of approximately \$488 per person.

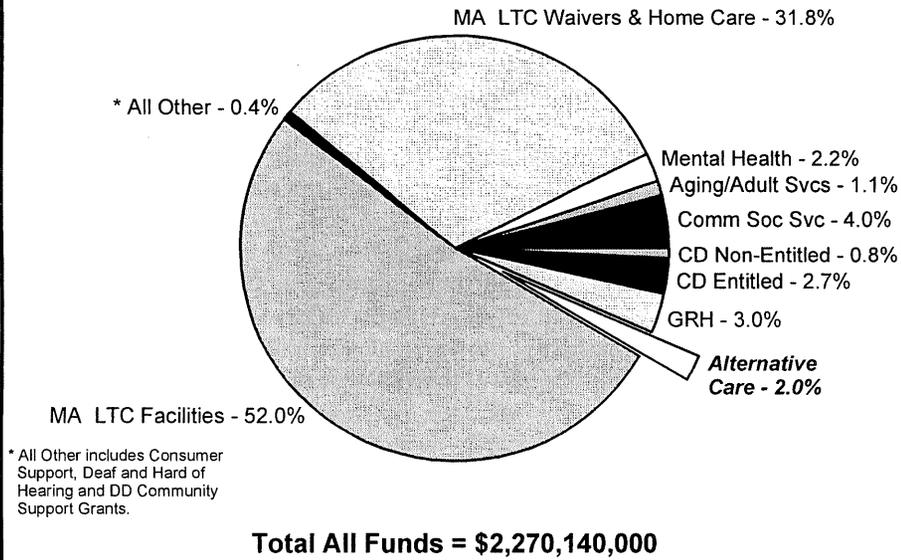
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- AC is a service strategy that fits the overall Aging Initiative priority by providing cost-effective consumer choices in long-term care. Because AC pays for services that are less expensive than nursing home care, and delays or shortens eventually needed nursing home services, overall costs are reduced.
- Although AC is not an entitlement, it is part of the budget forecast because it has a direct effect on reducing the number of MA entitlement expenditures related to nursing home services.
- Over the years, AC caseload has increased as funding has been provided to meet the need for AC services.
- Effective 7-1-99, eligibility for the Elderly Waiver (EW) will be expanded and many people who currently receive services under AC will become eligible for EW and will no longer qualify for AC. This EW expansion is of great benefit to some recipients because EW includes the full MA benefit set (e.g., prescription drugs). However, a recent survey of counties indicates some people will have to incur substantial increases in out-of-pocket costs in order to reach eligibility for MA and EW. These out-of-pocket costs would be unaffordable for some, who would go without services.

Cont Care & Comm Suppt Grants By Activity

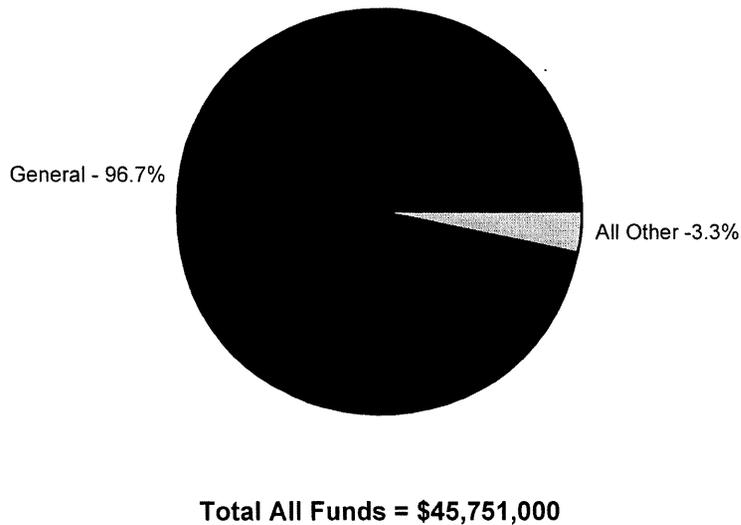


Activity Finance Summary Alternative Care Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Alternative Care Grants By Fund



(forecast)

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: CONT CARE & COMM SUPP GRANTS
Activity: ALTERNATIVE CARE GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	34,486	45,829	56,441	45,751	61,672	43,494	60,397	19,799	19.4%
LOCAL ASSISTANCE	2,573	594	0	0	0	0	0	(594)	-100.0%
Total Expenditures	37,059	46,423	56,441	45,751	61,672	43,494	60,397	19,205	18.7%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) ALTERNATIVE CARE CHOICE	GEN				5,679		13,799		
(A) ALTERNATIVE CARE FUNDING ADJUSTMENT	GEN				8,967		624		
(A) COLA FOR NF, ICF, CONTINUE CARE, ICF/MR	GEN				1,050		2,255		
(B) INCREASE ACG ASSET LEVEL	GEN				225		225		
Total Change Items					15,921		16,903		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	34,812	45,006	54,941	44,251	60,172	41,994	58,897		
STATUTORY APPROPRIATIONS:									
GENERAL	2,247	1,417	1,500	1,500	1,500	1,500	1,500		
Total Financing	37,059	46,423	56,441	45,751	61,672	43,494	60,397		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Alternative Care Grants

ITEM TITLE: Alternative Care Choice

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Alternative Care	\$ 5,679	\$ 13,799	\$ 13,799	\$ 13,799
MA LTC Facilities	(3,364)	(10,682)	(11,572)	(11,597)
MA Basic HC -E & D	<u>(335)</u>	<u>(1,014)</u>	<u>(1,130)</u>	<u>(1,211)</u>
TOTAL	\$ 1,980	\$ 2,103	\$ 1,097	\$ 991
Revenues: (\$000s)				
General Fund				
	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statutes(s) affected: M.S. 256B.0913 and M.S. 256B.0915

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1,980,000 for F.Y. 2000 and \$2,103,000 for F.Y. 2001 to provide a choice of Alternative Care (AC) or Medical Assistance Elderly Waiver (EW) eligibility to elderly people who are otherwise eligible for EW but cannot afford to contribute to their long-term care services.

RATIONALE:

Background

AC is a state-funded program that funds a variety of services for elderly people who are at risk of nursing home placement and, if they entered a nursing home, would become eligible for Medical Assistance (MA) within 180 days. EW funds similar services for elderly people eligible for MA who are at risk of nursing home placement.

Legislation passed in 1997 expanded income eligibility for EW with the purpose of making people who would otherwise qualify for AC eligible for MA and EW. To maximize the gain in federal funding from this change, the legislation stipulates that those who can qualify for EW have no eligibility for AC (these changes are due to be implemented in July 1999).

Since the passage of the 1997 legislation, it has been established that many elderly people who qualify for AC currently, after 7-1-99 will be eligible for EW and will no longer qualify for AC. Some of these people will have to incur substantial increases in out-of-pocket costs in order to reach eligibility for MA and EW. These out-of-pocket costs would be unaffordable for some, who would go without services.

Proposal

In projecting future funding requirements for AC, DHS forecasted that by F.Y. 2001 an average of 1,900 people would go without AC services and also would not shift to EW because of the higher out-of-pocket costs.

This proposal increases AC funding by an amount projected to pay for services for the people who would go without services because of large spenddowns.

Administrative issues

County financial workers will need to provide information to seniors on their options. DHS will provide an instructional bulletin and training.

Implementation

Expansion of EW will occur 7-1-99. This proposal also is effective 7-1-99, allowing eligible seniors a choice between AC and EW.

FINANCING:

Some of the costs of permitting persons otherwise eligible for EW to receive AC-funded services are offset by savings in MA nursing facility payments and MA basic care payments. These effects are projected using DHS forecasting models for nursing facility and elderly basic care caseloads. The projected reduction in nursing facility costs (see table MA NF effect) occurs because approximately one-third of the people who will receive AC services as a result of this proposal would otherwise be MA NF recipients.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Alternative Care Grants

ITEM TITLE: Alternative Care Choice
(Continuation)

The funding request for AC also is increased by 15% to account for imperfect distribution of funds to the counties. This additional amount is projected to cancel to the MA account, and so does not increase the total funding request.

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
MA NF effect	\$(2,623)	\$(8,882)	\$(9,772)	\$(9,797)
Cancel to MA	(741)	(1,800)	(1,800)	(1,800)
Total MA LTC Facility	\$(3,364)	\$(10,682)	\$(11,572)	\$(11,597)

OUTCOMES:

This change will achieve the intent of the 1997 legislation, which was to make MA coverage of basic care, in addition to coverage of alternative services, available to elderly people with income close to MA eligibility.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Alternative Care Grants

ITEM TITLE: Alternative Care Funding Adjustments

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Alternative Care Grants	\$8,967	\$624	\$624	\$624
MA Long Term Care Facilities	(7,005)	(858)	(520)	(81)
MA Basic HC - E & D	(636)	(72)	(35)	\$-0-
Total	\$1,326	(\$306)	\$69	\$543
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1,326,000 for F.Y. 2000 and a decrease of \$306,000 for F.Y. 2001 to bring Alternative Care (AC) funding in line with caseload projections under current law.

RATIONALE:

Background

The base level funding for AC declines in F.Y. 2000 and F.Y. 2001. These declining amounts were used in the planning estimates to recognize a decline in required AC funding which was expected to result from expansion of the Medical Assistance Elderly Waiver, as provided in current law.

Proposal

This request seeks a modification of those declining funding levels: an increase of \$9 million in F.Y. 2000 and an increase of \$0.6 million in F.Y. 2001. The increase for F.Y. 2000 represents funding for an average of 1,250 added recipients over base projections, so that AC funding will not run short while the transition of AC recipients to the Elderly Waiver is completed. Base projections assumed an immediate transfer to the Elderly Waiver. The new projections allow that the transition may take as long as 12 months.

The increase for F.Y. 2001 is basically a small correction of the base funding level for that year.

The additional AC funding for F.Y. 2000 is projected to reduce the number of MA recipients in nursing facilities by approximately 400 in F.Y. 2000, producing MA savings in nursing facility payments and basic care costs.

OUTCOMES:

This proposal brings AC funding in line with caseload projections. It should not affect clients, county allocations, or service providers.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Alternative Care Grants

ITEM TITLE: Increase Asset Level which Triggers Premium Payment

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Alternative Care Grants	\$225	\$225	\$225	\$225
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256B.0913

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$225,000 in F.Y. 2000 and \$225,000 in F.Y. 2001 to increase the asset level which triggers an Alternative Care recipient premium payment from \$6,000 to \$10,000. This proposal supports recipients in their efforts to maintain their homestead, purchase acute care services, and help preserve choices and autonomy.

RATIONALE:

Background

- Alternative Care recipients are required to pay a premium for the home care services they receive until their assets decrease below \$6,000.
- There is evidence this asset limit is insufficient to allow elderly citizens to meet emergency homeowner expenses and acute care medical expenses.
- The current \$6,000 asset threshold for assessing a premium was put in place many years ago. That figure has remained static.

Proposal

- This proposal will increase the asset level which triggers an AC premium payment to \$10,000.
- This proposal will decrease the revenue collected as a premium because there will be a decrease in the number of Alternative Care clients required to contribute toward their long-term care services.
- The funding requested will cover the reduction in premium revenues that are paid by AC recipients and dedicated to the AC fund.
- Implementation of new asset trigger would occur on 7-1-99.

OUTCOMES:

- Clients can retain a higher amount of assets without having to use them to pay their premium.
- Recipients will be able to retain more assets to maintain their homestead, purchase acute care services, and help preserve choices and autonomy.
- Counties will experience a decrease in the number of clients they have to bill and collect premiums from each month.
- There would be no effect on service providers.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Group Residential Housing
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

The Group Residential Housing (GRH) program helps individuals whose illness or incapacity prevents them from living independently by paying for room and board and other related housing services. In order for its residents to be eligible for GRH payments, a setting must be licensed by the Department of Human Services (DHS) as an adult foster home, or by the Department of Health as a boarding and lodging establishment, a supervised living facility, a board and care home, or housing with services establishment.

Services Provided

A principle feature of GRH is that it separately identifies housing costs from service costs provided under other programs. GRH provides a standard rate of payment for housing for disabled persons in licensed, congregate settings.

- The primary service provided by GRH is a supplement to a client's income to pay for the costs of room and board in licensed settings.
- Currently, the basic GRH room and board rate is \$613 per month, which is based on the Minnesota Supplemental Aid grant amount for aged, blind, or disabled persons in the community when adjusted for the value of food stamps. The maximum GRH payment rate for settings that provide services in addition to room and board, such as difficulty of care in adult foster care, is \$1,039 per month. In limited cases, and upon county and state approval, GRH will also fund up to \$1,039 per month (based on documented costs) for persons whose needs require specialized housing arrangements.
- Although GRH is 100% state-funded, these rates are offset by the recipient's own income contribution (usually Supplemental Security Income or Social Security Disability Insurance contributions of at least \$494).
- GRH also pays for basic support services such as oversight and supervision, medication reminders, and appointment arrangement for persons who are ineligible for other service funding mechanisms such as home and community-based waivers or home care.

People Served

- Presently, there are over 3,600 GRH settings serving over 10,000 average

monthly recipients who are unable to live independently in the community due to illness or incapacity.

- GRH settings serve a variety of dependent persons, including persons with mental retardation, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.
- Persons receiving GRH often also receive personal care services through MA Home Care or a home and community-based waiver under Title XIX of the Social Security Act. In these cases, the GRH rate is restricted to the room and board rate only. The combination of GRH room and board supports and Medical Assistance services comprise a continuum of care that supports the person in the community at a cost that is generally less than the cost in a facility.

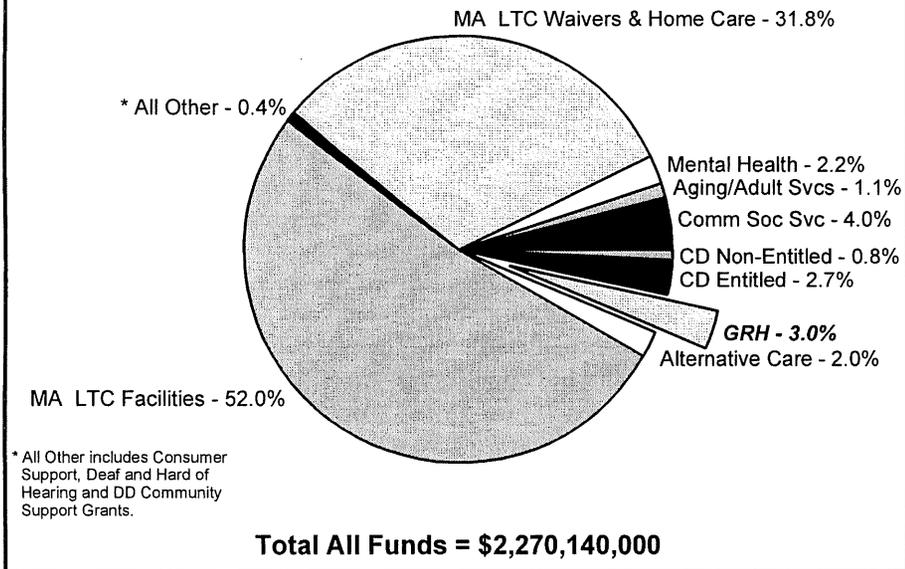
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Much of the growth in GRH is driven by RTC downsizing and ICFs/MR closures that increase the demand for home and community-based services.
- Increases to the GRH program are budgeted as a result of forecasted caseload increases.
- The GRH statute provides for payments to be capitated and transferred to county agencies or other DHS funding programs for beds permanently removed from the GRH census. In F.Y. 1998, there were transfers under this provision of \$138,143 to Hennepin County; \$71,630 to Pine County; and \$20,466 to Deaf and Hard of Hearing Services Mental Health Grants for 4 beds in Ramsey County.

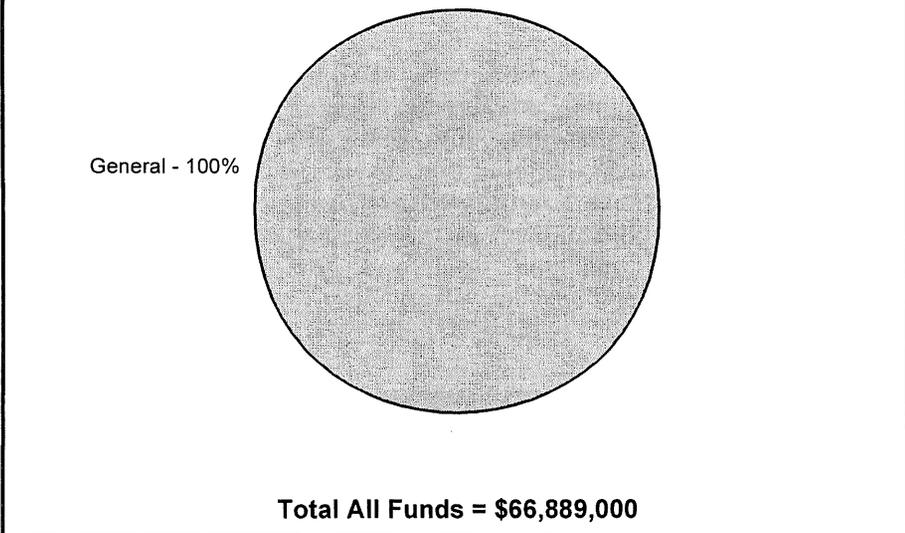
Cont Care & Comm Suppt Grants By Activity



Activity Finance Summary Group Residential Housing F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Group Residential Housing By Fund



**See next page for
Funding Detail
(forecast)**

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: CONT CARE & COMM SUPP GRANTS
Activity: GROUP RESIDENTIAL HOUSING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	48,184	53,537	60,035	66,889	65,920	73,127	69,331	21,679	19.1%
LOCAL ASSISTANCE	8,115	2,709	0	0	0	0	0	(2,709)	-100.0%
Total Expenditures	56,299	56,246	60,035	66,889	65,920	73,127	69,331	18,970	16.3%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN				(125)		(873)		
(P) GRH BOARDING CARE SERVICE TRANSFER	GEN				(1,140)		(2,280)		
(P) GRH CONVERSION RATE	GEN				296		883		
(B) GRH SUPPLEMENTARY R & B RATE ALLOC.	GEN						(1,526)		
Total Change Items					(969)		(3,796)		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	48,172	56,246	60,035	66,889	65,920	73,127	69,331		
STATUTORY APPROPRIATIONS:									
GENERAL	8,127	0	0	0	0	0	0		
Total Financing	56,299	56,246	60,035	66,889	65,920	73,127	69,331		

Funding Detail

Group Residential Housing

Services	Funding State/Federal	FY 1998 Average Recipients	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
MSA Segment	State	8,700	39,195	42,284	47,018	52,072	56,888
GA Segment	State	1,400	8,989	11,253	13,017	14,817	16,239
County Share Reimbursement	State	-	8,115	2,709	0	0	0
TOTAL - GROUP RESIDENTIAL HOUSING		10,100	56,299	56,246	60,035	66,889	73,127

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Group Residential Housing

ITEM TITLE: GRH Boarding Care Service Transfer in 19 Non-certified Settings

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Group Residential Housing	\$(1,140)	\$(2,280)	\$(2,280)	\$(2,280)
LTC Waivers & HC	<u>547</u>	<u>1,094</u>	<u>1,094</u>	<u>1,094</u>
Total	\$(593)	\$(1,186)	\$(1,186)	\$(1,186)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256I; 144D; 256B.0913, 256B.0915

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$593,000 in F.Y. 2000 and \$1,186,000 in F.Y. 2001, which results from the transfer of service costs for clients in 19 non-certified boarding care homes from the state funded Group Residential Housing (GRH) program to the federally-matched home and community-based waiver programs.

RATIONALE:

Background

- The GRH program currently provides service funding in addition to room and board funding to 399 residents in 19 non-certified boarding care homes.
- Most clients are eligible to receive services under federally-matched home and community-based waiver programs but have been prohibited from accessing those programs because of specific state plan provisions, statute provisions in the Housing with Services Act, and waiver provisions.

Proposal

This proposal will maximize federal funding for services provided and would:

- Amend the Housing with Services Act, the Elderly Waiver and Community Alternatives for Disabled Individuals (CADI) Waiver so that residents in non-certified boarding care homes may receive these services.
- Allow county human service agencies to enter into service agreements with the Boarding Care homes to provide Assisted Living program services under waiver programs for eligible clients and reduce GRH paid rates to the room and board level as is currently required in statute for waiver recipients.

This proposal is dependent upon a separate initiative to extend Medical Assistance home care benefits to residents of certain settings defined by the Minnesota Department of Health as health care settings. Non-certified boarding care homes are included in that definition.

Implementation

This proposal will become effective 7-1-99. However, because it will take county agencies time to enter into service contracts and place eligible clients on waiver programs, it is anticipated that half will be transferred in F.Y. 2000 and half in F.Y. 2001.

Administrative Issues

The waiver programs do require an amendment, but there are other amendments to the Elderly Waiver currently scheduled to be submitted and this would be an addition. The main administrative issue is for county agencies to do contracting and open clients to the waiver programs.

OUTCOMES:

- Residents in the non-certified boarding care homes will not be affected by the change.
- Residents will continue to receive the same level of services from the same service provider(s).
- Only the funding source will change. This proposal will maximize federal funding for eligible persons.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Group Residential Housing

ITEM TITLE: GRH Supplementary Room and Board Rate Allocation

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Group Residential Housing	\$-0-	\$(1,526)	\$(3,264)	\$(5,222)
Revenues: (\$000s)				
General Fund				
Statutory Change? Yes <u>X</u> No ___				
If yes, statutes(s) affected: M.S. 256I.05				
<input type="checkbox"/> New Activity <input type="checkbox"/> Supplemental Funding <input checked="" type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget of \$1,526,000 in F.Y. 2001 which results from transferring approval of supplemental room and board Group Residential Housing (GRH) expenditures to county human service agencies.

RATIONALE:

Background

- The base rates used to pay room and board in established GRH settings have been frozen to the rates set on 6-30-93, with the exception of the annual SSI pass-along increase. However, new settings may have supplemental room and board rates in excess of the base rate if based on costs and approved by the department.
- GRH expenditures increase for 2 reasons. One reason is growth in numbers of clients (caseload). The other reason is increases in rates for supplemental room and board in excess of the base rate.

- Each year these supplemental room and board rates have steadily increased and account for a substantial portion of the growth of GRH costs.
- The current individual approval process is cumbersome, time consuming, and inflexible for the county and providers to respond to client needs.
- The settings affected by this change are corporate foster homes for persons receiving services under a home and community-based waiver.

Proposal

- This proposal will allocate money to individual county agencies in an amount that represents county average supplemental room and board expenditures at the F.Y. 2000 level.
- This proposal will allow for client caseload growth, but the average rate for supplemental room and board rates paid by GRH cannot grow beyond the F.Y. 2000 level.

Implementation

The effective date of this legislation will be 1-1-2000 in order to achieve a full year's savings in F.Y. 2001.

Administrative Issues

The MAXIS system, which issues GRH payments, already has the capability to track and report on county average rates for supplemental room and board payments. There is an administrative need for a person to match average payments on a county-by-county basis and match those payments against the allocation. This function can be absorbed within existing department resources.

OUTCOMES:

- This proposal will not affect the services received by GRH clients, but will provide the county agencies with increased flexibility in the development of settings for clients and more control over expenditures.
- The allocation will guarantee that the rates paid in certain existing and new GRH settings will not increase beyond the cost-of-living adjustment (COLA) already in statute.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Group Residential Housing

ITEM TITLE: Group Residential Housing Conversion Rate

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Group Residential Housing	\$296	\$ 883	\$ 1,457	\$2,048
MA LTC Facilities	(387)	(1,173)	(1,956)	(2,741)
MA LTC Waivers	<u>91</u>	<u>290</u>	<u>499</u>	<u>693</u>
TOTAL	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues: (\$000s)				
General Fund				
	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 2561.05

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends no net change in the General Fund budget for F.Y. 2000 and F.Y. 2001 for a proposal which allows a higher Group Residential Housing (GRH) rate for persons who are moving into community GRH settings after long-term nursing home residence. This proposal increases costs in GRH and Elderly Waiver and offsets these increases through decreased costs in nursing facilities. The net effect of this proposal is budget neutral.

RATIONALE:

Background

The GRH program provides supplemental payments on behalf of eligible people to pay for room and board and other related housing services in licensed adult foster homes, boarding and lodging establishments, supervised living facilities, and housing with services establishments.

Currently, GRH rates for new settings are capped at \$613, which is insufficient to pay room and board costs for persons who have had to reduce assets due to long-term nursing facility placement.

Proposal

This proposal will allow a higher rate for a long-term nursing facility resident moving into a GRH-funded setting, as long as the total state cost for housing and services is neutral or less than the state's cost for nursing home services.

The increase in the GRH rate would be limited to the difference between state expenditures for community services and state expenditures in the nursing home. Because long-term nursing home residents (people who have continually resided in a nursing home for at least 6 months) are permanently moved out of nursing homes, there is a corresponding decrease in Medical Assistance expenditures.

This proposal is cost-neutral by design and definition. Each increased state expenditure in the GRH and Elderly Waiver programs will be exactly matched by a reduced state expenditure in the MA Long-term Care Facilities account.

Implementation

This proposal will become effective 7-1-99. It is estimated that approximately 25 individuals will be converted out of nursing facilities in the first year of the biennium and an additional 50 in the second year.

OUTCOMES:

- This proposal will provide a choice for long-term nursing facility residents, many of whom have liquidated their assets (sold their homes), to be discharged from the nursing facility so they can move to a community-based residential setting.
- The effect of this proposal will be to encourage providers of housing with services to develop new community residential alternatives targeted at persons moving out of nursing facilities after a long-term stay and, at the same time, maintain cost neutrality.

2000-01 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

The Consolidated Chemical Dependency Treatment Fund (CCDTF) was created in 1988 to fund cost-effective chemical dependency treatment services for low-income, chemically dependent Minnesota residents. The CCDTF combines previously separated funding sources - Medical Assistance (MA), General Assistance Medical Care (GAMC), General Assistance (GA), state appropriations, and Federal Block grants - into a single fund with a common set of eligibility criteria. Counties pay 15% of treatment costs.

Services Provided

- Inpatient chemical dependency treatment
- Outpatient chemical dependency treatment
- Halfway house services
- Extended care treatment

Approximately 50% of all state treatment admissions for Minnesota residents are paid for through the Consolidated Fund. Clients are assessed by county social service agencies. Treatment placement authorizations are based on uniform statewide assessment and placement criteria in DHS Rule 25. Most treatment providers in the state accept Consolidated Fund clients.

People Served

In F.Y. 1997, 19,873 treatment admissions were paid for at an average cost of \$2,911.

The Consolidated Fund is divided into 3 tiers of eligibility. This budget activity covers Tier I.

- Tier I is the entitlement portion for those individuals who are enrolled in MA, GAMC, receiving MSA, or who meet the MA, GAMC or MSA income limits.
- Tier II includes those individuals not eligible for MA whose income does not exceed 60% of Minnesota's median income (covered in the non-entitlement grants activity page).

- Tier III includes individuals with incomes between 60% and 115% of Minnesota's median income. (This tier has not been funded in recent times.)

Services are provided to anyone who is financially eligible and is found by an assessment to be in need of care, unless needed services are provided by a managed care organization in which the person is enrolled.

FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

Funding Trends

- Minnesota is currently in a transition to managed care (prepaid plans) for public-pay clients. Primary treatment of chemical dependency (CD) is a covered service under prepaid plan contracts. Payments from the CCDTF are limited to:
 - treatment services, such as halfway house placements and extended care treatment, that are not included in managed care contracts;
 - CD treatment for MA recipients not enrolled in prepaid plans.

Demographic/Treatment Trends

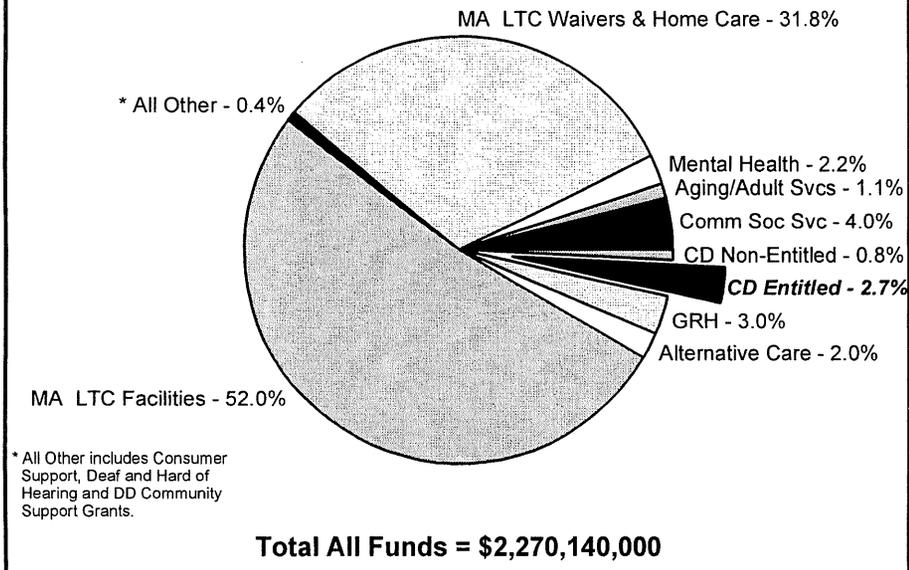
- The majority (59%) of 1997 treatment placements were in residential settings, with 5,877 in primary inpatient treatment, 2,068 in extended care programs, and 3,824 in halfway houses.
- Primary inpatient treatment typically lasts 3 to 4 weeks, extended care programs 6 to 7 weeks, and halfway house stays 7 weeks. Outpatient programs vary greatly, with stays typically ranging from 4 to 12 weeks.
- Inpatient treatment costs about 3 times as much as outpatient, yet both have been found equally effective for most patients regardless of problem severity.
- Each year since F.Y. 1989, men have made up 70-72% of treatment admissions.
- Treatment admissions of persons of color have risen steadily from 26% of the total in F.Y. 1989 to 40% of the total in F.Y. 1997.
- Admissions for adolescents (under age 18) have risen 87% from a low of 1,026 in 1993 to 1,922 in 1997. Admissions are also up (51%) for adults age 45 to 59 during the same period. Changes for adults age 18 to 44 and 60 or older during this period are relatively small.

2000-01 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

- Alcohol is the primary drug of abuse leading to treatment for the majority of admissions, however, most treatment clients use more than one substance. In 1995, marijuana surpassed cocaine as the second most commonly reported primary drug of abuse and remained so through 1997.
- Results from the statewide treatment outcomes monitoring system showed that 2/3 of adults treated in primary inpatient and outpatient programs remained alcohol and drug free for 6 months following treatment.
- Poorer treatment outcomes were associated with younger age, severity of the alcohol problem, multiple drug use, family instability and conflict, psychological distress, low education and job level, and engaging in illegal activities for profit.
- Housing is often an issue for CCDTF. Determining the best ways to fund housing and services continues to be explored.

Cont Care & Comm Suppt Grants By Activity

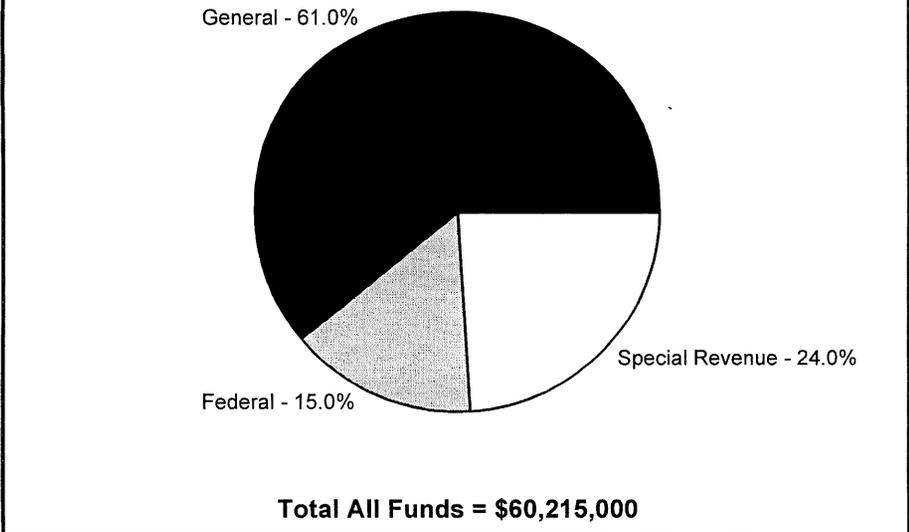


Activity Finance Summary CD Entitlement Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

CD Entitlement Grants By Fund



(forecast)

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP GRANTS
 Activity: CD ENTITLEMENT GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	55,840	56,822	56,479	58,461	58,461	60,800	60,800	5,960	5.3%
LOCAL ASSISTANCE	1,666	1,599	1,694	1,754	1,754	1,824	1,824	285	8.7%
Total Expenditures	57,506	58,421	58,173	60,215	60,215	62,624	62,624	6,245	5.4%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	0	36,751	36,751	38,847	38,847		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	55,291	46,892	49,173	14,464	14,464	14,777	14,777		
FEDERAL	2,215	11,529	9,000	9,000	9,000	9,000	9,000		
Total Financing	57,506	58,421	58,173	60,215	60,215	62,624	62,624		

2000-01 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Non-Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Chemical Dependency Non-entitlement Grants pays for chemical dependency treatment for low-income individuals ineligible for entitlement-based treatment. Both state and federal dollars support this activity.

Services Provided

- Chemical dependency treatment
- Community drug and alcohol abuse prevention for American Indians, African Americans, Asian-Americans, and Hispanic populations
- Women's treatment program grants which include subsidized housing, transportation, child care, and parenting education
- Counseling
- Case management
- Assistance to counties and providers in meeting licensing requirements, and improving services
- A statewide prevention resource center that assists Minnesota counties, local communities, and organizations by providing alcohol and other drug abuse education, information, and training
- Research and evaluation projects identified by the division's statutory advisory councils, policy makers, and chemical dependency professionals
- Data collection on drug and alcohol abuse trends (DAANES and the Treatment Accountability Plan)
- Detox transportation
- Education, intervention, and treatment services for inhalant abusing children under the age of 14

Additional activities include the dissemination of more than 304,000 pieces of prevention material and 540 anti-drug, chemical dependency informational video rentals annually, 14,400 messages through a drug talk line, and 664 community drug and alcohol abuse prevention consultations.

People Served

People served in F.Y. 1997 include approximately:

- 2,700 who received treatment through Tier II and federal block grant funds;
- 10,000 detox admissions;
- 4,000 school-age children through a statewide prevention resource center funded by this activity;
- 350 pregnant women/women with children who received intervention and case management services;
- 807 chemical dependency professionals who received training and information from seminars.

Eligibility for treatment is as follows:

- Tier II of the Consolidated Chemical Dependency Treatment Fund (CCDTF), which includes individuals not eligible for Medical Assistance (MA) and whose income does not exceed 60% of the state's median income.
- Tier III includes people with incomes between 60% and 115% of Minnesota's median income who are not eligible for MA. This tier has not been funded in recent times.

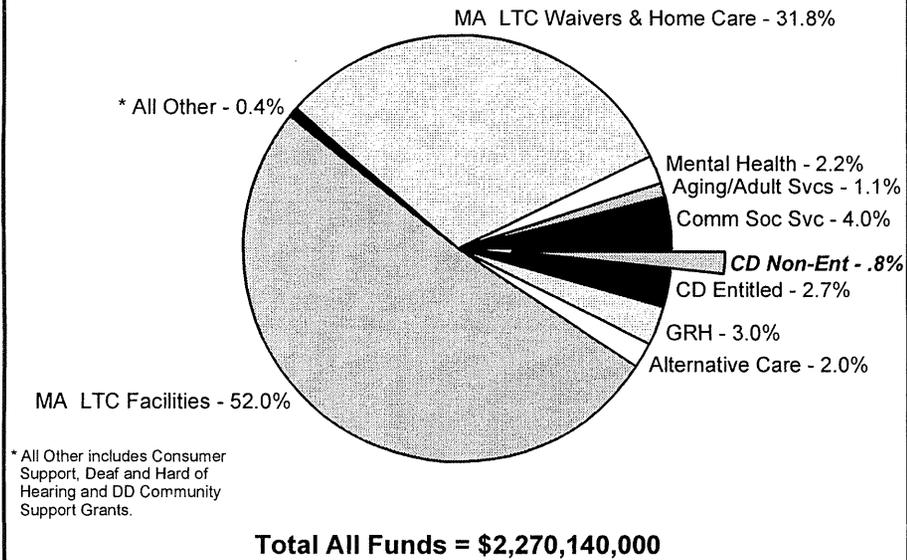
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Inpatient treatment costs about 3 times as much as outpatient. Data analysis shows that both were equally effective for most patients regardless of problem severity.
- Treatment evaluations show that services need to be tailored to the gender, cultural, and religious standards of individuals being served. Funding to create start-up models for these programs has come from this activity, and as a result, programs are serving a variety of special populations.
- Evaluation results for low-income women show that the additional services provided in tailored programs are increasing the likelihood of treatment completion and post-treatment abstinence. Treatment was also associated with increased full-time employment, fewer arrests, and improved parenting skills.

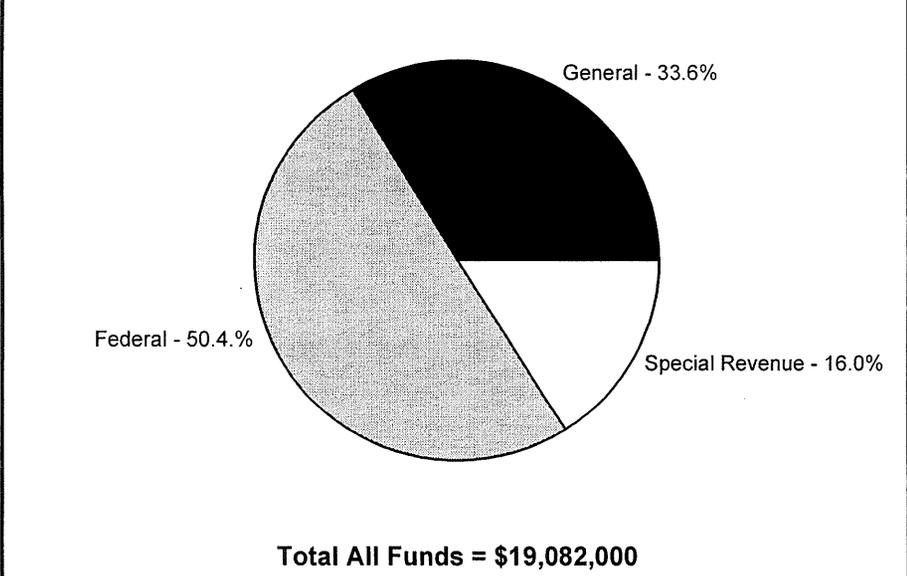
Cont Care & Comm Suppt Grants By Activity



Activity Finance Summary CD Non-Entitlement Grants F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

CD Non-Entitlement Grants By Fund



*See next page for
Funding Detail*

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: CONT CARE & COMM SUPP GRANTS
Activity: CD NON-ENTITLEMENT GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	398	486	998	998	998	998	998	512	34.5%
OPERATING EXPENSES	24	212	278	278	278	278	278	66	13.5%
SUBTOTAL STATE OPERATIONS	422	698	1,276	1,276	1,276	1,276	1,276	578	29.3%
PAYMENTS TO INDIVIDUALS	2,100	5,096	5,800	5,800	5,800	5,012	5,012	(84)	-8%
LOCAL ASSISTANCE	9,213	9,633	12,406	12,006	12,006	12,006	12,006	1,973	9.0%
Total Expenditures	11,735	15,427	19,482	19,082	19,082	18,294	18,294	2,467	7.1%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	2,203	2,183	4,068	6,403	6,403	6,403	6,403		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,100	5,096	5,800	3,065	3,065	2,277	2,277		
FEDERAL	7,432	8,148	9,614	9,614	9,614	9,614	9,614		
Total Financing	11,735	15,427	19,482	19,082	19,082	18,294	18,294		

Funding Detail

Chemical Dependency Non-Entitlement Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
CCDTF Non-Entitled	Reimburses providers through the Consolidated Fund for the provision of chemical dependency treatment services to persons whose income is up to 60% of the state's median income on a sliding fee basis. (approx. served FY98 - 2,700)	0	0	0	2,735	2,735	0	2,735	2,735	0
					(See Special Revenue Fund for additional funding detail)					
Youth Alcohol	Grants to the MN Indian Primary Residential Treatment Center, Inc. for the construction of a youth alcohol wing. Funds are available only if matching funds are received from the federal government (\$1,500,000) and the state Indian bands (\$100,000).	0	0	400	0	0	0	0	0	0
CD Native American	Provides funds to Native American groups, organizations and reservations to provide culturally appropriate alcohol and drug abuse prevention, education, community awareness, residential and aftercare treatment. (approx. served - 16,200)	1,048	1,040	1,055	1,055	1,055	0	1,055	1,055	0
CD Treatment (CM Chronics)	Grants to case management providers for services for chronic alcoholics.	54	54	54	54	54	0	54	54	0
CD Assessment - Juveniles	Reimburses counties for portion of costs associated with juvenile assessments.	43	43	43	43	43	0	43	43	0
CD Detox Transportation	Provides grants to counties, Indian reservations, other non-profit agencies, and local detox programs for a portion of costs associated with transporting intoxicated persons to detox centers or shelters. (approx. served FY98 - 10,208)	176	225	225	225	225	0	225	225	0
CD Prevention	Exposes Minnesotans to appropriate chemical health messages utilizing the following strategies; information dissemination, education, alternatives, problem identification and referral, community based process and environment. Distributed 304,000 prevention materials, provided over 14,000 drug line informational messages and provided educational sessions to at least 4,000 school age children and 800 professionals.	150	150	150	150	150	0	150	150	0
CD Inhalant Abuse	Grants to community agencies for the provision of intervention and community services coordination for inhalant abusers ages 7 - 14. Assessment, education and case management components are included (approx. served FY98 - 30)	75	71	75	75	75	0	75	75	0

Funding Detail

Chemical Dependency Non-Entitlement Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund Continued										
CD Pregnant Women & Mothers	Grants to community agencies which deliver specialized chemical dependency treatment to pregnant women and women with children. Programs provide additional services needed to ensure successful treatment such as prenatal care, child care, housing assistance, transportation and parenting education. (approx. served FY98 - 350)	557	600	600	600	600	0	600	600	0
Fetal Alcohol Syndrome	Grants to vendors for the expansion of specialized CD treatment for pregnant women, and Maternal/Child Substance Abuse Projects to increase interventions in the family home.	0	0	1,466	1,466	1,466	0	1,466	1,466	0
Hennepin County Pilot	Pilot to provide care in a secure shelter for persons referred to or diverted from detoxification facilities.	100	0	0	0	0	0	0	0	0
General Fund Total		2,203	2,183	4,068	6,403	6,403	0	6,403	6,403	0
DIRECT APPROPRIATIONS TOTAL		2,203	2,183	4,068	6,403	6,403	0	6,403	6,403	0
STATUTORY APPROPRIATIONS										
Special Revenue Fund										
CCDTF Non-Entitled	Reimburses providers through the Consolidated Fund for the provision of chemical dependency treatment services to persons whose income is up to 60% of the state's median income on a sliding fee basis. (approx. served FY98 - 2,700)	2,100	5,096	5,800	3,065	3,065	0	2,277	2,277	0
Special Revenue Total		2,100	5,096	5,800	3,065	3,065	0	2,277	2,277	0

Funding Detail

Chemical Dependency Non-Entitlement Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
Federal Fund										
CD-SSDI Referral Monitoring	Funded referral and monitoring activities associated with changes in Social Security Disability Insurance which impacted persons with chemical dependency problems.	39	0	0	0	0	0	0	0	0
CDBG (Federal Block Grant) Treatment & Rehab	Grants to agencies that provide care for chronic and chemically dependent persons, services for the elderly, transitional services for persons in the criminal justice system, peer review efforts and housing supports.	928	1,693	2,048	2,048	2,048	0	2,048	2,048	0
CDBG Coordination & Evaluation	Funds the planning, budgeting, management, technical assistance, and evaluation activities related to the Chemical Dependency Block Grant.	128	253	491	491	491	0	491	491	0
CDBG Native American Programs	Grants to agencies for community prevention services, crisis intervention, workshops for parents & children, HIV/AIDS prevention and training focused on the special needs of American Indian women.	1,079	1,120	1,112	1,112	1,112	0	1,112	1,112	0
CDBG Targeted Prevention Efforts	Grants to community based providers for culturally sensitive prevention strategies to the African American Hispanic, Asian American and Deaf and Hard of Hearing communities.	566	606	684	684	684	0	684	684	0
CDBG Targeted Treatment Women Services	Grants to community based providers to improve accessibility and treatment to pregnant women and women with children by providing necessary ancillary services such as prenatal care, day care, parenting training, etc.	2,270	1,932	2,331	2,331	2,331	0	2,331	2,331	0
CDBG Targeted Treatment Services	Grants to community based providers for specialized treatment for persons from communities of color and persons who are diagnosed with both mental health and chemical dependency issues.	249	182	394	394	394	0	394	394	0
CDBG Early Intervention & Prevention	Grants to agencies that expose Minnesotans to appropriate chemical health messages from multiple sources utilizing prevention strategies which include; info dissemination, education, problem identification & referral, and community mobilization projects. Also assists funding efforts.	2,173	2,362	2,554	2,554	2,554	0	2,554	2,554	0
Federal Fund Total		7,432	8,148	9,614	9,614	9,614	0	9,614	9,614	0
STATUTORY APPROPRIATIONS TOTAL		9,532	13,244	15,414	12,679	12,679	0	11,891	11,891	0
TOTAL - CHEMICAL DEPENDENCY NON-ENTITLEMENT		11,735	15,427	19,482	19,082	19,082	0	18,294	18,294	0

2000-01 Biennial Budget

PROGRAM: Continuing Care and Community Support Management

AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

Continuing Care and Community Support Management supervises the administration of the Continuing Care and Community Support Grants and provides central office support for state-operated services programs.

People Served

This program serves elderly Minnesotans and citizens with disabilities including persons with physical and cognitive disabilities, deafness or hard of hearing, emotional disturbances, mental illness, HIV/AIDS, and chemical dependency.

DHS Functions:

- Performs statewide human services planning.
- Develops and implements policy.
- Obtains, allocates, and manages resources.
- Manages contracts and grants.
- Sets standards for services.
- Provides technical assistance and training.
- Monitors for compliance/evaluation.
- Supports local innovation and quality improvement efforts.
- Assures a statewide safety net capacity.

In addition to the above functions, which apply to all individuals served, Continuing Care and Community Support Management performs unique specialized activities:

- Direct Constituent Service
 - Statewide regional service centers which help deaf, deafblind, and hard-of-hearing individuals access community resources and the human services system.
 - The Equipment Distribution Program, which helps people access the telephone system with specialized equipment.
 - Ombudsman services for older Minnesotans assist consumers in resolving complaints and preserving access to services.

■ Citizen/Consumer Feedback

Staff assistance and administrative support are provided to a number of legislatively required councils including:

- The Minnesota Commission serving Deaf and Hard of Hearing People
- The Minnesota Board on Aging
- The State Advisory Council on Mental Health
- Alcohol and other Drug Abuse Advisory Council
- American Indian Advisory Council on Alcohol and other Drug Abuse
- Traumatic Brain Injury Service Integration Advisory Committee
- Long-term Care Advisory Committee

■ Special Projects and Responsibilities

Oversight, implementation support and technical assistance are provided to the following special projects:

- The Adult Mental Health Initiatives to strengthen local provider networks for persons with serious and persistent mental illness.
- Seniors Agenda for Independent Living designed to expand independent, affordable living options for seniors throughout Minnesota.
- Demonstration Projects for Persons with Disabilities to use managed care concepts in delivering acute health care and long-term care services to a broad group of persons with disabilities.
- The Minnesota Senior Health Options that combine Medicare and Medical Assistance financing with managed care for elderly recipients including those requiring chronic/long-term care.
- Robert Wood Johnson Self-determination Project for Persons with Disabilities that shifts control of resources and choices to the consumer in 3 Minnesota counties.
- Project 2030 which analyzes the impact of Minnesota's aging population on all sectors.

Accomplishments

- The Ombudsman's Office for Older Minnesotans assisted over 8,400 citizens and successfully resolved 89% of their concerns in 1996.
- The Adult Mental Health Initiatives are successfully integrating state-operated, county, and private services to provide more effective supports to enable adults with serious and persistent mental illness to remain and function in the community. All 87 counties are participating in the initiative.
- The Demonstration Project for People with Disabilities has brought together advocates, counties, health plans, the Department of Human Services, the Department of Health, and other stakeholders to plan the future of the service system for people with disabilities. Two sites are scheduled to begin in 1999.

2000-01 Biennial Budget

PROGRAM: Continuing Care and Community Support Management
AGENCY: Human Services, Department of (DHS)
(Continuation)

- State-operated service safety net functions are being integrated into the community services system. Public/private partnerships are being built.
- Community Support Management Division successfully transferred the administration of Family Support grants to local county agencies allowing decisions to be made closer to the person and family.
- Self-determination Project has created a partnership between 3 counties and DHS implementing a comprehensive approach to increase consumer choice and control over their supports.
- The HIV/AIDS program assisted 560 persons living with HIV/AIDS to obtain or maintain health care coverage through the HIV Insurance program.
- Project 2030 has raised state and community awareness of service and workforce issues resulting from an aging population. Thousands of Minnesotans have participated in individual and community planning efforts sponsored by Project 2030.

STRATEGIES AND PERFORMANCE

Minnesota has a strong history of providing support to its elderly and disabled citizens. Encouraging and funding alternatives to institutional care that are accountable and cost-effective remains a priority.

Performance measures for this program area place an emphasis on the development of services and supports that accomplish the following:

- Have decisions made at a level which is closest to the person.
- Promote best interest decision-making for the over 4,000 persons with mental retardation under public guardianship.
- Promote self-determination and self-reliance.
- Build informal supports from family, friends, and community.
- Allow flexible purchasing to meet individual needs.
- Purchase supports on a performance rather than a cost basis.
- Coordinate long-term and acute care services.
- Encourage local innovation, efficiency, and accountability.
- Update quality assurance monitoring strategies to reflect the increasingly dispersed, community-based service system.
- Assure a statewide safety net.

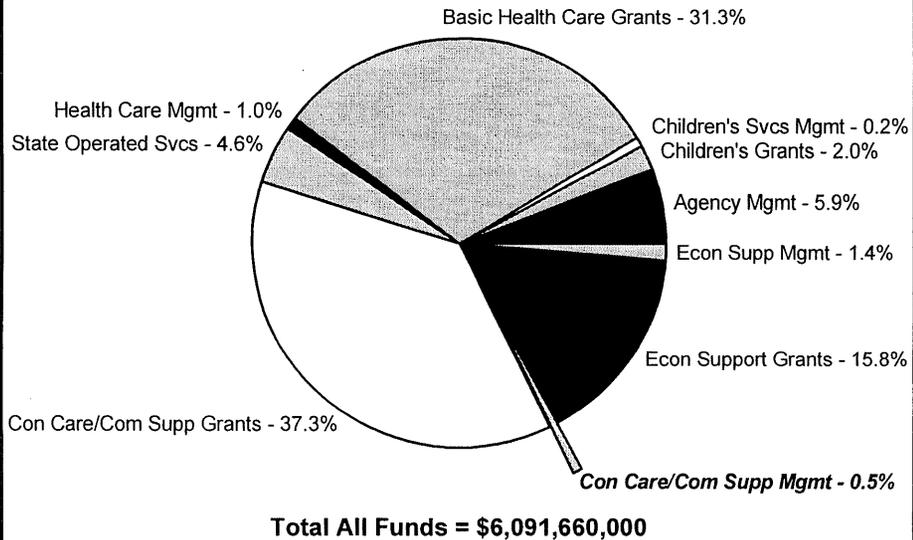
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- An aging baby boom population requires planning and public awareness. DHS puts considerable emphasis on educating people about the need for individuals, families, and communities to plan ahead to reduce the reliance on publicly-funded supports and programs.
- Increased interest by consumers in having choice and control over services results in the need for more customer-focused approaches.
- Additional regional interest in delivering continuing care services to meet their unique needs require on-going partnerships between state and local agencies.
- Increased use of performance-based outcome measures in nursing facilities and group homes demands that consumers and families are engaged in evaluating services to a greater degree.
- Maturing continuing care programs challenge staff to change roles from building basic programs to managing services within a more complex health and continuing care arena.

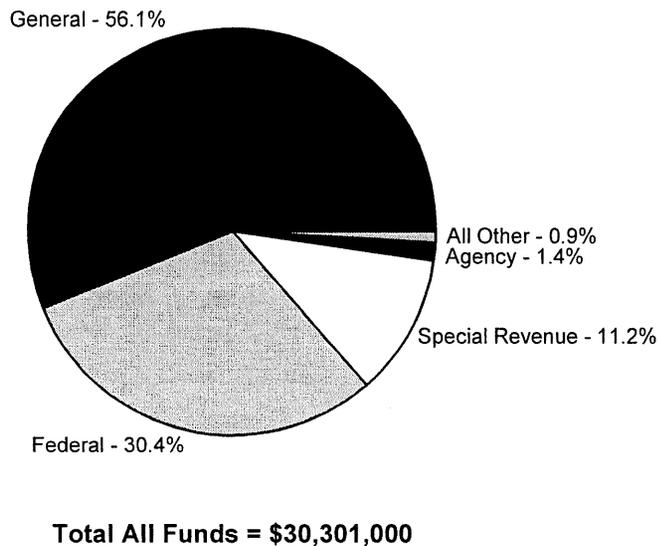
Dept. Of Human Services By Program



Program Finance Summary Continuing Care & Community Support Mgmt. F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Cont. Care & Comm. Suppt. Mgmt. By Fund



Cont. Care & Comm. Suppt. Mgmt. - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Community Svcs	6.0	0.0	0.0	14.8	0.0	20.8
Mental Health	11.2	0.0	0.5	1.3	2.0	15.0
Res. Program Mgmt.	9.0	0.0	0.0	0.0	0.0	9.0
Chemical Dependency	5.0	0.0	0.0	5.5	0.0	10.5
Comm Suppt MN Disab	65.3	0.0	14.0	1.0	0.0	80.3
Aging & Adult Svcs.	19.8	0.0	1.0	11.3	1.0	33.1
Audits	19.0	0.0	0.0	0.0	0.0	19.0
LTC Facilities	20.0	0.0	0.0	0.0	0.0	20.0
Deaf Services	36.4	0.0	14.7	0.0	0.0	51.1
HIV / AIDS	2.0	0.0	0.0	0.0	0.0	2.0
TOTAL	193.7	0.0	30.2	33.9	3.0	260.8

Agency: HUMAN SERVICES DEPT
 Program: CONT CARE & COMM SUPP MGMT
 Activity: CONT CARE & COMM SUPP MGMT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	12,935	12,796	15,021	14,564	14,564	14,882	14,882	1,629	5.9%
OPERATING EXPENSES	13,247	13,213	16,093	15,056	15,136	15,033	15,113	943	3.2%
SUBTOTAL STATE OPERATIONS	26,182	26,009	31,114	29,620	29,700	29,915	29,995	2,572	4.5%
LOCAL ASSISTANCE	122	715	961	681	843	692	866	33	2.0%
Total Expenditures	26,304	26,724	32,075	30,301	30,543	30,607	30,861	2,605	4.4%

CHANGE ITEMS:	FUND				
(A) DEMO PEOPLE WITH DISABILITIES ADJUST.	GEN			162	174
(A) HOME HEALTH SERVICES - FEDERAL COMPLY	GEN			80	80
Total Change Items				242	254

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	15,915	15,615	17,379	17,004	17,246	17,304	17,558
STATE GOVERNMENT SPECIAL REVENUE	95	98	112	114	114	115	115
LOTTERY CASH FLOW	0	115	245	142	142	142	142
STATUTORY APPROPRIATIONS:							
GENERAL	0	0	88	0	0	0	0
SPECIAL REVENUE	1,682	2,318	3,511	3,402	3,402	3,407	3,407
FEDERAL	8,595	8,574	10,299	9,202	9,202	9,202	9,202
AGENCY	0	0	430	430	430	430	430
GIFT	17	4	11	7	7	7	7
Total Financing	26,304	26,724	32,075	30,301	30,543	30,607	30,861

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Management
ACTIVITY: Continuing Care and Community Support Management
ITEM TITLE: Demonstration Project for People with Disabilities - Implementation Adjustments

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y.2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
MA Basic HC - E & D	\$226	\$206	\$167	\$67
MA LTC Waivers	209	190	155	62
MA LTC Facilities	130	118	96	39
Continuing Care Mgmt	162	174	202	242
Total	\$727	\$688	\$620	\$410
Revenues: (\$000s)				
General Fund	\$71	\$76	\$89	\$107

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256B.77

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$727,000 in F.Y. 2000 and \$688,000 in F.Y. 2001 for implementation adjustments to the demonstration project for people with disabilities. This request funds implementation of time-limited risk-sharing with the participating counties, increased funding for external advocacy and an increase in the capitation from 96% to 96.5% to cover higher Regional Treatment Center (RTC) rates and incentives for appropriate, high quality and efficient services.

RATIONALE:

Background

The demonstration project for people with disabilities was authorized in 1997 legislation. The project has brought together advocates, counties, health plans, the

Department of Human Services (DHS), the Department of Health, and other stakeholders to plan the future of the service system for people with disabilities. This project will demonstrate ways to convert the current Medical Assistance (MA) fee-for-service system into a capitated managed care approach that will integrate acute and continuing care so that the needs of individuals with disabilities will be better met. DHS projects that the first capitation payments under this new system will be made in 4 counties in F.Y. 2000. As planning has proceeded, the following issues need to be addressed to assure successful implementation:

- The authorizing legislation includes a general provision allowing DHS to work out risk-sharing provisions, but does not specify how this will work.
- The authorizing legislation also includes a grant for external advocacy to be managed by the Ombudsman for Mental Health and Mental Retardation in an amount equal to 0.1% of the projected total capitation payments. Until the project includes more counties, this amount needs to be increased to 0.4% to be adequate to provide effective advocacy for people who receive their MA services through this project.
- In order to prevent cost-shifting, the authorizing legislation makes the participating counties liable for up to 45 days of court-ordered mental health treatment at an RTC. This is not a covered service under MA fee-for-service for people age 22-64. It was originally thought to be equivalent to 0.8% of the capitation. However, the RTCs will soon start to price their services on an individual basis, and initial costs of placement will be higher than the per diem currently charged.
- Under the current legislation, the amount paid to the projects does not vary based on the quality of care. A number of people have recommended that an incentive system be developed to encourage appropriate, high-quality, and efficient services.

Proposal

- DHS proposes a risk-sharing arrangement which would phase out by F.Y. 2003. In the first year (F.Y. 2000), DHS will assume full risk up to 102% of projected fee-for-service costs. In the second year, DHS will assume 75% of the risk up to 100% of projected fee-for-service costs.
- To ensure adequate funding for external advocacy, DHS proposes to increase the amount from 0.1% to 0.4% of the capitation.
- To address the RTC rate issue and the issue of incentives for high-quality care, DHS proposes permissive authority to increase payments to the projects by up to 0.5% of what MA fee-for-service would have paid for the total package of covered services. In the long term, the project will still spend significantly less than MA fee-for-service would have spent.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Continuing Care and Community Support Management
ACTIVITY: Continuing Care and Community Support Management

ITEM TITLE: Demonstration Project for People with Disabilities -
 Implementation Adjustments

FINANCING:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Risk Sharing				
MA Basic HC E & D	\$191	\$149	\$106	\$-0-
MA LTC Waivers	177	138	98	-0-
MA LTC Facilities	<u>110</u>	<u>85</u>	<u>61</u>	<u>-0-</u>
Subtotals	\$478	\$372	\$265	\$-0-
Capitation Increase				
MA HC Basic E & D	\$35	\$57	\$61	\$67
MA LTC Waivers	32	52	57	62
MA LTC Facilities	<u>20</u>	<u>33</u>	<u>35</u>	<u>39</u>
Subtotal	\$87	\$142	\$153	\$168
External Advocacy Grant				
Continuing Care Mgmt	\$162	\$174	\$202	\$242
Total	\$727	\$688	\$620	\$410

OUTCOMES:

- Counties will have reasonable protection against the risks associated with capitation.
- The people who are served by this project will have adequate external advocacy services to help ensure that the project meets their needs.
- The capitation will be adjusted to reflect anticipated changes in RTC rates.
- The projects will have a fiscal incentive to provide appropriate, high quality, efficient services.

2000-01 Biennial Budget

PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

Economic Support grants help DHS fulfill its mission to help Minnesotans whose personal or family resources are inadequate to meet their basic needs by increasing the abilities of families and individuals to move out of poverty and support themselves financially, while providing a safety net for people who cannot fully support themselves.

Services provided

- Cash and food assistance
- Emergency assistance
- Employment and training services
- Child support services
- Special services for refugees

These services are provided through several programs with different eligibility criteria:

- Minnesota Family Investment Program (MFIP) is Minnesota's welfare program for families with children. MFIP replaced Aid to Families with Dependent Children in 1998. MFIP helps families work their way out of poverty by expecting, supporting, and rewarding work.
- General Assistance (GA) is a "safety net" program to help individuals and couples without children who cannot fully support themselves. GA is a state-funded program.
- Work Grants support MFIP and the Food Stamp program and provide employment and training services to help low-income families and individuals find and keep jobs.
- Minnesota Supplemental Aid (MSA) provides cash assistance to aged, blind, and disabled individuals who are in financial need. MSA is a state-funded program that is required by the federal government to supplement the federal Supplemental Security Income (SSI) program.
- Child Support Enforcement recognizes that many children live in poverty and rely on public assistance when child support is not paid. Child support enforcement services are provided by the state and counties to maximize

families' receipt of child support and, when necessary, track down parents who are not supporting their children.

- Refugee Services are a collection of services designed to meet the special self-sufficiency and resettlement needs of refugees.

People served

<u>Grant Program</u>	<u>F.Y. 1998 Average Monthly Cases</u>
*AFDC/MFIP	48,922
GA	9,742
MSA	24,147
Refugee Services	595

*AFDC was replaced with MFIP at the end of F.Y. 1998

Accomplishments

- Five months after MFIP went statewide, 29% of MFIP families were working. Under the previous system, only 10% of recipients were working.
- Supports outside of the welfare system to keep families off assistance are working. MinnesotaCare health coverage keeps 4,600 families off assistance.
- Minnesota ranks first among the states (and collects more than twice the national average) in the amount of child support collected for each child support case.
- The number of paternities established for children receiving child support services increased 70% from 5,521 children in F.Y. 1991 to 9,130 in F.Y. 1997.
- \$396 million in child support was collected in F.Y. 1998, a 9% increase from F.Y. 1997 and an 81% increase since 1993.
- In 1998, Minnesota received a federal award for having the most accurate system for determining food stamp benefits in the region.

Components

The Economic Support Grants program contains the following budget activities:

- Assistance to Families Grants (MFIP program)
- Assistance to Families Grants—County Management
- Work Grants
- MFIP Field Trials
- AFDC and other assistance
- Child Support Enforcement
- GA
- MSA
- Refugee Services

2000-01 Biennial Budget

PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)
(Continuation)

built up as the caseload has declined. This reserve is, in part, a resource to provide some cushion in economic downturns when caseloads normally go up.

STRATEGIES AND PERFORMANCE

The MFIP goals of reducing both welfare dependency and child poverty are addressed through a few key strategies:

- Parents are expected to take the most direct path toward a job to support their family.
- Families are allowed to keep some public assistance as an income supplement as they work their way out of poverty.
- Supports outside of the welfare system, such as subsidized child care, child support, tax credits, and affordable health care, are available to working families.

The performance measures for this program area are as follows:

- Increase in the percentage of MFIP families with reported earnings.
- Increase in the percentage of MFIP families who receive food assistance only.
- Increase in the average collection of open child support cases each year.

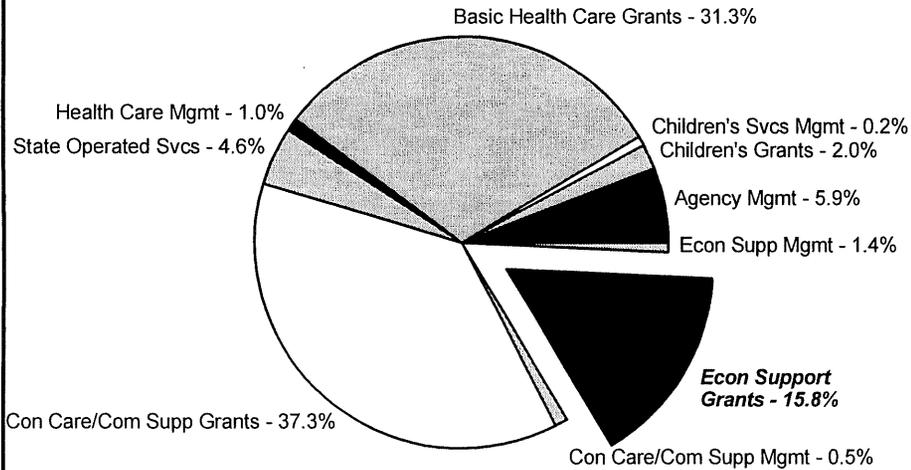
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- The federal Personal Responsibility and Work Opportunity Act of 1996 fundamentally changed welfare programs by eliminating the AFDC program and replaced open-ended funding with a block grant to states.
- Policy changes and a strong economy have contributed to caseload declines.
- There is a 60-month lifetime limit on MFIP cash assistance that will take effect in F.Y. 2003. National research indicates that as many as 1/3 of MFIP participants will have a difficult time finding and keeping a job within the 60-month time limit.
- The availability, affordability and quality of child care continues to be an issue as families move from welfare to work.
- Because the federal block grant is based on past caseload, a reserve has been

Dept. Of Human Services By Program



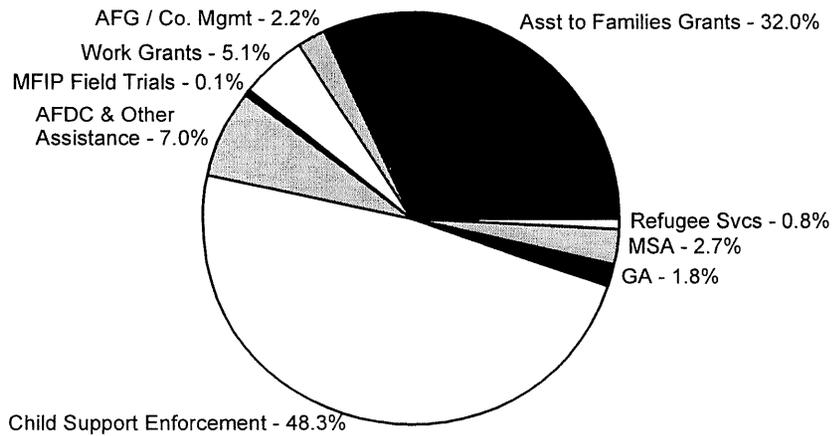
Total All Funds = \$6,091,660,000

Program Finance Summary Economic Support Grants

F.Y. 2000 Base

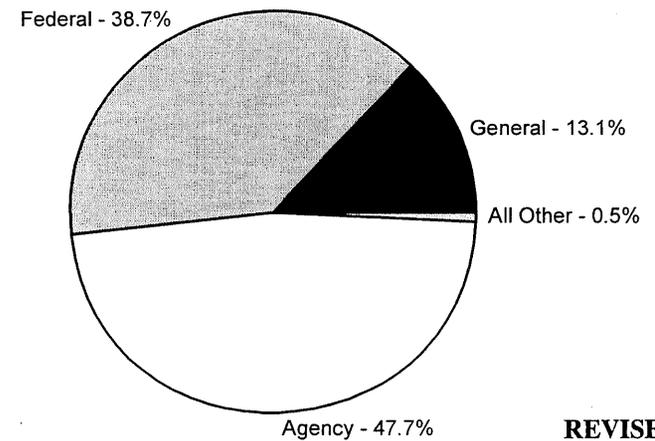
Data Source - Budget Information System Fiscal Pages

Economic Support Grants



Total All Funds = \$965,620,000

Economic Support Grants



Total All Funds = \$965,620,000

REVISED
PAGE C-241

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ASSISTANCE TO FAMILIES GRANTS	0	236,426	342,362	308,810	312,414	310,038	314,802	48,428	8.4%
ASSIST FAMILY GRANTS-CO MANAGE	0	18,324	21,512	21,512	21,512	21,512	21,512	3,188	8.0%
WORK GRANTS	27,362	31,514	49,696	49,295	64,175	49,394	64,669	47,634	58.7%
MN FAMILY INVESTMENT PLAN-MFIP	48,388	32,723	355	80	80	80	80	(32,918)	-99.5%
AFDC & OTHER ASSISTANCE	281,880	107,886	71,020	68,410	70,557	68,410	71,205	(37,144)	-20.8%
CHILD SUPPORT ENFORCEMENT	71,772	326,152	465,484	466,642	466,042	466,642	466,042	140,448	17.7%
GENERAL ASSISTANCE	54,797	39,903	32,614	17,353	33,927	16,980	14,973	(23,617)	-32.6%
MINNESOTA SUPPLEMENTAL AID	26,969	23,817	24,774	25,767	25,767	26,874	26,874	4,050	8.3%
REFUGEE SERVICES	7,984	5,988	7,649	7,751	7,251	7,751	7,251	865	6.3%
Total Expenditures	519,152	822,733	1,015,466	965,620	1,001,725	967,681	987,408	150,934	8.2%

CHANGE ITEMS:	FUND				
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN			(107)	(2,007)
(A) DHS BASE REDUCTIONS	GEN			(1,100)	(1,100)
(A) MFIP EXIT LEVEL	FED			2,341	3,857
(P) CONTINUE FOOD ASSIST NON-CITIZENS	FED			2,357	2,583
(P) CONTINUE FOOD ASSIST NON-CITIZENS	GEN			1,053	1,119
(B) DELAY BATTERED WOMENS SHELTER TRANSFER	GEN			16,681	
(B) DES INTERAGENCY AGREEMENT - EMPLOYMENT	FED			5,000	5,000
(B) ELIMINATE STATE TANF RESERVE	GEN			670	914
(B) ELIMINATE STATE TANF RESERVE	SR			(670)	(914)
(B) MFIP ENHANCED EMPLOYMENT SERVICES	FED			9,880	10,275
Total Change Items				36,105	19,727

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	228,707	200,570	161,604	126,915	144,112	128,652	127,578
SPECIAL REVENUE	0	0	2,210	670	0	914	0
Total Financing	519,152	822,733	1,015,466	965,620	1,001,725	967,681	987,408

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	106,559	16,134	4,250	4,250	4,250	4,250	4,250
FEDERAL	183,874	296,485	387,375	373,784	393,362	373,864	395,579
AGENCY	0	309,515	460,001	460,001	460,001	460,001	460,001
GIFT	12	29	26	0	0	0	0
Total Financing	519,152	822,733	1,015,466	965,620	1,001,725	967,681	987,408

2000-01 Biennial Budget

BUDGET ACTIVITY: Assistance to Families Grants (MFIP)
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

This activity contains the Minnesota Family Investment Program (MFIP). MFIP provides a safety-net for families in crisis through a cash grant, food assistance, and targeted employment and training services. MFIP helps families work their way out of poverty by expecting, supporting, and rewarding work.

Services Provided

This activity funds the cash and food assistance grants of the MFIP program.

People Served

- In F.Y. 1998, approximately 48,000 families were participating in MFIP.
- In 5-98, 29% (14,000) of MFIP families were working. Under the previous welfare system (Aid to Families with Dependent Children), only 10% of recipients were working.
- Approximately 26,000 MFIP participants were receiving employment services in July 1998.
- MFIP is aimed at moving parents quickly into jobs and out of poverty. Parents receive help with health care, child care, and employment services while being required to work.
- To be eligible for MFIP, a family must include a minor child or a pregnant woman, and it must meet citizenship, income, and asset requirements.
- Working families receive earning supplements, leaving MFIP when their income is about 20% above the 1996 poverty level, or \$1,346 a month for a family of 3.
- Parents who fail to work or follow through with activities to support their families have their assistance cut by 10% and then 30% and have shelter costs and/or utilities paid directly to landlords, mortgage companies, or utility companies.
- Both parents in a two-parent family must meet work rules or their MFIP grant will be reduced.
- Single parents must meet work rules within 6 months of getting cash help or their grant will be reduced. Individual counties may make parents seek work sooner.

- Some families are exempt from work rules, including:
 - the parent of a newborn child who may use all or part of a one-time 12 month exemption from work requirements,
 - those 60 years or older,
 - those who are sick or disabled,
 - those caring for family members with disabilities,
 - those experiencing a crisis,
 - domestic abuse victims following a safety plan.
- Most parents with minor children only get cash assistance for a total of 60 months.

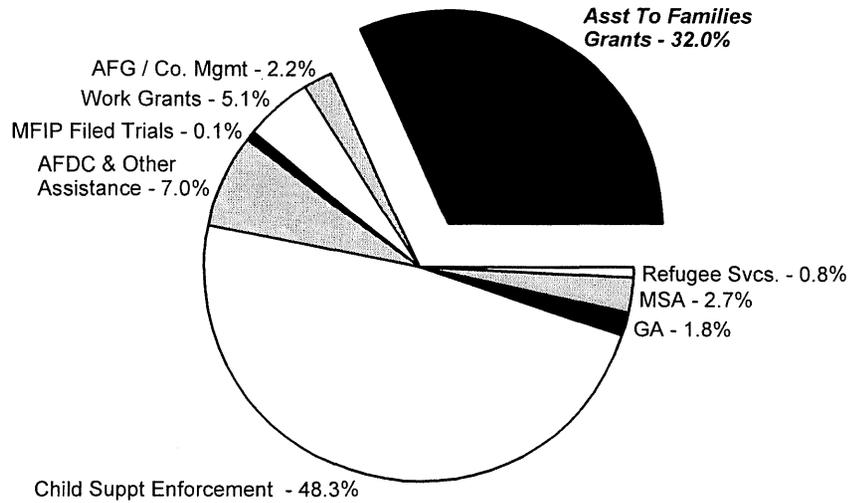
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- MFIP provides cash assistance for a limited time to families with children and to pregnant women. The lifetime limit for cash assistance is 60 months.
- Welfare use in Minnesota decreased from a monthly average of 64,000 families in 1994 to approximately 48,000 families in 1998. The overall drop in welfare caseload size has resulted in an employment services caseload, which is becoming disproportionately composed of participants facing serious and multiple barriers to employment.
- Grant standards are not automatically adjusted for cost-of-living changes. Over time, the static grant standards lose ground in comparison to the federal poverty guidelines.
- Over 3,000 non-citizens residing in Minnesota continue to be affected by the 1996 federal government change which made people ineligible for federally-funded food stamps because of their non-citizen status.
- Supports outside the welfare system such as health care, child care, child support enforcement, and tax credits, continue to be important components to Minnesota's welfare reform approach.

Economic Support Grants By Activity



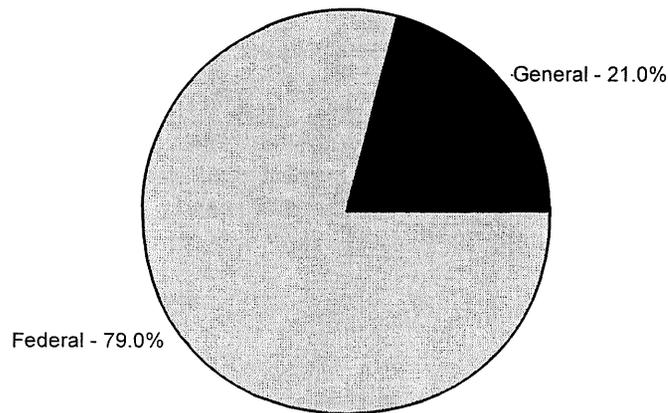
Total All Funds = \$965,620,000

Activity Finance Summary Assistance To Families Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Assistance To Families Grants By Fund



Total All Funds = \$308,810,000

*See next page for
Funding Detail
(forecast)*

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: ECONOMIC SUPPORT GRANTS
Activity: ASSISTANCE TO FAMILIES GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	0	236,426	342,362	308,810	312,414	310,038	314,802	48,428	8.4%
Total Expenditures	0	236,426	342,362	308,810	312,414	310,038	314,802	48,428	8.4%

CHANGE ITEMS:	FUND				
(A) MFIP EXIT LEVEL	FED			1,247	2,181
(P) CONTINUE FOOD ASSIST NON-CITIZENS	FED			2,357	2,583
Total Change Items				3,604	4,764

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	0	91,232	85,862	64,870	64,870	66,117	66,117
STATUTORY APPROPRIATIONS:							
FEDERAL	0	145,194	256,500	243,940	247,544	243,921	248,685
Total Financing	0	236,426	342,362	308,810	312,414	310,038	314,802

Funding Detail

Assistance To Families Grants

Services	Funding State/Federal	FY 1998 Average Recipients	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
MFIP Cash & Food Assistance	State/Federal	145,000	-	153,256	357,481	324,469	324,273
MFIP Emergency Assistance	State/Federal	4,800	-	11,453	10,835	10,779	11,984
State share of Child Support Collections	State	-	-	(13,626)	(25,954)	(26,438)	(26,219)
Transitional AFDC	State/Federal	-	-	85,343	-	-	-
TOTAL - ASSISTANCE TO FAMILIES GRANTS		* 146,000	-	236,426	342,362	308,810	310,038

* Unduplicated total

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: Assistance to Families Grants

ITEM TITLE: Continuation of Food Assistance for Non-Citizens/ Elimination of State TANF Reserve

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
AFDC/Other Assist.	\$1,053	\$1,119	\$1,185	\$1,252
General Assistance	\$ 670	\$ 914	\$ -0-	\$ -0-
Total	\$1,723	\$2,033	\$1,185	\$1,252
Special Revenue Fund				
General Assistance	\$(670)	\$(914)	\$-0-	\$-0-
TANF Reserve				
Assist to Families	\$2,357	\$2,583	\$2,808	\$2,427
Revenues: (\$000s)				
General Fund	\$4,666	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256D.053 and 256J.11 Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$1,723,000 in F.Y. 2000 and \$2,033,000 in F.Y. 2001. The Governor also recommends an increase in the expenditure of TANF Reserve funds of \$2,357,000 in F.Y. 2000 and \$2,583,000 in F.Y. 2001. The Governor also recommends elimination of the state TANF Reserve effective 7-1-99. Funds currently in the State TANF Reserve transfer to the General Fund. These changes will be used to continue the Minnesota Food Assistance Program and the food portion of the Minnesota Family Investment Program (MFIP) for legal non-citizens who are not eligible for federal food stamps.

RATIONALE:

Background

Federal welfare reform made nearly 11,000 Minnesotans ineligible for federally-funded food stamps because of their non-citizen status. Two programs have been established in Minnesota to provide state-funded food benefits for these non-citizens:

- the Minnesota Food Assistance Program for persons not receiving MFIP assistance ,
- the state-funded food portion of the MFIP grant for families receiving MFIP benefits.

Federal laws were revised in 1998, restoring federally-funded food stamps eligibility for many non-citizens who had previously lost eligibility. Approximately 3,000 still do not qualify for federal funding and will continue to need state-funded food assistance. However, current state statutes will terminate state-funded food assistance to legal non-citizens on 6-30-99.

The 1998 legislature created a mechanism that directed state funds to a reserve if they represented savings due to restoration of federal benefits. Restoration of federal SSI and Food Stamp benefits has resulted in a net \$3,082,000 of unobligated resources.

Proposal

This proposal provides ongoing state funding of food assistance for those persons who do not qualify for federal food stamps due to citizenship. Ongoing state funding will help provide for participant food needs, and reduce pressure on community food shelves and charitable organizations. Program benefits will only be provided to those non-citizens that have entered this country legally and can provide required documentation.

This proposal also eliminates the state TANF Reserve by transferring existing obligations and unobligated state TANF Reserve funds to the General Fund.

OUTCOMES:

By continuing state funding for non-citizens, persons who do not qualify for federal Food Stamp benefits will be provided with help necessary to meet their basic need for food.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: Assistance to Families Grants

ITEM TITLE: MFIP Exit Level

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
TANF Reserve				
Assist to Fam Grants	\$1,247	\$2,181	\$1,999	\$2,074
AFDC/Other Assist.	<u>1,094</u>	<u>1,676</u>	<u>1,718</u>	<u>1,794</u>
Total	\$2,341	\$3,857	\$3,717	\$3,867
General Fund				
MA-Basic HC-F&C	\$306	\$495	\$609	\$658
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 256J.24, Subd. 7; Laws of Minnesota, 1998, Chapter 407, Article 6, Sec.117 Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$306,000 in F.Y. 2000 and \$495,000 in F.Y. 2001. The Governor also recommends an increase in expenditures from the TANF Reserve of \$2,341,000 in F.Y. 2000 and \$3,857,000 in F.Y. 2001. This initiative increases the MFIP Earned Income Disregard in F.Y. 2000 and F.Y. 2001 to ensure that participants do not lose eligibility for MFIP until their income reaches approximately 120% of 1999 Federal Poverty Guidelines (FPG). It is estimated the disregard will increase from 36% to 40% during F.Y. 2000 and 40% to 41% in F.Y. 2001.

RATIONALE:

Background

The 1998 legislature instructed the commissioner to consider recommending how the MFIP Earned Income Disregard, Family Wage Level, or Transitional Standard could be adjusted to ensure that participants do not exit the program until their income reaches at least 120% of the 1999 FPG. A family of 3 currently exits the program at approximately 118% of the 1998 FPG. If no adjustment is made to MFIP, the exit level will decrease each year relative to the poverty level.

Proposal

It is proposed to increase the Earned Income Disregard in each year of the biennium to ensure that the participants do not exit MFIP until their income reaches approximately 120% of the 1999 FPG. The current Earned Income Disregard in MFIP is 36%. We estimate that this proposal would entail a disregard of 40% in F.Y. 2000 and 41% in F.Y. 2001.

Implementation

This change in the Earned Income Disregard will be automated on the computer system for county workers.

The Earned Income Disregard will be implemented at the same time as the October Food Stamp COLA is reflected in the food portion of the MFIP Transitional Standard. The Family Wage Level automatically increases when the Transitional Standard increases.

FINANCING:

This proposal provides for increased medical assistance costs due to added MFIP cases. It also includes a transfer of \$2,744,000 for the biennium from the TANF Reserve to the Department of Education, Children & Families to provide for increased child care costs resulting from the increase in the exit level.

OUTCOMES:

This proposal will maintain the anti-poverty focus of MFIP and a strong financial incentive to work.

2000-01 Biennial Budget

BUDGET ACTIVITY: Assistance to Families County Management
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

This activity contains the federal Temporary Assistance for Needy Families (TANF) reimbursement earned by counties on their administrative expenditures. These funds pass through the DHS budget and are paid to the counties. Current state law limits the draw from TANF for this activity to \$21,512,000.

Services Provided

Counties use TANF money to pay for multiple MFIP-related services including:

- Program eligibility verification and referral
- Benefits administration
- Performance outcomes for clients and for employment and training services
- Job skills development
- Child care referral and subsidies
- Job plans and employment and training strategies
- Supports outside welfare, including assistance from non-profits, to help families

DHS Functions

DHS provides statewide oversight in managing policy related to the distribution of these administrative funds to counties.

FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Under welfare reform, much more is expected from counties in terms of tailoring specific interventions: child care, training, community informal supports, and cash assistance to individual families. Counties have to determine work program options, including the best employment and training models to meet local needs. Counties have to work even more closely with

employment and training providers and the local business and non-profit communities to move people to jobs and connect them with non-welfare supports.

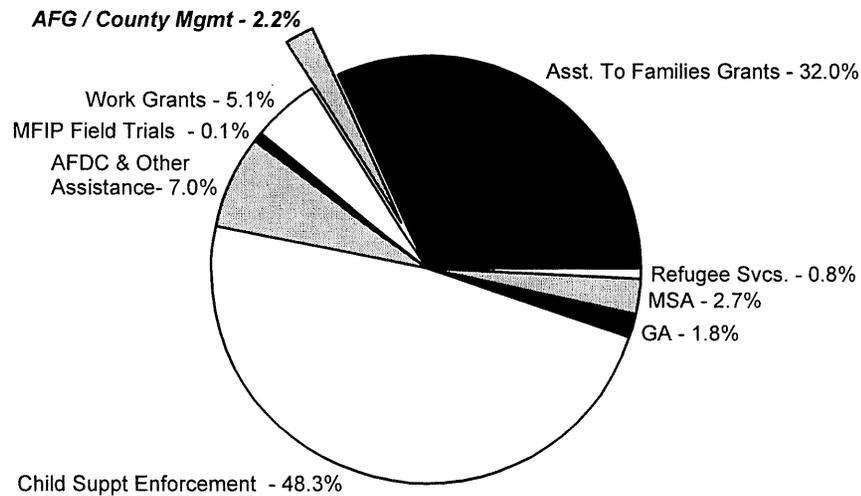
- Administrative money under TANF is capped. Counties earn this administrative funding within the appropriation available.
- Overall, TANF requires that no more than 15% of the state's TANF block grant and the state's maintenance of effort be spent for administrative purposes.
- In 1998, the available TANF administrative funds were split between the state and counties, 24% and 74% respectively.

Activity Finance Summary Assistance To Families Grants - County Mgmt.

F.Y. 2000 Base

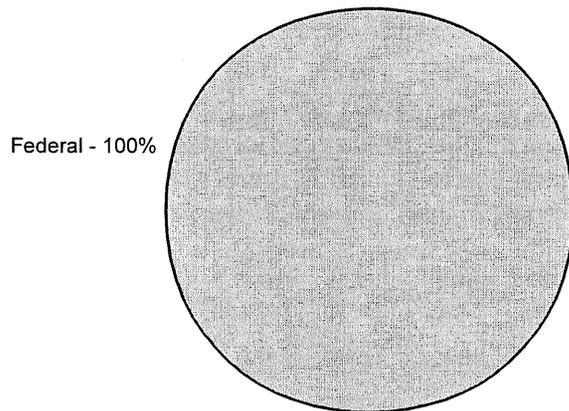
Data Source - Budget Information System Fiscal Pages

Economic Support Grants By Activity



Total All Funds = \$965,620,000

Assistance To Families Grants - Co. Mgmt



Total All Funds = \$21,512,000

REVISED
PAGE C-251

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: ASSIST FAMILY GRANTS-CO MANAGE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
LOCAL ASSISTANCE	0	18,324	21,512	21,512	21,512	21,512	21,512	3,188	8.0%
Total Expenditures	0	18,324	21,512	21,512	21,512	21,512	21,512	3,188	8.0%
FINANCING BY FUND:									
STATUTORY APPROPRIATIONS:									
FEDERAL	0	18,324	21,512	21,512	21,512	21,512	21,512		
Total Financing	0	18,324	21,512	21,512	21,512	21,512	21,512		

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2000-01 Biennial Budget

BUDGET ACTIVITY: Work Grants
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Work Grants provide employment, education, and training services to help low-income families and individuals avoid or end public assistance dependency. This activity contains two training services: those which help Minnesota Family Investment Program (MFIP) participants and those which are provided as part of a federal requirement to certain recipients of food stamps through the Food Stamp Employment and Training (FSET) program.

Services Provided

Training grants for work programs are co-managed by DHS and the Minnesota Department of Economic Security (DES). DES has a statewide network of employment and training services which work with county agencies to meet the needs of recipients. Counties and training providers evaluate the needs of each recipient and work together to develop an employment and training plan. Local employment and training providers and counties provide and pay for a number of services including:

- Job counseling
- Skills development
- Training services
- Educational planning and payment for educational services
- Job Interview skills
- General Equivalency Diploma (GED)/high school equivalency coaching
- English proficiency training
- Assistance and referral to other services such as child care, medical benefits programs, and chemical dependency and mental health services
- Small business training (for a small group of recipients who may be good candidates to become self-employed).

People Served

In F.Y. 1998, 33,133 individuals were served by MFIP employment services. Services provided include:

Job Search Services:	24,029
English as a Second Language:	909
Adult Basic Education:	376
Intensive Work Literacy:	328
High School Completion Classes:	743
GED Training:	1,799
Training, 12 Months or Less:	3,657
Training, 13 Months to 24 Months:	984

In F.Y. 1998, 9,013 individuals were served by FSET. Food Stamp recipients who receive no cash benefits from other public assistance programs are required to participate in FSET. However, a person with a disability, a person who is responsible for the care of young children, or a person who has other special situations is excused from participation.

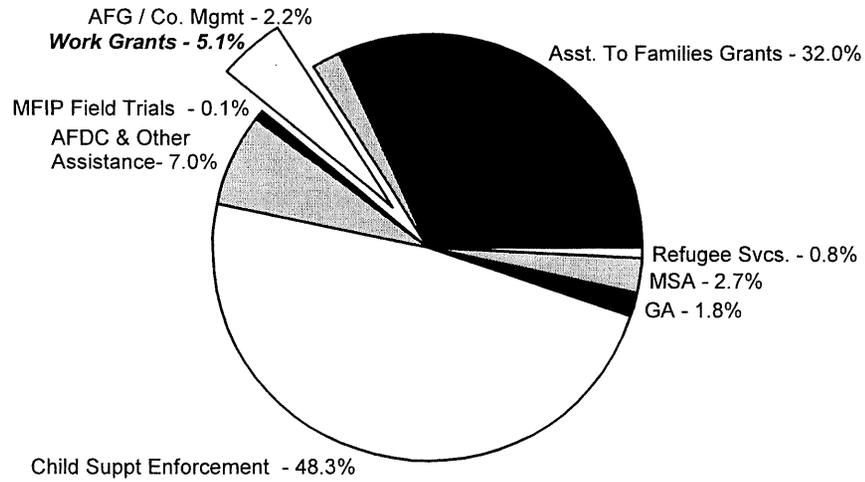
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Variation in local economic conditions impacts caseload trends and how quickly counties and employment and training providers can help recipients get into the job market.
- Those who will remain on MFIP for the longest time are expected to be the most difficult to employ. Many need very basic skills training, have learning disabilities, have chemical dependency or mental health problems. To meet work goals, jobs counselors have to invest more time and resources to help these individuals.
- MFIP employment services funds are distributed to county human service agencies through an allocation formula set in state statute. The federal funding is no longer on a "match" basis and is distributed through a federal block grant for MFIP. The block grant must be expended in TANF-related activities.

Economic Support Grants By Activity



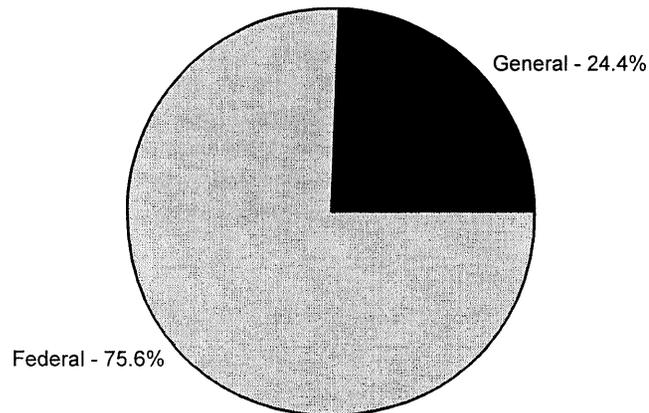
Total All Funds = \$965,620,000

Activity Finance Summary Work Grants

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Work Grants By Fund



Total All Funds = \$49,295,000

*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: ECONOMIC SUPPORT GRANTS
 Activity: WORK GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	250	138	0	0	0	0	0	(138)	-100.0%
OPERATING EXPENSES	317	192	725	725	725	725	725	533	58.1%
SUBTOTAL STATE OPERATIONS	567	330	725	725	725	725	725	395	37.4%
PAYMENTS TO INDIVIDUALS	1	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	26,794	31,184	48,971	48,570	63,450	48,669	63,944	47,239	58.9%
Total Expenditures	27,362	31,514	49,696	49,295	64,175	49,394	64,669	47,634	58.7%

CHANGE ITEMS:	FUND								
(B) DES INTERAGENCY AGREEMENT - EMPLOYMENT	FED				5,000		5,000		
(B) MFIP ENHANCED EMPLOYMENT SERVICES	FED				9,880		10,275		
Total Change Items					14,880		15,275		

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	11,601	10,042	12,031	12,031	12,031	12,031	12,031		
STATUTORY APPROPRIATIONS:									
FEDERAL	15,749	21,462	37,665	37,264	52,144	37,363	52,638		
GIFT	12	10	0	0	0	0	0		
Total Financing	27,362	31,514	49,696	49,295	64,175	49,394	64,669		

Funding Detail

Work Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Refugee Case Management	Grants to counties with a significant refugee population. Funds enable the county's MFIP employment services provider to offer bilingual/bicultural case management services so that clients that require such services may effectively participate in employment services activities.	163	175	175	175	175	0	175	175	0
STRIDE Employment & Training	Grants to counties for the provision of case management and employment & training services to eligible AFDC recipients. (approx. served FY97 - 50,000)	7,908	0	0	0	0	0	0	0	0
MFIP Employment & Training	Grants to counties for the provision of case management and employment & training services to eligible MFIP recipients. (approx. served FY98 - 50,000)	0	7,876	7,908	7,908	7,908	0	7,908	7,908	0
Injury Protection Program	Payments to medical providers for the treatment of injuries suffered by persons injured while participating in a county or tribal community work experience program.	404	128	199	199	199	0	199	199	0
Work First Grants	Grants to Carver and Clay counties to provide employment services to first-time MFIP applicants and fund evaluation of program. (approx. served FY98 - 300)	558	463	452	452	452	0	452	452	0
FSET Grants	Grants to counties for the provision of employment services to help MFIP participants and others as a part of the federal Food Stamp Employment and Training Program (FSET). (approx. served FY98 - 9,103)	2,568	1,400	3,297	3,297	3,297	0	3,297	3,297	0
General Fund Total		11,601	10,042	12,031	12,031	12,031	0	12,031	12,031	0
DIRECT APPROPRIATIONS TOTAL		11,601	10,042	12,031	12,031	12,031	0	12,031	12,031	0

Funding Detail

Work Grants

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
Federal Fund										
MFIP Employment & Training	TANF funds granted to counties for the provision of employment and training services to eligible MFIP recipients. (approx. served FY98 - 50,000)	0	18,551	31,000	30,599	45,479	14,880	30,698	45,973	15,275
STRIDE Employment & Training	JOBS and AFDC funds granted to counties for the provision of case management, employment & training and child care services for eligible AFDC recipients. (approx. served FY97 - 50,000)	10,926	0	0	0	0	0	0	0	0
STRIDE Special Projects (JOBS)	JOBS funds granted to counties for the Refugee Case Management, Parents Fair Share and New Chance Programs and county administrative costs and the Dept. of Economic Security for special employment and training projects.	1,552	27	0	0	0	0	0	0	0
Work First Grants	Grants to Carver and Clay counties to provide employment services to first-time MFIP applicants and fund evaluation of program. (approx. served FY98 - 300)	0	124	273	273	273	0	273	273	0
FSET Grants	Grants to counties for the provision of employment services to help MFIP participants and others as a part of the federal Food Stamp Employment and Training Program (FSET). (approx. served FY98 - 9,103)	3,271	2,760	6,392	6,392	6,392	0	6,392	6,392	0
Federal Fund Total		15,749	21,462	37,665	37,264	52,144	14,880	37,363	52,638	15,275
Gift Fund										
New Vistas		12	10	0	0	0	0	0	0	0
Gift Fund Total		12	10	0	0	0	0	0	0	0
STATUTORY APPROPRIATIONS TOTAL		15,761	21,472	37,665	37,264	52,144	14,880	37,363	52,638	15,275
TOTAL - WORK GRANTS		27,362	31,514	49,696	49,295	64,175	14,880	49,394	64,669	15,275

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: Work Grants

ITEM TITLE: Enhanced Employment Services

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
TANF Reserve				
Work Grants	\$9,880	\$10,275	\$10,275	\$10,275
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in expenditures from the TANF Reserve of \$9,880,000 in F.Y. 2000 and \$10,275,000 in F.Y. 2001 for enhanced employment services for Minnesota Family Investment Program (MFIP) participants. Employment services will be enhanced by lowering job counselor caseload size which will enable job counselors to devote more time to providing services geared to the individual needs of participants.

RATIONALE:

Background

The F.Y. 1998-99 allocations for MFIP Employment Services were originally calculated using cost/slot figures of \$1,700 and \$1,470 respectively and assuming that participants would be time triggered to participate in employment services after 6 months on cash assistance. However, only 5 counties selected a 6-month time trigger and two-thirds of the counties selected a time trigger from 0 to 2 months. Selection of the shorter time trigger increased the number of participants needing employment services sooner.

The overall drop in welfare caseload size has resulted in an employment services

caseload, which is disproportionately composed of participants facing serious and multiple barriers to employment. These cases are likely to remain on assistance for longer periods of time and require more intensive services.

Counties and providers have the additional responsibility of helping to ensure that families not only secure jobs, but also progress to employment that will make them self-supporting before exhausting 60 months of TANF assistance eligibility. Research indicates that participants with the most significant barriers are not likely to work continuously or for substantial portions of the year. This means counselors must invest considerable time and resources to ensure job retention and progression.

Counties and employment services providers report that current funding for employment services is insufficient to provide the level of service necessary to address the needs of all participants. A recent survey of provider agencies around the state places overall job counselor caseload size in the range of 100 to 200 cases. (A comparable case manager caseload size for STRIDE and the MFIP field trials was 50-60). Reports from the field consistently indicate that the volume of cases has created a situation where counselors are unable devote the time, attention, and resources necessary to effectively serve an increasingly challenged population.

Proposal

This is a proposal to enhance employment services by lowering job counselor caseload size to a caseload comparable with former STRIDE and MFIP field trials. Reduced caseload sizes enables job counselors to devote more time to providing services geared to the individual needs of participants. Additionally, the Food Stamp Employment and Training per person cap will be lifted to better meet the needs of food stamp recipients. This change is accommodated within the FSET base budget.

OUTCOMES:

This proposal will increase the likelihood that counties and the state will meet federal work participation requirements. Additional expected long-term outcomes resulting from lowered job counselor caseload sizes will be improved overall service delivery resulting in:

- Increased job retention and lower recidivism
- Increased job progression
- County success in moving participants to work and off assistance will be tracked through the MFIP performance management initiative.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: Work Grants

ITEM TITLE: InterAgency Agreement for Financing Department of Economic Security Employment Services

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
TANF Reserve				
Work Grants	\$5,000	\$5,000	\$-0-	\$-0-

Revenues: (\$000s)

Statutory Change? Yes ___ No X

If yes, statutes(s) affected: Rider

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in expenditures from the TANF Reserve of \$5 million in F.Y. 2000 and \$5 million in F.Y. 2001 to supplement the federal Welfare-to-Work grants administered by the Department of Economic Security.

RATIONALE:

Background

The U.S. Department of Labor has allocated funds to Minnesota for the Welfare-to-Work program. Eligibility for the Welfare-to-Work program is limited to Minnesota Family Investment Program (MFIP) participants who have received assistance for at least 30 months and who meet 2 out of the following 3 criteria: no high school diploma or GED, combined with low reading or math skills; no work history; or in need of substance abuse treatment in order to be employable. Allowable activities are restricted to direct employment opportunities, such as on-the-job training, wage supplementation, or community work experience. The program also offers post-placement support services such as child care, temporary housing, and transportation.

Proposal

This is a proposal to supplement federal Welfare-to-Work grants with TANF funds. Use of TANF funds allows more flexibility in determining who qualifies for services and developing program activities.

OUTCOMES:

Increased flexibility in providing services to MFIP participants who face serious and multiple barriers to employment.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Minnesota Family Investment Program (Field Trials)
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

ACTIVITY PROFILE

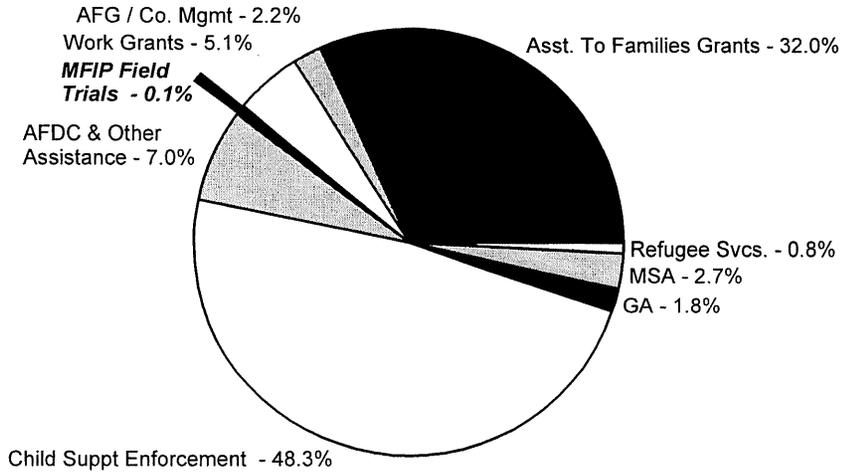
Purpose

The current purpose of this activity is to display the historical funding of the Minnesota Family Investment Program field trials. The Minnesota Family Investment Program (MFIP) was field tested in Anoka, Dakota, Hennepin, Mille Lacs, Morrison, Sherburne, Ramsey, and Todd counties. The field trials ended in 1998.

People Served

Almost 8,500 families received or applied for public assistance in the 8 counties during the field trials. The same number of families receiving AFDC, FGA, and food stamps served as a comparison group. MFIP's effectiveness at lifting families out of poverty is being measured throughout the field trials by comparing outcomes for MFIP families with outcomes for comparison group families. While the field trials have ended, the evaluation portion of this activity is ongoing.

Economic Support Grants By Activity



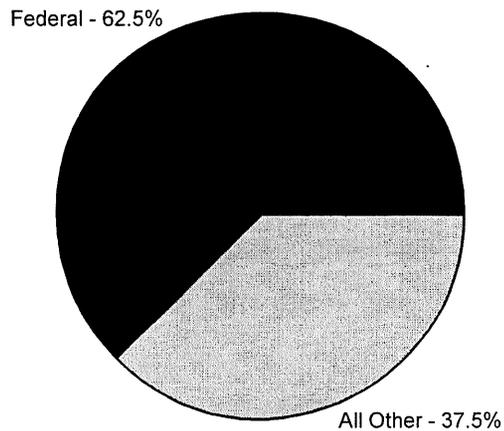
Total All Funds = \$965,620,000

Activity Finance Summary MFIP Field Trials

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

MFIP-Field Trials By Fund



Total All Funds = \$80,000

*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: ECONOMIC SUPPORT GRANTS
 Activity: MN FAMILY INVESTMENT PLAN-MFIP

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	2	0	0	0	0	0	0	0	
SUBTOTAL STATE OPERATIONS	2	0	0	0	0	0	0	0	
PAYMENTS TO INDIVIDUALS	39,011	29,039	130	80	80	80	80	(29,009)	-99.5%
LOCAL ASSISTANCE	9,375	3,684	225	0	0	0	0	(3,909)	-100.0%
Total Expenditures	48,388	32,723	355	80	80	80	80	(32,918)	-99.5%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	27,513	22,592	275	0	0	0	0		
STATUTORY APPROPRIATIONS:									
GENERAL	3,744	892	30	30	30	30	30		
FEDERAL	17,131	9,239	50	50	50	50	50		
Total Financing	48,388	32,723	355	80	80	80	80		

Funding Detail

MFIP Field Trials

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
MFIP Field Trial Grants (state share)	Grants to individuals to assist families move toward self sufficiency and increase family income. (approx. served FY98 - 8,500)	22,482	22,592	275	0	0	0	0	0	0
MFIP Field Trial Child Care (state share)	Grants to counties for the provision of child care services for eligible MFIP clients.	5,031	0	0	0	0	0	0	0	0
General Fund Total		27,513	22,592	275	0	0	0	0	0	0
DIRECT APPROPRIATIONS TOTAL		27,513	22,592	275	0	0	0	0	0	0
STATUTORY APPROPRIATIONS										
General Fund										
MFIP Field Trial Child Support	\$50 pass-through paid to families receiving public assistance through the MFIP-Field Trails..	3,744	892	30	30	30	0	30	30	0
General Fund Total		3,744	892	30	30	30	0	30	30	0
Federal Fund										
MFIP Field Trial Grants (AFDC, Food Stamps)	Grant to individuals to assist families move toward self sufficiency and increase family income. (approx. served FY98 - 8,500)	16,319	9,239	50	50	50	0	50	50	0
MFIP Field Trials Case Mgmt. (JOBS)	Grants to counties for the provision of case management services to eligible MFIP clients.	485	0	0	0	0	0	0	0	0
MFIP Field Trials Child Care (AFDC)	Grants to counties for the provision of child care services for eligible MFIP clients.	327	0	0	0	0	0	0	0	0
Federal Fund Total		17,131	9,239	50	50	50	0	50	50	0
STATUTORY APPROPRIATIONS TOTAL		20,875	10,131	80	80	80	0	80	80	0
TOTAL - MFIP FIELD TRIALS		48,388	32,723	355	80	80	0	80	80	0

2000-01 Biennial Budget

BUDGET ACTIVITY: AFDC and Other Assistance
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

The Minnesota Family Investment Program (MFIP) replaced the Aid to Families with Dependent Children (AFDC) program in 1997. This activity contains what is left of the old program, recognizing that it will take several years to fully close its books. In addition, this activity is home to non-MFIP food assistance programs including the Minnesota Food Assistance Program (established in F.Y. 1999) and Federal Food Stamps for non-MFIP households.

Services Provided

- Food Assistance
- Food Stamp Expedited Cash Out

People Served

- In F.Y. 1999, a monthly average of 500 individuals are expected to participate in the Minnesota Food Assistance Program.
- In F.Y. 1998, approximately 100,000 households participated in the Federal Food Stamp program.

DHS Functions

- Policy development
- Federal compliance
- Quality assurance
- Supervision of county administration

BUDGET ISSUES

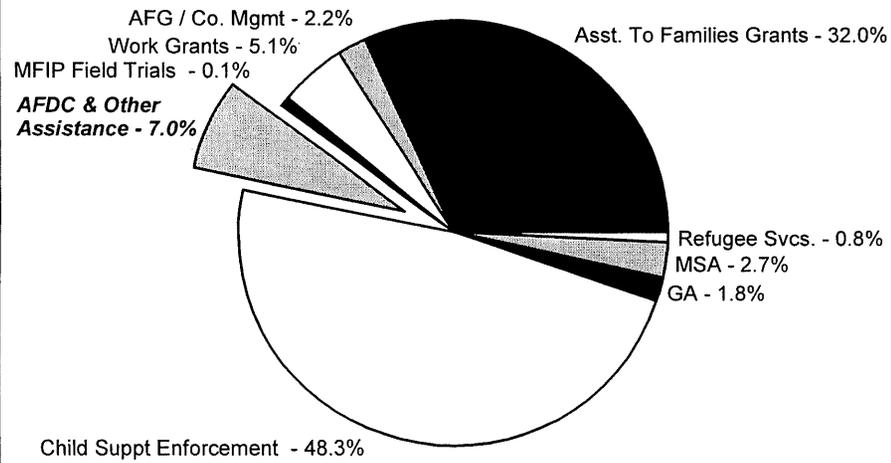
Over 3,000 non-citizens remain ineligible for federal food stamp benefits due to a federal change made in 1996.

Activity Finance Summary AFDC & Other Assistance

F.Y. 2000 Base

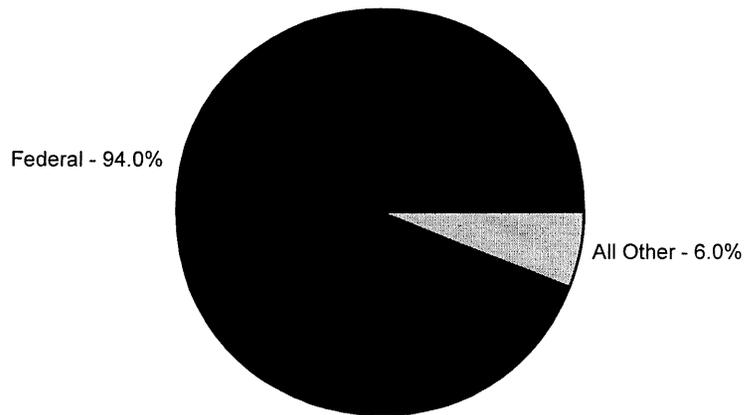
Data Source - Budget Information System Fiscal Pages

Economic Support Grants By Activity



Total All Funds = \$965,620,000

AFDC & Other Assistance By Fund



Total All Funds = \$68,410,000

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: ECONOMIC SUPPORT GRANTS
Activity: AFDC & OTHER ASSISTANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	46	90	0	0	0	0	0	(90)	-100.0%
SUBTOTAL STATE OPERATIONS	46	90	0	0	0	0	0	(90)	-100.0%
PAYMENTS TO INDIVIDUALS	254,415	100,909	70,955	68,345	69,398	68,345	69,464	(33,002)	-19.2%
LOCAL ASSISTANCE	27,419	6,887	65	65	1,159	65	1,741	(4,052)	-58.3%
Total Expenditures	281,880	107,886	71,020	68,410	70,557	68,410	71,205	(37,144)	-20.8%

CHANGE ITEMS:	FUND				
(A) MFIP EXIT LEVEL	FED			1,094	1,676
(P) CONTINUE FOOD ASSIST NON-CITIZENS	GEN			1,053	1,119
Total Change Items				2,147	2,795

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	116,988	6,754	10	0	1,053	0	1,119
SPECIAL REVENUE	0	0	1,784	0	0	0	0
STATUTORY APPROPRIATIONS:							
GENERAL	29,777	3,608	4,085	4,085	4,085	4,085	4,085
FEDERAL	135,115	97,524	65,141	64,325	65,419	64,325	66,001
Total Financing	281,880	107,886	71,020	68,410	70,557	68,410	71,205

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2000-01 Biennial Budget

BUDGET ACTIVITY: Child Support Enforcement Grants
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Child support is an important component in helping many families become self-sufficient and stay off welfare. Failure to get child support may mean the difference between a family getting by or needing welfare. Like providing affordable child care and health care, enforcing child support obligations is one of Minnesota's strategies in providing support for families outside the welfare system.

Services Provided

- Assistance establishing paternity
- Establishment of support orders
- Assistance in changing child support orders
- Collection of support from wage withholding from employers or by check from individuals who are self-employed
- Intercepting income tax refunds and lottery winnings when child support is not paid
- Investigating income sources of non-paying parents
- Locating non-paying parents and using various tools to get them to pay including:
 - suspension of various state occupational licenses for non-payment
 - suspension of drivers' licenses
 - new hire reportings
 - working with financial institutions to move money directly from bank accounts
- Establishing medical support for children

People Served

- 72,500 public assistance cases
- 150,900 non-public assistance cases who pay a \$25 fee to receive help with child support enforcement

In addition to those served, child support enforcement works closely with county attorneys, a statewide child support task force, county financial workers, administrative law judges, local hospitals, the judicial system, and state businesses.

Accomplishments

- Minnesota ranks first among states (and collects more than twice the national average) in the amount of child support collected for each child support case.
- The number of paternities established for children receiving child support services increased 70% from 5,521 children in F.Y. 1991 to 9,130 in F.Y. 1997.
- 9,100 families left public assistance because of child support efforts.
- \$396 million in child support was collected in F.Y. 1998 - a 9% increase from F.Y. 1997 and an 81% increase since 1993.

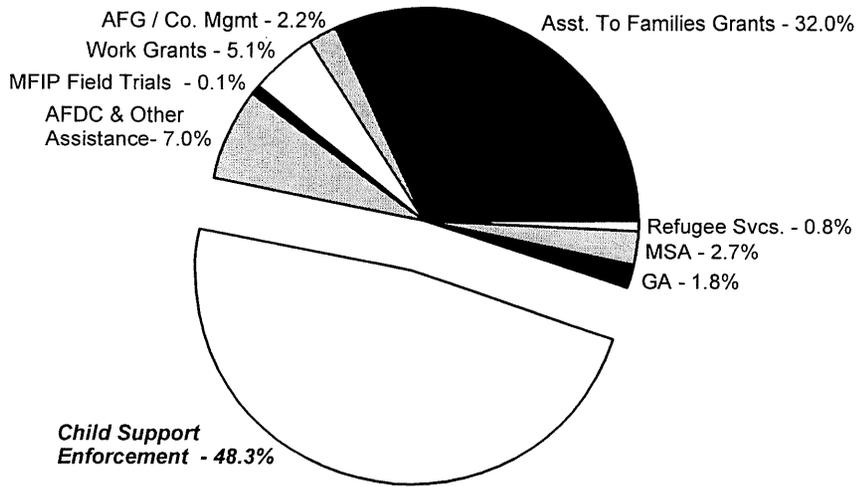
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- There are a growing number of requests for help from people who are not on public assistance but want to purchase help with enforcement of support orders.
- Over time there has been greater use of tools to intercept child support owed and therefore greater connections with employers, financial institutions, and the Internal Revenue Service.
- Federal toughening of national child support standards means more connections with other states to track parents who move across state lines to avoid paying support.

Economic Support Grants By Activity

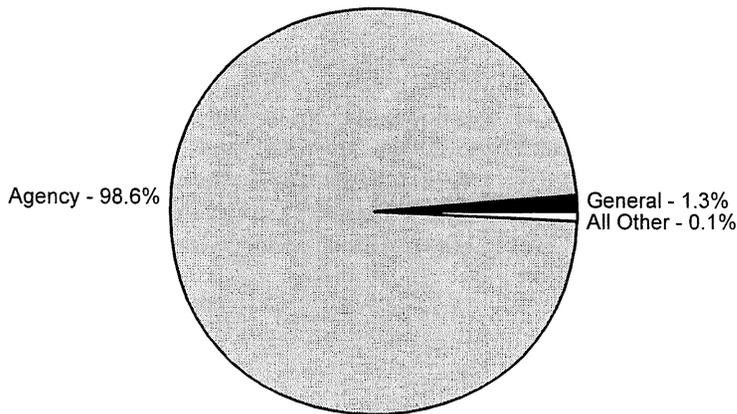


Total All Funds = \$965,620,000

Activity Finance Summary Child Support Enforcement F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Child Support Enforcement By Fund



Total All Funds = \$466,642,000

*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT GRANTS

Activity: CHILD SUPPORT ENFORCEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	229	19	334	392	392	392	392	431	122.1%
OTHER EXPENSES	0	309,514	460,001	460,001	460,001	460,001	460,001	150,487	19.6%
SUBTOTAL STATE OPERATIONS	229	309,533	460,335	460,393	460,393	460,393	460,393	150,918	19.6%
PAYMENTS TO INDIVIDUALS	58,481	11,715	60	60	60	60	60	(11,655)	-99.0%
LOCAL ASSISTANCE	13,062	4,904	5,089	6,189	5,589	6,189	5,589	1,185	11.9%
Total Expenditures	71,772	326,152	465,484	466,642	466,042	466,642	466,042	140,448	17.7%

CHANGE ITEMS:	FUND				
(A) DHS BASE REDUCTIONS	GEN			(600)	(600)
Total Change Items				(600)	(600)

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	3,998	4,843	4,859	5,959	5,359	5,959	5,359
STATUTORY APPROPRIATIONS:							
GENERAL	58,621	11,633	130	130	130	130	130
FEDERAL	9,153	142	468	552	552	552	552
AGENCY	0	309,515	460,001	460,001	460,001	460,001	460,001
GIFT	0	19	26	0	0	0	0
Total Financing	71,772	326,152	465,484	466,642	466,042	466,642	466,042

Funding Detail

Child Support Enforcement

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
CSE County Grants	Outcome based performance incentives paid to county IV-D agencies who provide direct child support enforcement services.	3,420	2,949	2,689	3,789	3,789	0	3,789	3,789	0
Parents Fair Share	Grants to counties to assist unemployed non-custodial parents with job search and parenting.	200	383	600	600	0	(600)	600	0	(600)
CSE Medical Provider Bonus	Grants to hospitals for notarized paternity acknowledgment submitted to MDH.	218	225	250	250	250	0	250	250	0
Cooperation for Children Program	Funds transferred to State Court Admin. for two pilot programs administered by the courts.	160	0	100	100	100	0	100	100	0
CSE Admin. Process	Grants to counties for hearing officers at OAH. (approx. 12,000 hearings in FY98)	0	1,086	1,170	1,170	1,170	0	1,170	1,170	0
CSE Recoupment Account	Grants to cover NSF checks and payment errors which allow child support checks to go out to families without delay.	0	200	50	50	50	0	50	50	0
General Fund Total		3,998	4,843	4,859	5,959	5,359	(600)	5,959	5,359	(600)
DIRECT APPROPRIATIONS TOTAL		3,998	4,843	4,859	5,959	5,359	(600)	5,959	5,359	(600)

Funding Detail

Child Support Enforcement

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
General Fund										
Child Support Disregards	\$50 pass-through paid to families receiving public assistance.	6,295	525	5	5	5	0	5	5	0
IV-D Recoveries	Pass-through of child support public assistance recoveries paid to families.	52,186	10,989	5	5	5	0	5	5	0
Dads Make A Difference	Inter-agency agreement with the U of M to fund a mentor program that provides services to teens by discouraging pregnancy and promoting responsibility	140	119	120	120	120	0	120	120	0
General Fund Total		58,621	11,633	130	130	130	0	130	130	0
Federal Fund										
IV-D Incentive Settlement	Federal incentive program based on collections and outcomes.	9,153	0	0	0	0	0	0	0	0
Family Education	Federal grant transferred to state Supreme Court as directed by the legislature.	0	142	468	552	552	0	552	552	0
Federal Fund Total		9,153	142	468	552	552	0	552	552	0
Gift Fund										
Low Income Fathers Planning Grant	Funds used for waiver of federal admin. funds. No plans for the future.	0	19	26	0	0	0	0	0	0
Gift Fund Total		0	19	26	0	0	0	0	0	0
Agency Fund										
CSPC Collections	Pass-through of child support collections.	0	309,515	460,001	460,001	460,001	0	460,001	460,001	0
Agency Fund Total		0	309,515	460,001	460,001	460,001	0	460,001	460,001	0
STATUTORY APPROPRIATIONS TOTAL		67,774	321,309	460,625	460,683	460,683	0	460,683	460,683	0
TOTAL - CHILD SUPPORT ENFORCEMENT		71,772	326,152	465,484	466,642	466,042	(600)	466,642	466,042	(600)

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Operations

ITEM TITLE: Child Support Fees

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Econ Supp Operations	\$204	\$136	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$1,000	\$3,000	\$3,000

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 518

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$204,000 in F.Y. 2000 and \$136,000 in F.Y. 2001 for the purpose of implementing a fee for child support services. This fee would generate \$1,000,000 in state General Fund revenue in F.Y. 2001 and \$6 million during the F.Y. 2002-2003 biennium.

RATIONALE:

Background

The child support enforcement program currently charges 2 primary types of fees. In cases where a party wishes to receive automatic income withholding services but no other child-support services, the obligor pays a monthly fee of \$15, which is retained by the county. The other fee is a \$25 application fee, assessed on a non-public assistance parent opening a child support case. This fee entitles both parents to full use of child support services. Revenues collected through this fee are split between the federal government (66%) and the county (34%). For any new fees charged to offset child support services, the federal government is entitled to 66% of all collections to offset the federal share of child support expenditures.

Proposal

This proposal would allow the state to charge a fee and recover child support program costs in accordance with federal law found at 45 CFR Section 302.33.

Funding

The total PRISM development and implementation costs associated with instituting a fee are estimated at \$1,000,000, which will be split between F.Y. 2000 and F.Y. 2001. These costs will be eligible for FFP at the rate of 66%, resulting in a total state funding request of \$340,000, which will also be split between F.Y. 2000 and F.Y. 2001. The \$660,000 in FFP will be dedicated to PRISM and will offset the development costs associated with implementing the fee.

Implementation

Development and implementation of a fee structure will take approximately 12 months. Development will begin in F.Y. 2000 at the end of the Year 2000 system change prohibition for implementation on 1-1-2001. The state will begin collecting fees during the last 6 months of F.Y. 2001.

OUTCOMES:

The state share of revenue generated during F.Y. 2002, the first full year of implementation, will be approximately \$3 million.

2000-01 Biennial Budget

BUDGET ACTIVITY: General Assistance
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

General Assistance (GA) is a state-funded safety net program for individuals who cannot fully support themselves. GA grants meet some of the monthly maintenance and emergency needs of Minnesota residents who are not eligible for other income assistance programs, but who have net incomes and resources below state limits and meet one of the categories of GA eligibility.

Services Provided

- Cash assistance in the amount of \$203 for single people and \$260 for married couples.
- GA is temporary for some recipients while an individual overcomes an emergency situation, a temporary problem, or is waiting for approval for other forms of assistance. For others with more intractable barriers to self-support, assistance is needed for a longer term.
- Recipients are usually eligible for help with medical costs through the General Assistance Medical Care program or the Medical Assistance program.

People Served

On average in 1998, there were 10,869 GA cases translating to 12,553 persons receiving support per month. Support is provided based on these categories of GA eligibility:

- Permanent illness or incapacity
- Temporary illness or incapacity
- Residents of group residential housing
- Women in battered women's shelters
- Unemployable persons
- Medically certified as having mental retardation or mental illness
- Have an application or an appeal pending for Social Security Disability or SSI
- Advanced age
- Full-time students eligible for displaced homemaker services
- Excessive travel time to job
- Learning disabled

- High school students over age 18 whose primary language is not English
- Children under age 18 and not living with parent, stepparent, or legal guardian
- Persons required to be in the home to care for a disabled person
- Persons under protective or court-ordered services that prevent working

GA program participants must fit at least one of the categories of eligibility specified in state statutes. Eligibility categories are primarily defined in terms of inability to work and disability. Applicants or recipients are generally required to apply for benefits from federally-funded disability programs for which they may qualify. In addition, the person or couple must have income and resources less than program limits. After subtracting certain income disregards, a single person must have net income less than \$203 per month and a couple must have net income less than \$260 per month.

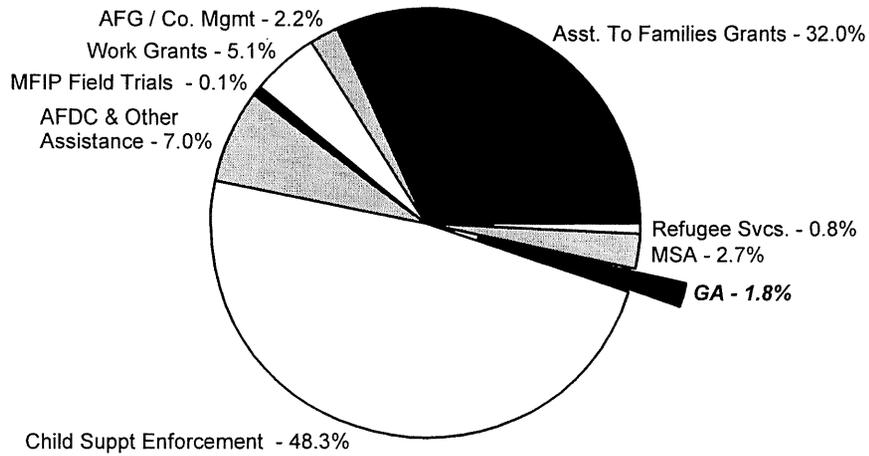
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Because there has been no increase to the grants since 1986, these amounts have declined from equaling approximately 50% of the federal poverty guidelines in F.Y. 1986, to 30% in F.Y. 1998.
- GA caseload has declined over time from approximately 22,000 individuals in F.Y. 1986 to 12,553 in F.Y. 1998 because of changes in the program.
- Housing affordability is a significant issue for many individuals on GA.

Economic Support Grants By Activity



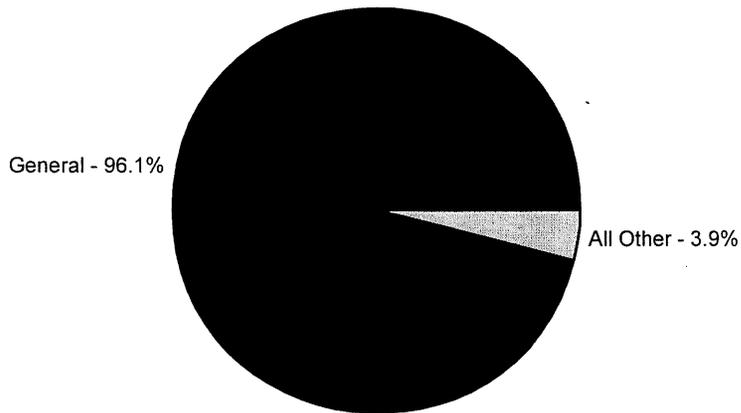
Total All Funds = \$965,620,000

Activity Finance Summary General Assistance

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

General Assistance By Fund



Total All Funds = \$17,353, 000

*See next page for
Funding Detail
(forecast)*

Agency: HUMAN SERVICES DEPT
 Program: ECONOMIC SUPPORT GRANTS
 Activity: GENERAL ASSISTANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	360	500	500	500	500	500	500	0	.0%
SUBTOTAL STATE OPERATIONS	360	500	500	500	500	500	500	0	.0%
PAYMENTS TO INDIVIDUALS	42,319	36,056	32,114	16,853	33,427	16,480	14,473	(20,270)	-29.7%
LOCAL ASSISTANCE	12,118	3,347	0	0	0	0	0	(3,347)	-100.0%
Total Expenditures	54,797	39,903	32,614	17,353	33,927	16,980	14,973	(23,617)	-32.6%

CHANGE ITEMS:	FUND				
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN			(107)	(2,007)
(B) DELAY BATTERED WOMENS SHELTER TRANSFER	GEN			16,681	
(B) ELIMINATE STATE TANF RESERVE	GEN			670	914
(B) ELIMINATE STATE TANF RESERVE	SR			(670)	(914)
Total Change Items				16,574	(2,007)

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	44,127	39,903	32,188	16,683	33,927	16,066	14,973
SPECIAL REVENUE	0	0	426	670	0	914	0
STATUTORY APPROPRIATIONS:							
GENERAL	10,670	0	0	0	0	0	0
Total Financing	54,797	39,903	32,614	17,353	33,927	16,980	14,973

Funding Detail

General Assistance

Services	Funding State/Federal	FY 1998 Average Cases	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Individual GA, Including Emergency Needs	State	6,159	19,558	17,343	15,194	15,302	14,929
Family GA	State	448	8,110	2,532	0	0	0
GRH Facility Residents	State	2,404	1,745	1,993	2,038	2,051	2,051
Battered Women's Shelters	State	2,761	13,536	14,295	15,382	0	0
County Reimbursement	State	-	12,118	3,347	0	0	0
Technical Adjustment	State	-	(270)	393	0	0	0
TOTAL - GENERAL ASSISTANCE			54,797	39,903	32,614	17,353	16,980

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: General Assistance

ITEM TITLE: Postpone Battered Women's Shelter Funding Transfer

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Human Services				
- General Assistant Grants	\$16,681	\$-0-	\$-0-	\$-0-
Crime Victim Service Center				
- State Operations	\$-0-	\$109	\$107	\$107
- Grants	(\$16,681)	\$-0-	(\$1,298)	(\$2,595)

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the transfer of the battered women's shelter per diem payments from the Department of Human Services (DHS) to the Crime Victim Services Center be postponed for one year, until 7-1-2000, to give these agencies and the affected parties adequate time to develop a complete plan for program implementation. The Governor further recommends that the F.Y. 2001 funding level be used as the base level for the following biennium. Finally, the Governor recommends \$109,000 in F.Y. 2001 for the administration of this program, when it is transferred to the Crime Victim Services Center.

RATIONALE:

Welfare reform legislation passed during the 1997 session required the assistance payments paid to battered women's shelters under the General Assistance laws be transferred from DHS to the Department of Corrections (DOC) effective 7-1-99. No specific language was included to explain how the program would be

implemented outside the context of the General Assistance process. At the time of that legislation, crime victim services programs for battered women were administered within DOC. In 1998, a Governor's executive order transferred the crime victim services functions from the DOC, Public Safety, and Administration to a Crime Victim Services Center. Legislation to implement that order will be sought during the 1999 legislative session. The new agency is continuing the process to reorganize according to that order and the expected legislative ratification. To ensure their success in that process, the agency has proposed that the additional transfer of the Battered Women's Shelter payments be postponed until there is a complete plan for its implementation, which was not included in the original legislation. The Governor's recommendation to postpone this transfer includes the requirement that the Crime Victim Services Center, DHS, and affected parties present a complete plan and legislation necessary for implementation of this transfer within available funding by 10-15-99.

Separate administrative funding for this program does not exist in DHS' budget, but it would be necessary when the program transfers to the Crime Victim Services Center. This recommendation includes \$109,000 in F.Y. 2001 for 2 staff and related expenses necessary to operate this program in the new agency.

The existing battered women's shelter per diem payments have been funded as a forecast item within the General Assistance budget in DHS, with costs forecast to rise each year through the F.Y. 2002-03 biennium.

This recommendation would set the future annual base level funding in the Crime Victim Services Center at the current estimate for F.Y. 2001, \$17,979,000.

FINANCING:

The recommendation to maintain F.Y. 2001 funding as the base level for battered women's shelter per diem payments in the next biennium will result in projected savings of \$3,893,000 for F.Y. 2002-03.

OUTCOMES:

Postponing the transfer of this program for one year will give the agencies and affected parties adequate time to plan for a smooth transition of this program.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Grants
ACTIVITY: General Assistance Grants

ITEM TITLE: Conversion of GA/GAMC Disabled to SSI/MA Case Management

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
GA Grants	\$(107)	\$(2,007)	\$(2,984)	\$(2,984)
Econ Support Operations	103	1,410	2,053	2,120
MA Grants HC E&D	141	2,816	4,395	4,614
GAMC Grants	<u>(218)</u>	<u>(4,312)</u>	<u>(6,731)</u>	<u>(7,068)</u>
Total	\$(81)	\$(2,093)	\$(3,267)	\$(3,318)
Revenues: (\$000s)				
General Fund	\$45	\$620	\$903	\$933

Statutory Change? Yes No

If yes, statutes(s) affected: M.S. 256D.06

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease to the General Fund budget of \$81,000 in F.Y. 2000 and \$2,093,000 in F.Y. 2001 as a result of providing outreach and case management services to persons on GA/GAMC whose disability would qualify them for federal Supplemental Security Income (SSI) payments and eligibility under the Medical Assistance program.

RATIONALE:

Background

Each year, county human service agencies refer approximately 3,000 GA cases to the Social Security Administration to apply for SSI. This referral is made for 2 reasons: to secure a more comprehensive benefit set for these clients provided by the federal government and to continue the practice of the state being the payor of

last resort. Approximately 2,000 of the cases are found eligible for SSI and 1,000 are denied. County follow-up with the clients denied federal benefits is limited due to lack of resources and little financial incentive with no county share in these programs. While these cases are tougher to pursue, DHS believes there is potential to succeed in moving more denied clients to federal programs with significant savings to the state.

Proposal

This proposal includes funding for qualified staff to manage and ensure fiscal accountability of a contingency fee contractor to secure SSI and Medicaid benefits for disabled GA/GAMC recipients. Contingency fee contracts will be written on an annual basis with state renewal option and the ability of the state to assume the function if such action would be financially advantageous.

Administrative issues

This proposal requests funding for 2 FTEs and a contingency fee contract to support and manage the conversion of disabled GA/GAMC clients to SSI/MA.

Implementation

The GA/GAMC to SSI and MA program would become effective 7-1-99. During the first 6 months of this project, the logistics of case identification and file acquisition, protocol development, outcome measurement design, contingency fee contract development, and vendor selection will be addressed.

FINANCING:

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
GA/GAMC Conversion				
General Assistance Grants	(107)	(2,007)	(2,984)	(2,984)
MA Basic HC-E&D	141	2,816	4,395	4,614
GAMC Grants	(218)	(4,312)	(6,731)	(7,068)
Econ Supp Ops 2 FTEs	103	103	103	103
Contracted contingency fee	<u>-0-</u>	<u>1,307</u>	<u>1,950</u>	<u>2,017</u>
Total	(81)	(2,093)	(3,267)	3,318

OUTCOMES:

- Increase of GA/GAMC clients eligible for SSI/MA successfully transferred to the federal programs.
- Increase in the health care benefit set for clients transferred to the federal programs.
- Increase in payments to providers for services under MA and Medicare.
- Decrease in state expenditures for services to this client population and a corresponding increase in federal support.

2000-01 Biennial Budget

BUDGET ACTIVITY: Minnesota Supplemental Aid
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Minnesota Supplemental Aid (MSA) provides cash assistance to aged, blind, and disabled persons who are in financial need. MSA complies with federal law which requires states to supplement payments made by the Supplemental Security Income (SSI) program to aged, blind, and disabled persons.

Services Provided

- Cash assistance through monthly grants
- Basic need standard
 - \$555 - Individual living alone
 - \$420 - Individual living with others
 - \$932 - Couple living alone
 - \$555 - Couple living with others
- A special needs allowance exists for a special diet, a guardian or conservator fee, restaurant meals, or representative payee fees.
- The amount of the monthly MSA grant is the difference between the amount of the recipient's countable income, including \$494 of SSI benefits, and the MSA need 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 \$64 each month. MSA also provides a grant to recipients who face emergency situations.

Eligibility

MSA is available to Minnesota residents who:

- are recipients of SSI, or
- are eligible for SSI except for excess income and whose net income is less than the MSA standards

To receive MSA benefits, a person must either be:

- Age 65 or older,
- Blind or have severely impaired vision, or

- Disabled according to the criteria used for Retirement and Survivors Disability Insurance and SSI and be between the ages of 18 and 65. Disability for non-SSI recipients is determined by the State Medical Review Team.

Recipients must not have assets that total more than:

- \$2,000 for an individual, or
- \$3,000 for a couple.

People Served

Approximately 24,248 Minnesotans received MSA each month in F.Y. 1998.

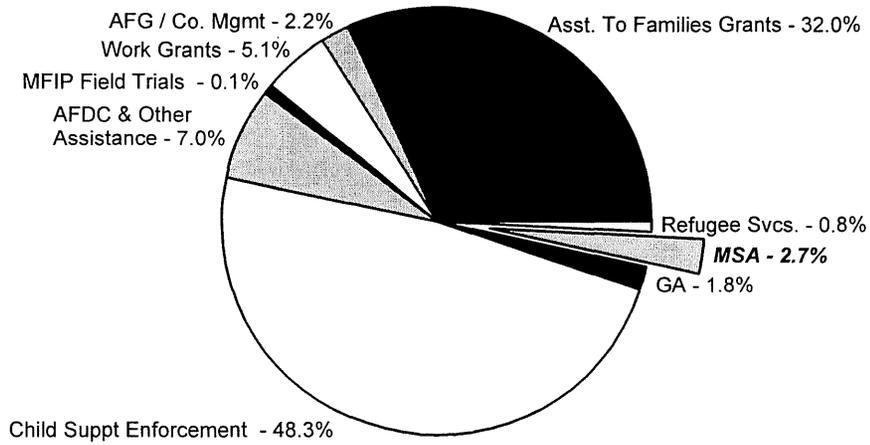
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- MSA caseload has roughly doubled in the past 10 years.
- Standards are adjusted annually by the amount of the cost-of-living adjustment in SSI.

Economic Support Grants By Activity

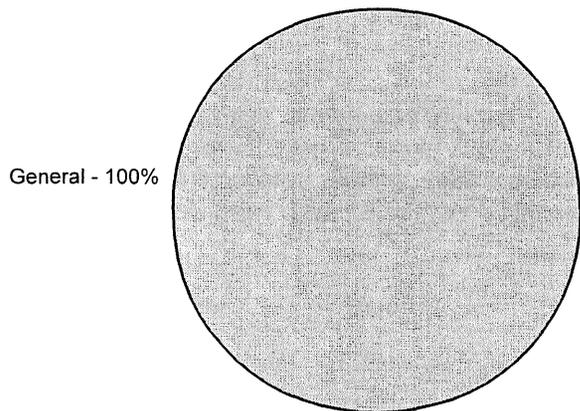


Total All Funds = \$965,620,000

Activity Finance Summary Minnesota Supplemental Aid F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Minnesota Supplemental Aid By Fund



Total All Funds = \$25,767,000

***See next page for
Funding Detail
(forecast)***

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: ECONOMIC SUPPORT GRANTS
Activity: MINNESOTA SUPPLEMENTAL AID

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
PAYMENTS TO INDIVIDUALS	23,293	22,818	24,774	25,767	25,767	26,874	26,874	5,049	10.6%
LOCAL ASSISTANCE	3,676	999	0	0	0	0	0	(999)	-100.0%
Total Expenditures	26,969	23,817	24,774	25,767	25,767	26,874	26,874	4,050	8.3%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	23,224	23,817	24,774	25,767	25,767	26,874	26,874		
STATUTORY APPROPRIATIONS:									
GENERAL	3,745	0	0	0	0	0	0		
Total Financing	26,969	23,817	24,774	25,767	25,767	26,874	26,874		

Funding Detail

Minnesota Supplemental Aid

Services	Funding State/Federal	FY 1998 Average Recipients	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	Base FY 2000	Base FY 2001
Recipients In MA Certified Facilities	State	2,100	1,004	933	894	839	812
Other Recipients In Community	State	22,185	22,236	22,528	23,880	24,928	26,062
County Reimbursement	State	-	3,676	1,133	0	0	0
Technical Adjustment	State	-	53	(777)	0	0	0
TOTAL - MINNESOTA SUPPLEMENTAL AID			26,969	23,817	24,774	25,767	26,874

2000-01 Biennial Budget

BUDGET ACTIVITY: Refugee Services
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Refugee Services Grants provide for the effective resettlement and economic self-sufficiency of refugees in Minnesota. Refugees are people lawfully admitted to the United States who are unable to return to their own home because of potential persecution.

Services Provided

The primary refugee services are the following:

- Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA)
- Social Services for Refugees
- Services for Asian Youth
- Federal funding is available for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) provided to needy refugees who do not have minor children in the home. Reimbursement to the state is currently limited to the first 8 months after arrival in this country.
- Reimbursement is also received for the cost of providing services to Refugee Unaccompanied Minors. Minors without a responsible adult relative available are resettled into a foster home placement.
- Social services for refugees are generally limited to refugees within their first 5 years in this country.
- Culturally appropriate and bilingual employment services are provided to refugees through contracts with community organizations. Though enrollment in the program is voluntary, contract outcomes for the vendors are based on enabling families and individuals to achieve freedom from cash assistance. Services include orientation to work in the United States, job-seeking skills, job development, on-the-job training, job placement, and follow-up to facilitate job retention.
- A wide range of services other than employment services are also provided to refugees. These services aim at helping refugees adjust to life in the United States. Some examples of these services include home management services, language training, referral and information, translation and interpreter services, and services to deaf refugees.

People Served

In the recent past, refugees have come from Africa, Bosnia, and the former Soviet Union, but they may be from any country.

- There have been about 13,300 persons resettled in Minnesota over the last 5 years from about 30 different countries of origin. That represents just over 2% of the total admitted to the United States. Though the number of refugee admissions to the United States per year may change, we expect that the percentage coming to Minnesota will be stable.
- The current number of refugees in Minnesota is estimated at over 50,000, though the number is difficult to verify as there tends to be movement to and from other states. We gain at least 500 persons each year from other states; the number we lose is unknown.

Persons served by these grants:

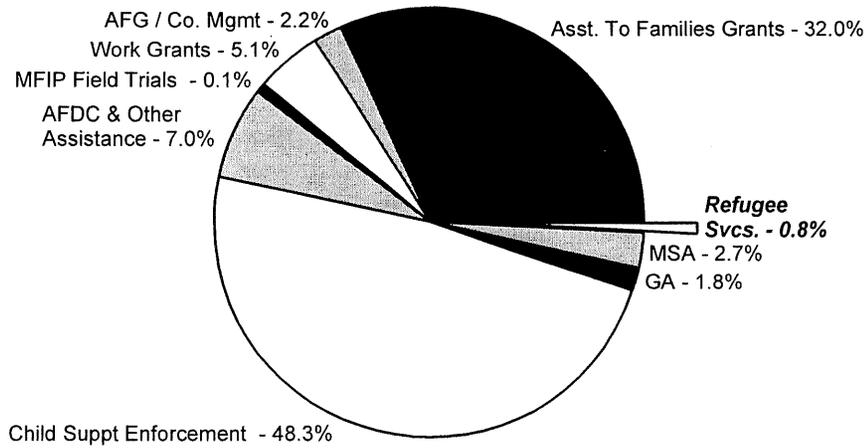
(Average persons per month)

<u>RCA</u>	<u>RMA</u>	<u>Social Services</u>	<u>Asian Youth</u>
321	321	134	140

FINANCING INFORMATION

(See charts which follow narrative.)

Economic Support Grants By Activity



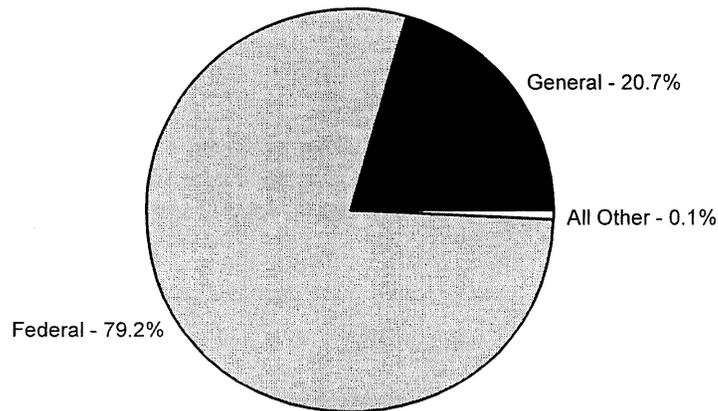
Total All Funds = \$965,620,000

Activity Finance Summary Refugee Services

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Refugee Services By Fund



Total All Funds = \$7,751,000

*See next page for
Funding Detail*

Agency: HUMAN SERVICES DEPT
 Program: ECONOMIC SUPPORT GRANTS
 Activity: REFUGEE SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	0	0	11	11	11	11	11	11	100.0%
OPERATING EXPENSES	48	6	0	0	0	0	0	(6)	-100.0%
SUBTOTAL STATE OPERATIONS	48	6	11	11	11	11	11	5	29.4%
PAYMENTS TO INDIVIDUALS	3,696	2,276	3,105	3,105	3,105	3,105	3,105	829	15.4%
LOCAL ASSISTANCE	4,240	3,706	4,533	4,635	4,135	4,635	4,135	31	.4%
Total Expenditures	7,984	5,988	7,649	7,751	7,251	7,751	7,251	865	6.3%
CHANGE ITEMS:									
	FUND								
(A) DHS BASE REDUCTIONS	GEN				(500)		(500)		
Total Change Items					(500)		(500)		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,256	1,387	1,605	1,605	1,105	1,605	1,105		
STATUTORY APPROPRIATIONS:									
GENERAL	2	1	5	5	5	5	5		
FEDERAL	6,726	4,600	6,039	6,141	6,141	6,141	6,141		
Total Financing	7,984	5,988	7,649	7,751	7,251	7,751	7,251		

Funding Detail

Refugee Services

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
DIRECT APPROPRIATIONS										
General Fund										
Asian American Juvenile Crime Prevention and Intervention	Grants to non-profit agencies for the provision of family based services and activities to Asian American youth to prevent participation in crime and to intervene in youth criminal and/or delinquent behaviors.	487	481	500	500	0	(500)	500	0	(500)
Asian Child Welfare	Grants to non-profit agencies for the provision of cultural, family based, social adjustment services to Asian youth ages 9-21 residing in Minnesota. (approx. served - 140 per month)	76	78	80	80	80	0	80	80	0
Refugee Language Grants	Grants to counties to provide intensive work focused ESL instruction to MFIP recipients who lack proficiency in English.	693	828	1,025	1,025	1,025	0	1,025	1,025	0
General Fund Total		1,256	1,387	1,605	1,605	1,105	(500)	1,605	1,105	(500)
DIRECT APPROPRIATIONS TOTAL		1,256	1,387	1,605	1,605	1,105	(500)	1,605	1,105	(500)

Funding Detail

Refugee Services

Grant / Activity	Purpose / People Served	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	FY 2000			FY 2001		
					Base	Governor Recomm	Difference	Base	Governor Recomm	Difference
STATUTORY APPROPRIATIONS										
General Fund										
Refugee Cash Assistance	Federal program designed to provide cash grants to needy refugees who do not have children in the home.	2	1	5	5	5	0	5	5	0
General Fund Total		2	1	5	5	5	0	5	5	0
Federal Fund										
Refugee Temporary Assistance	Grants to refugees requiring emergency assistance.	1,321	644	898	1,000	1,000	0	1,000	1,000	0
Refugee Cash Assistance	Cash grants to needy refugees who do not have children in the home. (approx. served - 321 per month)	1,461	882	1,100	1,100	1,100	0	1,100	1,100	0
Refugee Social Services	Grants to non-profit agencies to help refugees who encounter difficulties adjusting to life in the United States. (approx. served - 134 per month)	1,711	1,681	1,921	1,921	1,921	0	1,921	1,921	0
Refugee Medical Assistance	Grants to medical providers for medical care received by needy refugees without minor children in the home. (approx. served - 321 per month)	2,233	1,393	2,000	2,000	2,000	0	2,000	2,000	0
Discretionary Admin.	Grants to non-profit agencies available for certain geographic areas with refugee populations.	0	0	120	120	120	0	120	120	0
Federal Fund Total		6,726	4,600	6,039	6,141	6,141	0	6,141	6,141	0
STATUTORY APPROPRIATIONS TOTAL		6,728	4,601	6,044	6,146	6,146	0	6,146	6,146	0
TOTAL - REFUGEE SERVICES		7,984	5,988	7,649	7,751	7,251	(500)	7,751	7,251	(500)

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2000-01 Biennial Budget

PROGRAM: Economic Support Management
AGENCY: Human Services, Department of (DHS)

PROGRAM PROFILE

Purpose

Economic Support Management provides administrative and operations support to the Minnesota Family Investment Program (MFIP), General Assistance (GA), Child Support Enforcement, Food Stamps, and Minnesota Supplemental Aid (MSA). This area also maintains the MAXIS computer system which determines eligibility for welfare and health care programs. These programs help families and individuals move out of poverty and support themselves financially, and also provide a safety net for those who cannot fully support themselves.

DHS Functions

- Welfare fraud prevention, control, and recoupment
- Maintain the MAXIS computer system
- Centralized benefit payment
- Policy development for welfare programs
- Instructional manual, bulletins, and technical assistance to counties
- Evaluation of programs
- Policy help desk support for counties and other client service providers
- Refugee services administration
- Telephone Assistance Plan administration
- Management for contracts that help recipients apply for federal benefits

People Served

- 180,000 people determined to be eligible for MFIP, GA or MSA.
- 87 counties including 1,845 financial workers who determine benefits
- Statewide jobs and training providers
- Refugee associations
- Tribal governments

Components

Economic Support Grants contain the following budget activities:

- Economic Support Policy Administration
- Economic Support Operations

Accomplishments

- Successful implementation of MFIP required working closely with the private and non-profit sectors. In addition to the policy development, training for county workers, and new connections that needed to be developed with businesses, a major effort was needed to code new policy changes into the MAXIS computer system which connects all 87 counties and DHS.
- In F.Y. 1998, training was provided to over 3,000 county staff about MFIP and related welfare reform policy.
- A new centralized child support payment center was created in 1998 making it simpler for businesses to deal with child support withholding by sending payments to DHS rather than to individual counties. As a result, child support is sent to families faster.
- Minnesota continues to be recognized by the federal government as having one of the best run welfare systems in the country. In 1998 Minnesota received a federal award for having the most accurate system for determining food stamp benefits in the region.
- With the advent of reform, DHS's help desk functions were expanded to help counties work through changes. The help desk staff resolved over 9,000 questions in the first 6 months of F.Y. 1998.

STRATEGIES AND PERFORMANCE

The performance measures for this program area are as follows:

- MFIP child support collections will increase by 5% each year.
- Payment accuracy and administrative performance for each program reviewed or evaluated will be within the federal and state tolerance levels.

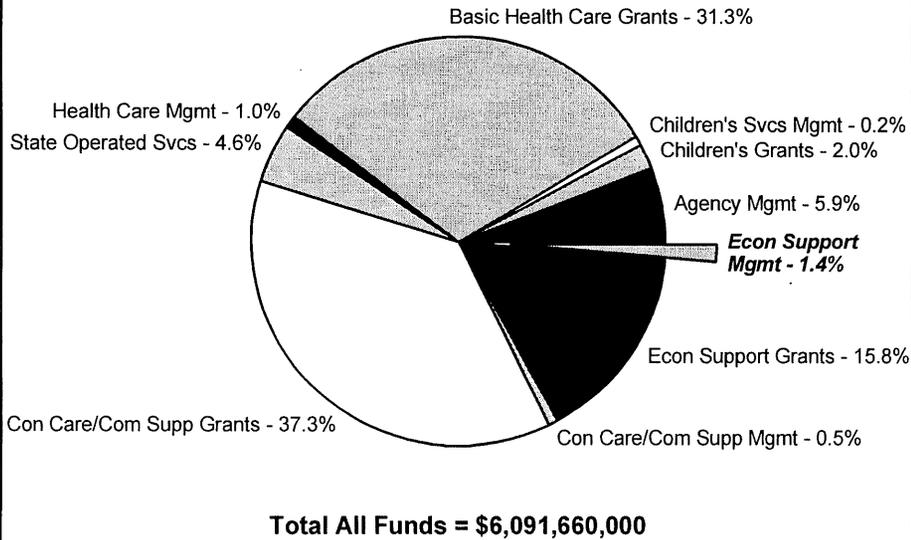
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

- Federal administrative revenue reduction included in the Agricultural Research, Extension and Education Act of 1998.
- More emphasis needs to be placed on making sure that clients who are eligible for federal programs get those benefits and move off state-funded programs.
- Administrative funding is frozen while needs of clients remaining on welfare are going up.

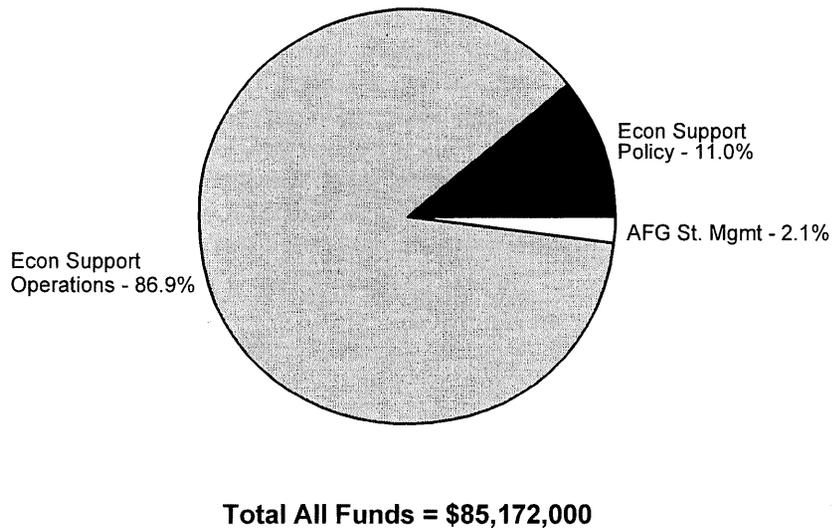
Dept. Of Human Services By Program



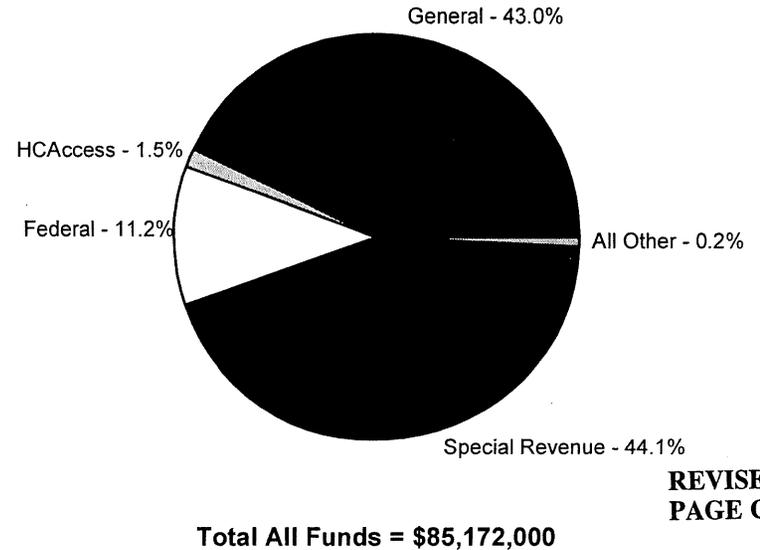
Program Finance Summary Economic Support Management F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Economic Support Management



Economic Support Management



**REVISED
PAGE C-293**

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ECONOMIC SUPPORT POLICY ADMIN	7,646	9,168	10,824	9,353	9,683	9,254	9,584	(725)	-3.6%
ECONOMIC SUPPORT OPERATIONS	47,153	61,047	83,484	74,018	77,025	73,146	79,692	12,186	8.4%
ASSIST FAMILY GRANTS-ST MGM	0	1,517	1,801	1,801	1,801	1,801	1,801	284	8.6%
Total Expenditures	54,799	71,732	96,109	85,172	88,509	84,201	91,077	11,745	7.0%

CHANGE ITEMS:	FUND				
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN			103	1,410
(B) CHILD SUPPORT FEES	GEN			204	136
(B) CHILD SUPPORT OPERATIONS	GEN			2,700	5,000
(B) MFIP PERFORMANCE MANAGEMENT	FED			330	330
Total Change Items				3,337	6,876

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	9,983	10,266	12,517	36,579	39,586	36,947	43,493
HEALTH CARE ACCESS	192	190	224	1,313	1,313	1,318	1,318
STATUTORY APPROPRIATIONS:							
GENERAL	15	6	20	20	20	20	20
SPECIAL REVENUE	42,643	54,601	72,549	37,598	37,598	36,472	36,472
FEDERAL	1,677	6,569	10,452	9,512	9,842	9,419	9,749
GIFT	289	100	347	150	150	25	25
Total Financing	54,799	71,732	96,109	85,172	88,509	84,201	91,077

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2000-01 Biennial Budget

BUDGET ACTIVITY: Economic Support Policy Administration
PROGRAM: Economic Support Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Economic Support Policy Administration provides administrative support for Minnesota's economic assistance programs. Responsibilities of this activity include welfare policy development and data analysis, program evaluation, supervising county administration of child support enforcement efforts, supervising fraud prevention and control efforts, conducting quality control reviews, and intergovernmental relations.

DHS Functions

- Supporting county agency delivery of services through training, instructional manuals, policy assistance, and system support through the help desks
- Case management assistance
- Implementing and monitoring of state funded grant projects
- Conducting pilot programs to improve service delivery and outcomes
- Implementing policy changes and development and analysis of legislation
- Participating with other state agencies and community organizations to identify and address welfare reform issues
- Administrating social services, cash assistance and employment services to refugees
- Administrating the Telephone Assistance Plan (TAP), which provides telephone subsidies to low-income elderly and disabled Minnesotans.

People Served

- 180,000 people determined to be eligible for the Minnesota Family Investment Program (MFIP), General Assistance (GA) or Minnesota Supplemental Aid (MSA)
- 72,500 families who receive child support enforcement services related to receiving public assistance
- 150,900 families not on assistance who seek child support enforcement services
- 87 counties

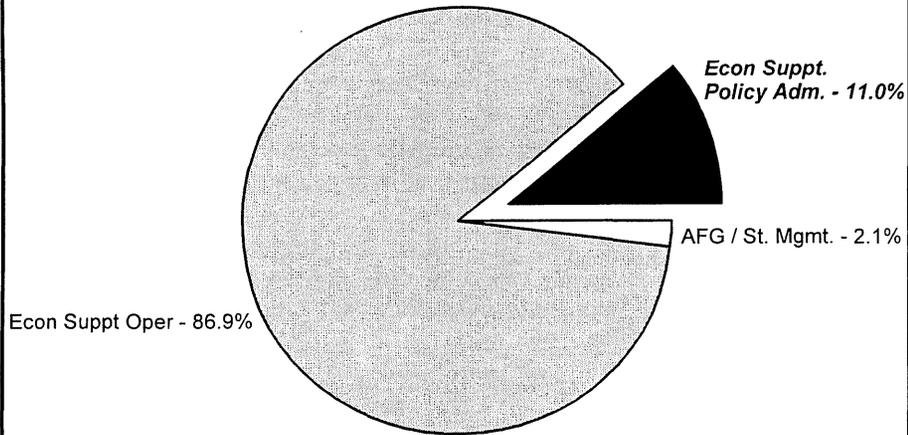
FINANCING INFORMATION

(See charts which follows Narrative.)

BUDGET ISSUES

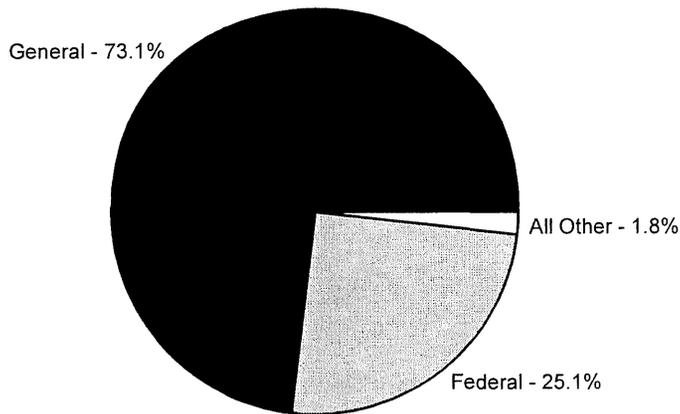
- Increased demand for data development, research and results evaluation.
- Increased demand for measuring performance to determine whether the MFIP goals of moving people into work and out of poverty are being met.

Economic Support Management By Activity



Total All Funds = \$85,172,000

Economic Support Policy Admin. By Fund



Total All Funds = \$9,353,000

Activity Finance Summary Economic Support Policy Administration

F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Economic Support Policy Admin. - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Families / Children	36.2	0.0	0.0	0.0	0.0	36.2
Child Support Enf	27.0	0.0	0.0	0.0	0.0	27.0
Adult Support	6.5	0.0	0.0	8.5	0.0	15.0
TOTAL	69.7	0.0	0.0	8.5	0.0	78.2

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT POLICY ADMIN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,390	3,961	4,514	4,629	4,706	4,730	4,807	1,038	12.2%
OPERATING EXPENSES	3,039	4,547	5,256	3,670	3,923	3,470	3,723	(2,157)	-22.0%
SUBTOTAL STATE OPERATIONS	6,429	8,508	9,770	8,299	8,629	8,200	8,530	(1,119)	-6.1%
LOCAL ASSISTANCE	1,217	660	1,054	1,054	1,054	1,054	1,054	394	23.0%
Total Expenditures	7,646	9,168	10,824	9,353	9,683	9,254	9,584	(725)	-3.6%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) MFIP PERFORMANCE MANAGEMENT	FED				330		330		
Total Change Items					330		330		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	5,665	6,024	7,168	6,832	6,832	6,951	6,951		
STATUTORY APPROPRIATIONS:									
GENERAL	15	6	20	20	20	20	20		
FEDERAL	1,677	3,038	3,291	2,351	2,681	2,258	2,588		
GIFT	289	100	345	150	150	25	25		
Total Financing	7,646	9,168	10,824	9,353	9,683	9,254	9,584		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Policy Administration

ITEM TITLE: MFIP Performance Management

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
TANF Reserve				
- Economic Support Policy	\$330	\$330	\$330	\$330
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statutes(s) affected:				
<input checked="" type="checkbox"/> New Activity <input type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the expenditure of TANF Reserves of \$330,000 in F.Y. 2000 and \$330,000 in F.Y. 2001 for the development and implementation of a performance management system for the Minnesota Family Investment Program (MFIP). This system will provide regular feedback to counties on their performance and help target support to counties that are less successful at moving families into work and out of poverty.

RATIONALE:

Background

MFIP was implemented statewide beginning in January 1998. The purpose of MFIP is to move families into work and to support them as they work their way out of poverty. Success in meeting these goals is critical, as MFIP limits assistance for any family to 60 months in a lifetime.

When MFIP was created in 1997, some preliminary steps were included toward

development of a system to measure and enhance county performance. These steps included instruction to the department and the counties to develop a method to share any federal sanctions on failure to meet TANF work participation requirements and performance standards for counties that the department reports on quarterly.

Proposal

This proposal builds on the work started in 1997 to develop a more comprehensive and effective system of monitoring county performance in MFIP. This budget proposal funds state staff to manage the performance measurement system.

The department requests funding for 3 staff to manage the performance system. Implementing and maintaining a performance-based system in MFIP represents a new direction for the department. Significant effort is needed to:

- develop state and local reporting systems that support management of an outcome-based system;
- analyze data;
- develop and implement mechanisms for using outcome information to monitor counties;
- target technical assistance;
- identify best practices in better performing counties.

OUTCOMES:

- Improved administration of MFIP should lead to more families working, fewer families in poverty, and fewer families depending on MFIP.
- Measuring and reinforcing program performance should lead to more intensive local efforts to improve program performance, especially in counties performing below average.
- Measuring county performance will provide the state with accurate information to target technical assistance to counties with poor performance and to promote best practices in successful counties.

2000-01 Biennial Budget

BUDGET ACTIVITY: Economic Support Operations
PROGRAM: Economic Support Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

Economic Support Operations provides operating and systems support for Minnesota's public assistance programs. Responsibilities of this activity include operating and maintaining the statewide computer system that is used by state and county staff to determine eligibility for cash, food, and medical assistance and operating and maintaining the statewide computer system for child support enforcement.

DHS Functions

- Operating and maintaining the eligibility and delivery systems critical to grant recipients for their monthly subsistence and medical needs.
- Determining eligibility for economic support grants including Food Stamps, General Assistance (GA), Minnesota Supplemental Aid (MSA), Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance Medical Care (GAMC), Telephone Assistance Program (TAP) and Emergency Assistance (EA).
- Collecting and distributing child support payments, locating absent parents, establishing paternity, and enforcing of court orders.
- Conducting federally-mandated quality control reviews, payment accuracy assessment and administrative evaluation for MFIP, Food Stamps, MA, Child Support, and MinnesotaCare.
- Maintaining the day-to-day operations of the MAXIS computer system which determines program eligibility in 87 counties.
- Administering the Electronic Benefit Distribution System.
- Managing Program Integrity (fraud prevention) and control functions.
- Collecting and analyzing data trends and activities that determine program effectiveness and establish program error levels to prevent recipient fraud and to support long-range planning.
- Managing claims and recoveries of overpayments for the cash public assistance program, including the Tax Offset Program (TOP).

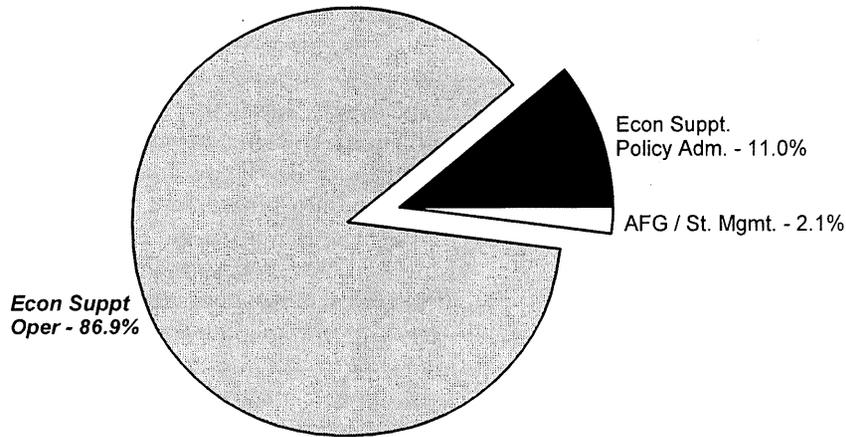
FINANCING INFORMATION

(See charts which follow narrative.)

BUDGET ISSUES

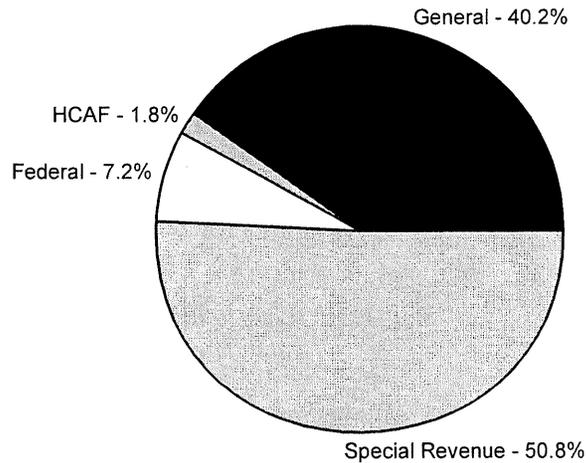
- Growing use of electronic commerce, such as electronic benefit distribution, means more connections with banks and financial institutions where recipients have accounts.
- Operation of an automated child support system is necessary to maintain compliance with federal requirements and to meet public expectations for service delivery.
- More federal requirements for child support systems means establishing links with national tracking systems.

Economic Support Management By Activity



Total All Funds = \$85,172,000

Economic Support Operations By Fund



Total All Funds = \$74,018,000

Activity Finance Summary Economic Support Operations F.Y. 2000 Base

Data Source - Budget Information System Fiscal Pages

Economic Support Operations - FTE Count

Division	General Fund	HC Access Fund	Spec. Rev. Fund	Federal Fund	Other Fund	All Funds
Child Support Enf	0.0	0.0	171.3	0.0	0.0	171.3
MAXIS Operations	0.0	0.0	145.7	0.0	0.0	145.7
Prog Assess/Integ	56.0	4.0	1.0	0.0	0.0	61.0
Adult Support	0.0	0.0	6.5	0.0	0.0	6.5
Inf & Tech Strat	0.0	0.0	13.0	0.0	0.0	13.0
TOTAL	56.0	4.0	337.5	0.0	0.0	397.5

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
Program: ECONOMIC SUPPORT MANAGEMENT
Activity: ECONOMIC SUPPORT OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	13,510	16,035	21,242	17,262	20,051	15,467	20,577	3,351	9.0%
OPERATING EXPENSES	31,443	42,737	59,460	54,530	54,748	55,453	56,889	9,440	9.2%
SUBTOTAL STATE OPERATIONS	44,953	58,772	80,702	71,792	74,799	70,920	77,466	12,791	9.2%
CAPITAL OUTLAY	0	138	0	0	0	0	0	(138)	-100.0%
PAYMENTS TO INDIVIDUALS	0	267	0	0	0	0	0	(267)	-100.0%
LOCAL ASSISTANCE	2,200	1,870	2,782	2,226	2,226	2,226	2,226	(200)	-4.3%
Total Expenditures	47,153	61,047	83,484	74,018	77,025	73,146	79,692	12,186	8.4%
CHANGE ITEMS:									
	FUND								
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN				103		1,410		
(B) CHILD SUPPORT FEES	GEN				204		136		
(B) CHILD SUPPORT OPERATIONS	GEN				2,700		5,000		
Total Change Items					3,007		6,546		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	4,318	4,242	5,349	29,747	32,754	29,996	36,542		
HEALTH CARE ACCESS	192	190	224	1,313	1,313	1,318	1,318		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	42,643	54,601	72,549	37,598	37,598	36,472	36,472		
FEDERAL	0	2,014	5,360	5,360	5,360	5,360	5,360		
GIFT	0	0	2	0	0	0	0		
Total Financing	47,153	61,047	83,484	74,018	77,025	73,146	79,692		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Operations

ITEM TITLE: Child Support Operations

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Econ Supp Operations	\$2,700	\$5,000	\$5,000	\$5,000
Revenues: (\$000s)	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: .M.S. 13B, 256, 257, 518 and 552

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$2,700,000 in F.Y. 2000 and \$5 million in F.Y. 2001 for Child Support Enforcement Welfare Reform implementation. This proposal will enable the department to meet federal requirements, fund the state share of automated system operations, and fill the gap left by changes in federal funding for this system.

RATIONALE:

Background

Child support is an investment in families. The receipt of child support is crucial to family self-sufficiency and is a factor in avoiding welfare-related costs. Minnesota provides a quality child support program to families and is a national leader in many measures of successful child support enforcement. In Minnesota, child support collections rose 9% in F.Y.1998 to a record \$396 million.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) made major changes to the child support program. Many of these changes were addressed by 1997 legislation. The Federal Performance and Incentive Act of 1998 provides further direction to states administering child support programs. Operation of an automated child support system is necessary to maintain compliance with federal requirements and to meet public expectations for service delivery.

The automated child support collections system development, funded by the federal government at 90% of development costs, was completed in October 1997. The federal share of operating costs is 66%. This decline in the federal share of funding makes additional state funding necessary to maintain the automated mechanisms required by federal law.

Proposal

This proposal will fund the implementation of several remaining federal requirements from PRWORA:

- Improve and clarify the child support and financial institution data match and automated bank levy process.
- Create the ability to suspend or bar receipt of a recreational license for those failing to pay child support or respond to a subpoena in a support matter.
- Improve medical support enforcement and make related state law consistent with recent changes in federal law.
- Change the time period for revocation of a voluntary paternity.

This proposal will provide additional funding for the state share of the automated child support system operations.

OUTCOMES:

These provisions will enable Minnesota to continue to deliver high quality child support services to families:

- Ensure timely payments to families.
- Facilitate increased child support collections.
- Maintain federal compliance.

Agency: HUMAN SERVICES DEPT

Program: ECONOMIC SUPPORT MANAGEMENT

Activity: ECONOMIC SUPPORT OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
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SUBTOTAL STATE OPERATIONS	44,953	58,772	80,702	71,792	74,697	70,920	77,432	12,655	9.1%
CAPITAL OUTLAY	0	138	0	0	0	0	0	(138)	-100.0%
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CHANGE ITEMS:	FUND			
(A) CONVERSION GA/GAMC DISABLED TO SSI/MA	GEN		103	1,410
(B) CHILD SUPPORT FEES	GEN		102	102
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Total Change Items			2,905	6,512

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F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Human Services, Department of (DHS)
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Operations

ITEM TITLE: Child Support Operations

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
Econ Supp Operations	\$2,700	\$5,000	\$5,000	\$5,000
Revenues: (\$000s)	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

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OUTCOMES:

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- Ensure timely payments to families.
- Facilitate increased child support collections.
- Maintain federal compliance.

2000-01 Biennial Budget

BUDGET ACTIVITY: Assistance to Families State Management
PROGRAM: Economic Support Management
AGENCY: Human Services, Department of (DHS)

ACTIVITY PROFILE

Purpose

This activity contains DHS' federal Temporary Assistance to Needy Families (TANF) reimbursement earned on General Fund administrative expenditures. These administrative expenditures occur primarily in the Economic Support Management budget activities. The federal TANF reimbursement is non-dedicated revenue to the General Fund. Current state law limits the draw from TANF for this activity to \$1,800,000 a year.

FINANCING INFORMATION

(See charts which follow narrative.)

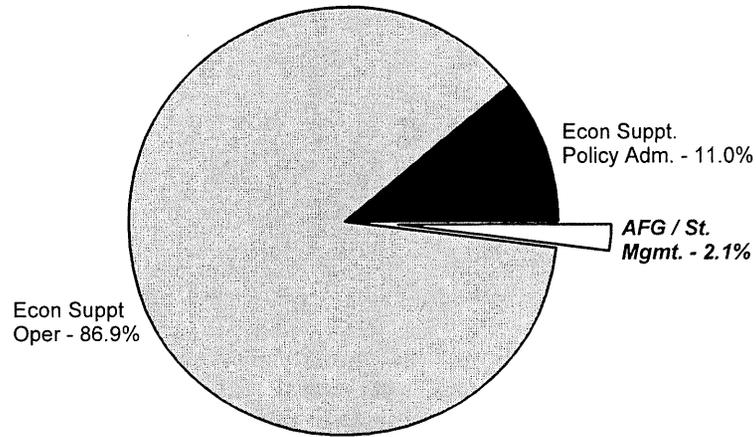
BUDGET ISSUES

- Overall, TANF requires that no more than 15% of the state's TANF block grant and the state's maintenance of effort be spent for administrative purposes.
- The cap includes administrative reimbursement on behalf of DHS and counties (See Assistance to Families - County Management).

Activity Finance Summary Assistance To Families Grants - State Mgmt. F.Y. 2000 Base

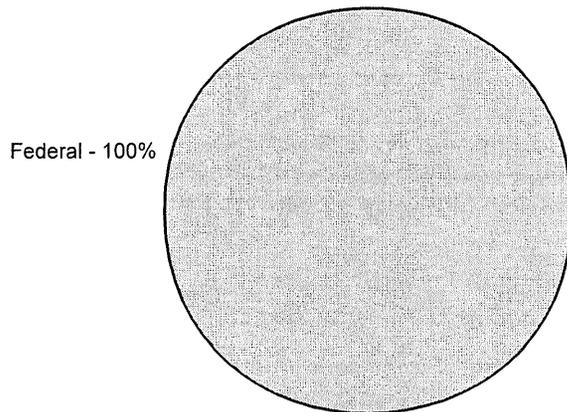
Data Source - Budget Information System Fiscal Pages

Economic Support Management By Activity



Total All Funds = \$85,172,000

Assistance to Families Grants - St. Mgmt.



Total All Funds = \$1,801,000

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HUMAN SERVICES DEPT
 Program: ECONOMIC SUPPORT MANAGEMENT
 Activity: ASSIST FAMILY GRANTS-ST MGM

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
OPERATING EXPENSES	0	1,517	1,801	1,801	1,801	1,801	1,801	284	8.6%
SUBTOTAL STATE OPERATIONS	0	1,517	1,801	1,801	1,801	1,801	1,801	284	8.6%
Total Expenditures	0	1,517	1,801	1,801	1,801	1,801	1,801	284	8.6%
FINANCING BY FUND:									
STATUTORY APPROPRIATIONS:									
FEDERAL	0	1,517	1,801	1,801	1,801	1,801	1,801		
Total Financing	0	1,517	1,801	1,801	1,801	1,801	1,801		

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

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2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

(Continued)

AGENCY: Health, Department of

PAGE

PROGRAM, BUDGET ACTIVITIES, AND CHANGE ITEMS

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**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Health, Department of

AGENCY MISSION AND VISION:

Minnesota is known as one of the healthiest states in the nation. Much of the credit for our good health is due to the state's strong public health system. As the state's lead public health agency, the Minnesota Department of Health has a broad mission: *to protect, maintain and improve the health of all Minnesotans*. While we may be best known for responding to disease outbreaks, promoting immunizations, or issuing "boil orders" for contaminated water, our activities are diverse and far-reaching.

KEY SERVICE STRATEGIES:

Preventing Diseases

We detect and investigate disease outbreaks, take action to control the spread of disease, and operate programs for preventing chronic and infectious diseases such as HIV/AIDS and TB. We provide sophisticated laboratory services, including techniques not available privately or from other government agencies.

Reducing Health Hazards

We identify and evaluate potential health hazards in the environment — from simple sanitation problems to the health risks associated with toxic waste sites. We protect the quality of the food we eat in restaurants and the safety of our public water supplies. We also work to safeguard the air inside our work places.

Safeguarding Health Care

We are responsible for safeguarding the quality of health care in our state, and we regulate many of the people and institutions responsible for providing that care, including HMOs and nursing homes. We have also played a leading role in Minnesota's pioneering efforts to improve the health care system. We have helped develop strategies to ensure that Minnesotans have access to affordable, high-quality health care. Health care policies developed here in Minnesota have been modeled by the federal government and many other states.

Promoting Good Health

We promote good health by providing information and services that help people

make healthy choices. We have made a special commitment to protecting the health of mothers and children through our supplemental nutrition program (WIC) and our services for children with special health needs.

Achieving Success Through Partnership

We provide support and assistance to local public health agencies so they can provide programs and services that meet the unique needs of their communities. Working together with our community health partners, we help ensure that all Minnesotans benefit from the good health that is the envy of the rest of the nation. Therefore, approximately 56% of the entire department's expenditures are grants assigned primarily to local public health and community-based organizations.

Leading the Nation

We lead the nation in protecting the health of our people. Our state was one of four sites chosen by the national Centers for Disease Control and Prevention to inaugurate a national "early warning" system for emerging infectious diseases. We were one of the first states to regulate smoking in public places, and tobacco-use prevention messages developed by the Minnesota Department of Health have been used nation-wide.

OPERATING ENVIRONMENT:

Ensuring a Healthy Future

Working with a variety of partners, the Minnesota Department of Health has established ambitious goals to ensure a healthy future for all Minnesotans.

The underlying theme of these goals, *Healthy People in Healthy Communities—A Shared Responsibility*, is based on the concept that we all share the benefits of—and therefore the responsibility for—improving the health of our people.

Our 18 public health goals, collectively known as *Healthy Minnesotans*, mirror our national public health goals and create a blueprint for a healthy future by focusing on three major areas:

- **Increasing healthy years of life.** We must do more than merely prolong life. As our life span increases, we need to make sure our quality of life does not suffer.
- **Eliminating disparities in health status.** The health status of some populations lags behind the rest of the state. We must focus attention on reducing health disparities where they exist in our communities.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Health, Department of
(Continuation)

- **Assuring a strong foundation for health protection.** Minnesota tackles public health problems through a strong partnership between state and local agencies, using all available tools. This basic foundation of public health must remain strong as we move into the future.

ORGANIZATION/PROGRAM STRUCTURE:

COMMISSIONER AND EXECUTIVE TEAM	
Health Systems and Special Populations	523 fte
Community Health Services	104.2 fte
Facility and Provider Compliance	183.1 fte
Family Health	159.1 fte
Health Policy and Systems Compliance	76.6 fte
Health Protection	490.5 fte
Environmental Health	225.4 fte
Disease Prevention and Control	181.1 fte
Public Health Laboratory	84 fte
Management and Support Services	135.2 fte
Management & Support	48.5 fte
Finance and Administration	86.7 fte
Fetal Alcohol Syndrome Coordinating Board	3 fte
TOTAL FTEs - 1,148.7 (F.Y. 1999)	

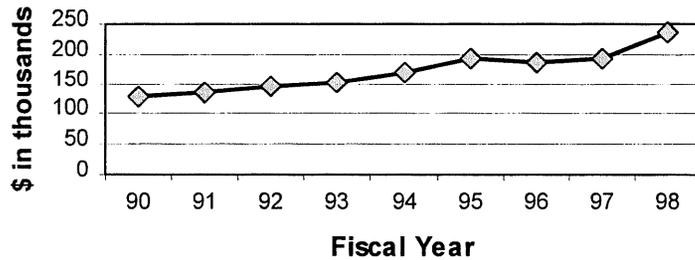
Five out of 7 of the department's divisions have staff working out of our 7 district offices. The department works with all local boards of health and many counties and cities, in addition to advisory groups, task forces, work groups and citizen and provider groups in the completion of its work.

**2000-01 Biennial Budget
Agency Executive Summary**

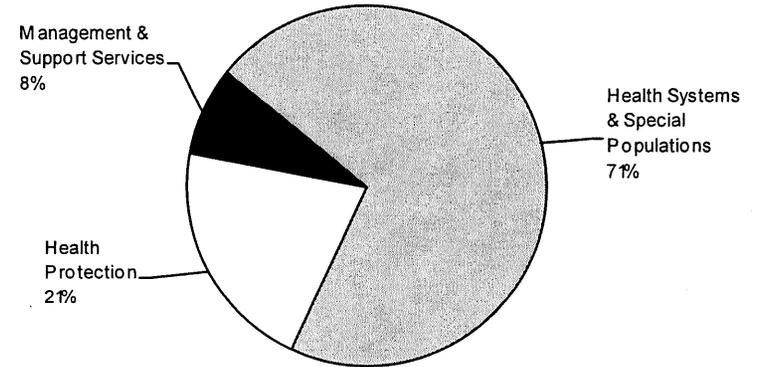
AGENCY: Health, Department of
(Continuation)

TRENDS AND PERSPECTIVES:

TOTAL BUDGET - ALL FUNDS

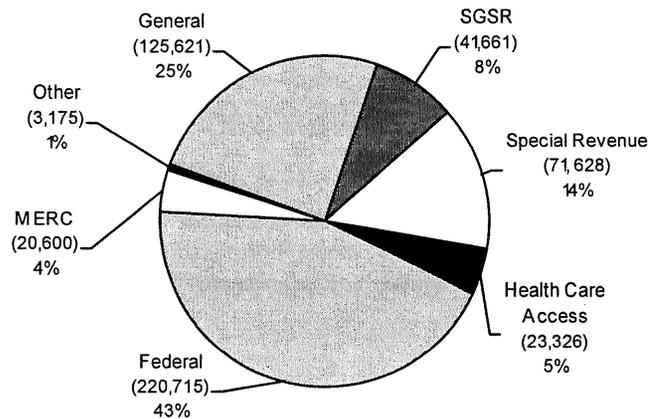


1998-99 Expenditures by Program

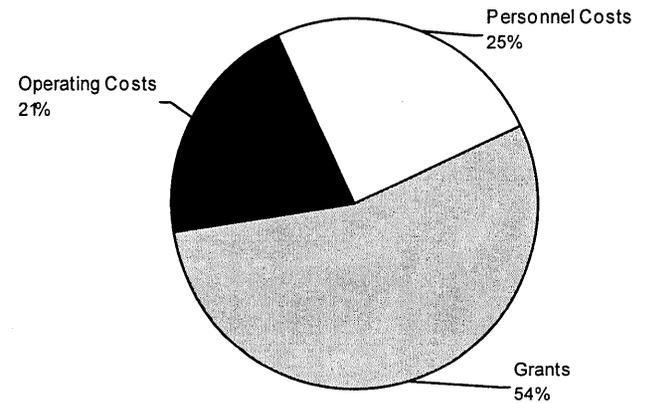


1998-99 Expenditures by Fund

Total = 506,357 (in 000's)



1998-99 Expenditures by Category



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
HLTH SYST & SPEC POPULATIONS	134,853	169,555	188,374	188,173	201,624	189,340	202,791	46,486	13.0%
HEALTH PROTECTION	46,032	48,928	61,427	57,475	60,656	57,252	60,273	10,574	9.6%
MANAGEMENT & SUPPORT SERVICES	13,324	18,162	21,652	21,618	25,599	22,283	25,389	11,174	28.1%
Total Expenditures	194,209	236,645	271,453	267,266	287,879	268,875	288,453	68,234	13.4%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	42,156	48,695	58,917	64,382	76,783	65,108	76,634		
MINNESOTA RESOURCES	0	131	19	0	0	0	0		
STATE GOVERNMENT SPECIAL REVENUE	16,233	17,538	23,875	22,529	25,741	22,425	25,234		
HEALTH CARE ACCESS	7,997	10,147	13,121	7,307	7,307	7,156	7,399		
METRO LANDFILL CONTINGENCY	161	169	217	196	196	199	199		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	193	0	148	148	148	148	148		
HEALTH CARE ACCESS	74	0	58	58	58	58	58		
STATUTORY APPROPRIATIONS:									
GENERAL	0	17,859	150	0	0	0	0		
STATE GOVERNMENT SPECIAL REVENUE	579	50	50	50	50	50	50		
SPECIAL REVENUE	28,012	33,021	38,607	35,296	35,296	35,417	35,417		
FEDERAL	98,067	107,536	114,551	109,235	109,235	108,249	108,249		
MEDICAL EDUCATION & RESEARCH	0	0	20,600	28,000	33,000	30,000	35,000		
AGENCY	0	882	608	0	0	0	0		
GIFT	737	617	532	65	65	65	65		
Total Financing	194,209	236,645	271,453	267,266	287,879	268,875	288,453		

FTE BY EMPLOYMENT TYPE:									
FULL TIME	1,036.7	1,087.6	1,078.2	1,073.6	1,073.6	1,073.6	1,073.6		
PART-TIME, SEASONAL, LABOR SER	66.2	77.7	77.1	76.8	76.8	76.8	76.8		
OVERTIME PAY	2.5	3.9	3.8	3.8	3.8	3.8	3.8		
Total Full-Time Equivalent	1,105.4	1,169.2	1,159.1	1,154.2	1,154.2	1,154.2	1,154.2		

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$69,455	\$69,455	\$138,910
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	6	12	18
Biennial Appropriations	250	250	500
One-Time Appropriations	(6,084)	(6,084)	(12,168)
Doc. Space Rental/Lease	2,266	2,622	4,888
Statewide Administration Systems	17	17	34
2000-01 Salary & Benefit Base	353	717	1,070
Transfers Between Agencies	(1,866)	(1,866)	(3,732)
Uniform Pension Bill Red.	<u>(15)</u>	<u>(15)</u>	<u>(30)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$64,382	\$65,108	\$129,490
<u>CHANGE ITEMS</u>			
Public Health Information System	1,975	1,975	3,950
Communicable Disease Prev. & Control	1,100	1,100	2,200
Minority Health	1,331	431	1,762
Office of Health Care Assistance	675	700	1,375
Tobacco Prevention	7,500	7,500	15,000
Grant Reductions	<u>(180)</u>	<u>(180)</u>	<u>(360)</u>
GOVERNOR'S RECOMMENDATION	\$76,783	\$76,634	\$153,417

Brief Explanation of Budget Decisions:

- The department will spend approximately \$41 million annually, almost 64% of the base budget, for grants to counties, non-profit organizations, and providers in the health care market. Over the past several years, the state has increasingly turned to local agencies to customize public health services as appropriate for individual communities.
- The remaining 36% of state operations funding pays for the core functions of *assessment, policy development and planning*, and *assurance* that the department performs to address state public health goals.

- Base adjustments include \$500,000 for Fetal Alcohol Syndrome (FAS) activities funded by the 1997 legislature, reductions of \$12.168 million for the biennium for one-time costs appropriated in F.Y. 1999, (\$10 million for MERC, \$1 million for food safety, \$800,000 for STD/HIV programs, and \$368,000 for FAS), and the transfer of \$3.732 million to the Department of Human services for FAS activities.
- Budget guidelines provided for base adjustments for Attorney General costs, lease increases, Statewide Administration Systems, and compensation related increases of 3%. The adjustment for leases included documented increases in existing space that had not been previously adjusted, estimated increases for leases expiring during the 2000-01 biennium, and increases to the department's overall leased space that had been reviewed by the legislature.

GOVERNOR'S RECOMMENDATION(S):

In addition to the agency's base level funding, the Governor recommends:

- \$3.95 million for increased support to the information system
- \$2.2 million for the control of communicable diseases
- \$1.762 million for increased services for the Office of Minority Health
- \$1.375 million for the full implementation of services for the Office of Health Care Assistance
- \$15 million for tobacco prevention services which includes \$10 million for grants to communities
- \$360,000 of reductions in categorical grant funding

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of Fund: State Government Special Revenue

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$22,215	\$22,215	\$44,430
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	12	25	37
New Programs To Agency Base	16	38	54
One-Time Appropriations	-0-	(32)	(32)
Statewide Administration Systems	18	18	36
2000-01 Salary & Benefit Base	318	647	965
System Development Cost	<u>(50)</u>	<u>(486)</u>	<u>(536)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$22,529	\$22,425	\$44,954
<u>CHANGE ITEMS</u>			
Public Water Supply Protection	1,193	1,193	2,386
Food Beverage & Lodging - Inspections	321	331	652
Food Manager Certification	125	121	246
Plumbing Performance Bonding	-0-	39	39
Well Management Program	186	191	377
Mortuary Science	30	30	60
Radiation Protection	18	138	156
Speech Lang. Pathologist, Audiologist	40	40	80
HMO Regulation	311	318	629
Vulnerable Adult Backgrnd. Studies	600	350	950
Newborn Metabolic Testing Equipment	<u>388</u>	<u>58</u>	<u>446</u>
GOVERNOR'S RECOMMENDATION	\$25,741	\$25,234	\$50,975

Brief Explanation of Budget Decisions:

- Base adjustments include \$54,000 for anticipated increases in the oversight of Accountable Provider Networks, a reduction of \$32,000 of start-up cost for the Alcohol and Drug Counselor licensing program, and a reduction of \$536,000 for systems development costs associated with the Vital Records redesign. In addition, budget guidelines allowed adjustments for increases in Attorney General costs, Statewide Administration Systems, and compensation related expenses of 3% per year.

GOVERNOR'S RECOMMENDATION(S):

In addition to the agency's base level funding, the Governor recommends that requested adjustments to the departments fee programs be made to ensure these activities are fully recovering their costs.

- This recommendation includes adjustments to a number of fee supported programs needing additional appropriations to maintain or improve current services without increasing fees. In some cases, new activities may result in increased revenues. Programs and dollar amounts for the biennium include:

Public Water Supply Protection	\$2.386	million
Food, Beverage and Lodging	.652	
Plumbing Performance Bonding	.039	
Well Management	.327	
Mortuary Science	.060	
Vulnerable Adults Backgrnd. Check	.950	
Newborn Metabolic Testing	0.446	

- The recommendation also includes adjustments to appropriations where new or increased fees may be charged. Programs and dollar amounts for the biennium include:

Food Manager Certification	\$0.246	million
Speech Lang. Pathologist, Audiologist	.080	
HMO Regulation	.629	
Radiation Protection	.156	

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of

Fund: Health Care Access

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$12,507	\$12,507	\$25,014
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	3	6	9
One-Time Appropriations	(5,296)	(5,296)	(10,592)
Statewide Administration Systems	7	7	14
2000-01 Salary & Benefit Base	86	175	261
Program/Agency Sunset	<u>-0-</u>	<u>(243)</u>	<u>(243)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$7,307	\$7,156	\$14,463
<u>CHANGE ITEMS</u>			
Regional Coordinating Boards	<u>-0-</u>	<u>243</u>	<u>243</u>
GOVERNOR'S RECOMMENDATION	\$7,307	\$7,399	\$14,706

GOVERNOR'S RECOMMENDATION(S):

In addition, to the agency's base level funding, the Governor recommends that the Regional Coordinating Boards be reconfigured and re-authorized for an additional 5 years.

Brief Explanation of Budget Decisions:

- The base adjustments include a reduction in a one-time appropriation for the Rural Hospital Grant Program of \$4,546 million per year, the Rural Hospital Demonstration Project of \$300,000 per year, and a legislative mandate to cut administrative costs of \$450,000 per year.
- The budget guidelines provided for base adjustments for increases in Attorney General costs, Statewide Administration Systems, and 3% for compensation-related increases.
- The base budget adjustment includes a reduction of \$243,000 for F.Y. 2001, for the sunset of the Regional Coordinating Boards.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of

Fund: Metro Landfill Contingency

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$193	\$193	\$386
<u>BASE ADJUSTMENT</u>			
2000-01 Salary & Benefit Base	<u>3</u>	<u>6</u>	<u>9</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$196	\$199	\$395
<u>CHANGE ITEMS</u>			
None	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
GOVERNOR'S RECOMMENDATION	\$196	\$199	\$395

Brief Explanation of Budget Decisions:

- The department uses these dollars to continue the surveying and monitoring of landfills in the metropolitan area for contamination of the ground water.
- Budget guidelines provided for an adjustment for compensation-related increases of 3% per year.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends that the agency continue their surveying and monitoring activities for F.Y. 2000-01.

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Health, Department of (MDH)

The department's budget for F.Y. 1998 was approximately 45% federal dollars. The largest federal grant is the Women, Infants and Children (WIC) Nutrition Program, which was approximately \$65 million, or about 61% of the total federal dollars. The federal dollars fund about 30% of all the positions and accounts for about 60 different programs. The funding for the major programs remained relatively constant over the past 2 years. Some programs such as Immunization and Emerging Infections were of major importance for the federal government, so MDH received higher than normal funding. However, Immunization was returned to normal funding in 1999. In the next biennium, there exists a risk for a cut in the Certification of Health Care Facilities funding for both Title XIX and XVIII as federal workload levels decrease. This puts additional pressure on the state to pick up this workload. Also, some federal projects, such as the Americans Stop Smoking Information Study (ASSIST), will come to a close. Other projects related to emerging infections and bioterrorism may receive national attention, which could result in additional funding for the state.

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Health, Department of

Federal Program	Related SFY 1999 Spending	Primary Purpose/ Description	FFY 1998 Revenues	FFY 1999 Revenues	Estimated FFY 2000 Revenues	Estimated FFY 2001 Revenues
Certification of Health Care Providers	5,628	SO	3,617	4,090	4,212	4,338
Clinical Laboratory Improvement Act	0	SO	191	213	210	210
Supplemental Nutrition Program for Women, Infants, and Children (WIC)	3,690	SO, GPS, GCBO, GI	49,000	48,000	48,000	48,000
WIC Infant Formula Rebate	0	GI	15,500	14,000	14,000	14,000
Maternal and Child Health Block Grant	3,278	SO, GPS	9,481	9,481	9,481	9,481
Americans Stop Smoking Intervention Study (ASSIST)	1,150	SO, GPS, GCBO	1,118	1,152	772	0
Abstinence Education	895	SO, GPS, GCBO	614	614	614	614
5 A Day Cafeteria Power Plus	0	SO	0	585	549	587
Diabetes Enhanced	90	SO	403	439	448	457
Commodity Supplemental Food Program (CSFP)	0	SO, GCBO, GI	433	433	433	433
Part C (Early Intervention for Infants and Toddlers)	0	SO	373	373	373	373
Diabetes Core Services	50	SO, GPS, GCBO	324	303	309	315
Emergency Department Injury Surveillance	0	SO	268	255	255	0
Safe at Home	0	SO	0	175	225	232
Burn Injury Prevention	0	SO, GCBO	0	160	160	160
Traumatic Brain Injury (TBI) Surveillance	200	SO	155	154	154	0
Coordinated School Health	0	SO	130	130	130	130
State Systems Development Initiative (SSDI)	0	SO	100	100	0	0
Pregnancy and Pediatric Nutrition Surveillance System	0	SO	83	82	82	82
Community Integration Services System (CISS)	0	SO	50	50	50	0
Synar (Tobacco Compliance)	0	SO	50	50	50	50
Early Childhood Tracking	0	GPS	1,271	0	0	0
5 A Day Evaluation	0	SO	80	0	0	0

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Health, Department of

Federal Program	Related SFY 1999 Spending	Primary Purpose/ Description	FFY 1998 Revenues	FFY 1999 Revenues	Estimated FFY 2000 Revenues	Estimated FFY 2001 Revenues
Preventive Health Block Grant	0	SO, GPS	4,560	4,330	4,330	4,330
Fatality Assessment and Control Evaluation (FACE)	0	SO	123	114	116	118
Sentinel Event Notification for Occupational Risks (SENSOR)	0	SO	111	109	112	115
Cancer Registries	500	SO	500	490	490	490
Wood Dust Intervention	0	SO, GI	298	150	0	0
Partners for Farming	0	SO, GPS	97	96	99	0
Childhood Agricultural Safety and Health	0	SO, GPS	200	200	200	0
Link to Occupational Cancer	0	SO, GPS	54	54	54	0
CDC AIDS - Field Services	0	SO	39	39	39	39
TB Cooperative Agreement	0	SO, GPS	511	294	294	294
AIDS Surveillance - CDC	0	SO	135	135	135	135
Pneumococcal Immunization	0	SO	42	68	68	68
Lyme Disease	0	SO	205	100	100	100
Emerging infections	0	SO	773	603	603	603
STD - AIDS Program	0	SO	759	735	735	735
Ryan White	0	SO, GI, GPS	2,232	2,541	2,365	2,365
HIV Prevention	0	SO, GPS	2,914	2,836	2,836	2,836
Housing of Persons with AIDS (HOPWA)	0	GPS	88	0	0	0
Immunization	70	SO, GPS	3,518	2,833	2,833	2,833
Refugee Health	0	SO	110	110	110	110
Minnesota Breast and Cervical Cancer Control Program	240	SO, GPS	3,110	3,110	3,110	3,110
Population-Based Approach to Increase Mammography Use	0	SO	0	309	230	225
Cooperative Agreement to Support State Assessment Initiatives	0	SO	180	217	210	210

**2000-2001 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Health, Department of

Federal Program	Related SFY 1999 Spending	Primary Purpose/ Description	FFY 1998 Revenues	FFY 1999 Revenues	Estimated FFY 2000 Revenues	Estimated FFY 2001 Revenues
Public Health Nursing Practice for the 21st Century	0	SO	59	239	243	161
NHSC Loan Repayment Program	111	GI	100	100	100	100
Rural Health Network	0	GI	27	0	0	0
State Office of Rural Health	174	SO	83	58	58	58
Primary Care Cooperative Agreement	0	SO, GPS	276	239	229	229
Well Head Protection Program	50	SO	44	67	67	67
CDC Agency for Toxic Substances and Disease Registry (ATSDR)	193	SO	781	786	646	560
Emergency Hazardous Substance Response	0	SO	63	68	71	75
EPA Indoor Radon	475	SO	435	475	435	435
EPA Lead Cooperative Agreement	0	SO	254	205	254	254
EPA Lead Cooperative Enforcement	4	SO	50	40	0	0
HUD Lead Paint	10	SO	100	688	688	0
Childhood Lead Poisoning	0	SO	474	656	650	700
Adult Lead Poisoning	60	SO	31	31	31	31
Drinking Water Protection Program	1,500	SO	2,400	2,400	2,500	2,600
Federal Drinking Water Revolving Loan Program	2,656	GPS	776	3,991	3,977	3,977
Agency Total	21,024		109,753	110,355	109,525	107,425

KEY:

- SO - State Operations
- GPS - Grants to Political Subdivisions
- GI - Grants to Individuals
- GCBO - Grants to Community -Based Organizations

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Health, Department of (MDH)

REVENUE SOURCES:

The department generates:

- non-dedicated revenue,
- dedicated revenue,
- federal revenue.

Non-dedicated revenue is generated through service and license fees charged by the department to various occupational groups, individuals, and businesses. Funds collected are deposited in the State Government Special Revenue (SGSR) Fund and are estimated to be \$21 million for F.Y. 2000.

Dedicated revenue is generated through interagency agreements with state agencies, local governmental agencies, and private organizations. The total amount of revenue generated through these agreements in F.Y. 1999 is approximately \$15 million, or about 9% of the revenue generated by the department. The other source of dedicated revenue is intra-agency agreements, which transfer funds for services provided within the department. Revenue for these agreements are approximately \$16 million, or 10% of the revenue generated by the department. These dollars are deposited into the Special Revenue Fund.

A significant portion of the department's revenue comes from the federal government. The department actively seeks federal funding and as a result was awarded grants in 1999 totaling \$118 million, which represents approximately 68% of the total department's revenue. Federal revenues fund roughly 30% of the department's positions and account for 60 programs, the largest of which is the Women, Infants and Children (WIC) Nutrition Program, which represents 61% of the department's federal revenues.

FEE STRUCTURE:

State statutes that require the Minnesota Department of Health (MDH) to regulate occupational groups, individuals and businesses, in order to protect the health of the citizens of Minnesota, also require the department to license or register entities, enforce rules, and provide education. Fees are established to recover the cost of

providing these services to various clients, such as nursing homes, restaurants, or occupational therapists. The department has 28 separate fee programs of which 14 are related to occupations, 9 are service-fee related, and 5 are business regulated.

There are many federal programs that require the department to be the recipient agency, or the department is often designated the recipient agency by Executive Order. The department carries out the provision of services required by the federal statute, rules or guidelines, or the provision of services is determined at the discretion of the state. The MDH often relies on advisory groups to recommend spending priorities.

RECENT CHANGES:

The revenue streams into MDH have been constant over the past few years. The department has allocated additional dollars for intra-agency agreements in the areas of indirect cost and Environmental Health divisional services beginning in 1999.

FORECAST BASIS:

The department is forecasting a 5% reduction in federal dollars in F.Y. 2000 due primarily to reductions in federal initiatives in immunization, breast and cervical cancer, and less carryover dollars from prior federal fiscal years. Dedicated revenue will remain relatively constant through the biennium with only an increase in fees necessary to recover expenses.

CHANGE ITEMS:

The department is requesting a change level that will increase non-dedicated revenue to the SGSR Fund by \$311,000 per year as a result of increased fee supported activities.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
NON-DEDICATED REVENUE:									
DEPARTMENTAL EARNINGS:									
STATE GOVERNMENT SPECIAL REVENUE	18.603	19.082	20.909	20.694	21.347	20.722	21.421	2.777	6.9%
OTHER REVENUES:									
GENERAL	2	3	0	0	0	0	0	(3)	-100.0%
STATE GOVERNMENT SPECIAL REVENUE	46	36	0	0	0	0	0	(36)	-100.0%
Total Non-Dedicated Receipts	18.651	19.121	20.909	20.694	21.347	20.722	21.421	2.738	6.8%
DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS (INTER-AGENCY):									
SPECIAL REVENUE	8.559	8.234	8.737	8.737	8.737	8.737	8.737	503	3.0%
DEPARTMENTAL EARNINGS:									
STATE GOVERNMENT SPECIAL REVENUE	0	275	0	0	0	0	0	(275)	-100.0%
SPECIAL REVENUE	3.176	3.142	376	376	376	376	376	(2,766)	-78.6%
GRANTS:									
SPECIAL REVENUE	300	1.195	1,370	1,431	1,431	1,393	1,393	259	10.1%
FEDERAL	102,917	110,621	118,085	113,226	113,226	112,245	112,245	(3,235)	-1.4%
MEDICAL EDUCATION & RESEARCH	0	0	10,600	0	0	0	0	(10,600)	-100.0%
GIFT	63	356	219	0	0	0	0	(575)	-100.0%
OTHER REVENUES:									
GENERAL	162	17,779	201	0	0	0	0	(17,980)	-100.0%
STATE GOVERNMENT SPECIAL REVENUE	50	50	50	50	50	50	50	0	.0%
SPECIAL REVENUE	12,024	12,318	22,351	20,699	20,699	20,858	20,858	6,888	19.9%
FEDERAL	510	512	572	545	545	545	545	6	.6%
MEDICAL EDUCATION & RESEARCH	0	0	0	28,000	33,000	30,000	35,000	68,000	
AGENCY	154	153	175	175	175	175	175	22	6.7%
GIFT	102	169	78	65	65	65	65	(117)	-47.4%
MERC ENDOWMENT	0	0	0	0	105,000	0	5,000	110,000	
LOCAL PUBLIC HEALTH ENDOWMENT	0	0	0	0	0	0	103,000	103,000	
OTHER SOURCES:									
SPECIAL REVENUE	(53)	1,271	0	0	0	0	0	(1,271)	-100.0%
AGENCY	0	1,490	0	0	0	0	0	(1,490)	-100.0%

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
DEDICATED RECEIPTS:									
Total Dedicated Receipts	127.964	157.565	162.814	173.304	283.304	174.444	287.444	250.369	78.1%
Agency Total Revenues	146.615	176.686	183.723	193.998	304.651	195.166	308.865	253.107	70.2%

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2000-01 Biennial Budget

PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

PROGRAM PROFILE:

The divisions in this bureau work to promote optimal health outcomes for all Minnesotans through the development of comprehensive and integrated health systems based on policy analysis and development, data analysis, planning and evaluation; and they work to assure that health care delivery systems comply with minimal standards designed to safeguard and promote the health and safety of consumers. Common activities are grouped together in these programs for ease of administration.

The Health Systems and Special Populations program includes the following budget activities:

- Community Health Services, including:
 - Community Development Section
 - Office of Minnesota Center for Health Statistics
 - Health Systems Development Section
 - Office of Rural Health and Primary Care
 - Public Health Nursing Section
- Family Health, including:
 - Maternal and Child Health
 - Minnesota Children with Special Health Needs
 - Supplemental Nutrition Programs (WIC/CSFP)
 - Center for Health Promotion
- Health Policy and Systems Compliance, including:
 - Data Analysis Program
 - Health Economics Program
 - Health Occupations Program
 - Managed Care Systems
 - Mortuary Science

- Facility and Provider Compliance, including:
 - Engineering Services
 - Information and Analysis
 - Office of Health Facility Complaints
 - Case Mix Review
 - Licensing and Certification

STRATEGIES AND PERFORMANCE:

Each budget activity (division) will provide information on its narrative page about the strategies that are used in completing its work and about its performance.

FINANCING INFORMATION:

Activities in this bureau are funded through the state General Fund and Health Care Access Fund (HCAF) appropriations and many federal grants. There are extremely large federal grants such as Women, Infants and Children; and Maternal and Child Health Block Grant; and the Federal Preventive Block Grant. In addition, the department receives many smaller federal grants such as Community Integration Services System (CISS) and Synar (Tobacco Compliance). Fluctuations in federal funding levels for public health programs have a significant impact on this bureau. Many programs are funded with categorical or "soft" money that is time-limited. New sources of money must be continuously applied for.

The bureau has been impacted by recent reductions in HCAF appropriations and has been seeking alternative funding mechanisms for health economics and policy development activities.

At the same time, the attention brought to bear on tobacco use, especially among teenagers, has prompted program development.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HLTH SYST & SPEC POPULATIONS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
COMMUNITY HEALTH SERVICES	24,586	31,603	36,242	29,603	29,603	29,042	29,285	(8,957)	-13.2%
FAMILY HEALTH	88,065	98,033	106,573	101,887	109,357	101,460	108,930	13,681	6.7%
HLTH POLICY & SYST COMPLIANCE	6,224	23,818	27,412	38,939	44,320	41,023	46,411	39,501	77.1%
FACILITY/PROVIDER COMPLIANCE	15,978	16,101	18,147	17,744	18,344	17,815	18,165	2,261	6.6%
Total Expenditures	134,853	169,555	188,374	188,173	201,624	189,340	202,791	46,486	13.0%

CHANGE ITEMS:	FUND				
(A) GRANT REDUCTIONS	GEN			(30)	(30)
(B) TOBACCO PREVENTION	GEN			7,500	7,500
(B) VULNERABLE ADULT BACKGRND STUDIES	SGS			600	350
(B) HMO REGULATION	SGS			311	318
(B) MORTUARY SCIENCE	SGS			30	30
(B) SPEECH LANG PATHOLOGIST, AUDIOLOGIST	SGS			40	40
(B) REGIONAL COORDINATING BOARDS	HCA				243
(B) MEDICAL EDUCATION & RESEARCH COSTS	MTF			5,000	5,000
Total Change Items				13,451	13,451

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	32,076	38,274	43,133	47,303	54,773	47,429	54,899
STATE GOVERNMENT SPECIAL REVENUE	4,877	5,824	9,553	9,376	10,357	9,074	9,812
HEALTH CARE ACCESS	7,845	10,016	13,004	7,211	7,211	7,058	7,301
STATUTORY APPROPRIATIONS:							
GENERAL	0	17,759	150	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	50	50	50	50	50	50	50
SPECIAL REVENUE	14,816	15,039	15,624	14,024	14,024	14,024	14,024
FEDERAL	74,710	82,199	85,982	82,209	82,209	81,705	81,705
MEDICAL EDUCATION & RESEARCH	0	0	20,600	28,000	33,000	30,000	35,000
GIFT	479	394	278	0	0	0	0
Total Financing	134,853	169,555	188,374	188,173	201,624	189,340	202,791

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HLTH SYST & SPEC POPULATIONS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	476.6	501.2	494.1	489.7	489.7	489.7	489.7
PART-TIME, SEASONAL, LABOR SER	34.0	36.2	35.7	35.4	35.4	35.4	35.4
OVERTIME PAY	0.3	1.7	1.7	1.7	1.7	1.7	1.7
Total Full-Time Equivalent	510.9	539.1	531.5	526.8	526.8	526.8	526.8

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2000-01 Biennial Budget

BUDGET ACTIVITY: Community Health Services Division
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

The mission of the Community Health Services Division is to protect and promote the health of all Minnesotans and to promote access to health care. It does this through developing and supporting cooperative partnerships among state and local governments, health related organizations, and other communities and individuals. The division is composed of 5 inter-related units, including: Community Development; Public Health Nursing; the Minnesota Center for Health Statistics; Health System Development; and the Office of Rural Health and Primary Care. These units work together to:

- ensure that Minnesota's communities and local governments are able to meet their public health responsibilities under state law;
- collect, analyze and disseminate vital records and other health related data;
- provide leadership in establishing an agenda for health improvement;
- promote access to quality health care for rural and under served Minnesotans.

The division also provides financial support to certain groups, communities, and individuals. The table following this narrative provides detail on the grant and loan programs administered by the division.

STRATEGIES AND PERFORMANCE:

Ensuring local governments meet their public health responsibilities. Because the state depends on local governments as partners for public health protection, it must ensure that they are able to meet their public health responsibilities under state law. The Community Development and Public Health Nursing Sections have primary responsibility in this area. Some of the key strategies include:

- administering the Community Health Services (CHS) Subsidy program so that local governments fulfill their powers and duties under M.S. 145A;
- providing support to the State Community Health Services Advisory Committee (SCHSAC), our primary source of policy advice from local government;
- coordinating communication and technical assistance, including developing electronic communications and information sharing systems.

Key performance measures include:

- 80% of the SCHSAC members surveyed at the end of 1998 indicated that the work completed by SCHSAC in the past year will provide them with helpful assistance to carry out their public health responsibilities;
- 70% of county health departments and community health board offices are connected to the Internet. This compares to 30% 2 years ago.

Collecting, analyzing and disseminating health related data. Accurate population-based data are important to have because they provide a scientific basis for allocating resources in order to have the greatest impact on public health. The Minnesota Center for Health Statistics manages several key elements to this strategy, including the following:

- The State Registrar maintains a permanent file of birth and death certificates, which provides public health researchers with a statewide database, and provides citizens with records for legal purposes.
- The Behavioral Risk Factor Surveillance Survey is a rigorous survey of adult Minnesotans, which monitors trends in health behaviors and health status.
- The Center for Health Statistics publishes reports regarding health status and trends and provides technical assistance to others working on public health problems; examples include local health departments, managed care organizations and state and national researchers.

Key performance measures include:

- The activity maintains a 1-day turnaround for mail requests of birth and death copies and a 5-day turnaround for mail requests of replacement copies.
- Over 90% of Minnesota's 100+ hospitals transmit electronic birth certificate data, compared to 0% 4 years ago, and 80% 2 years ago. At present less than 1% of the 400+ funeral homes in the state transmit electronic death certificate data. We anticipate that will be 50% by the end of C.Y. 2000.

Leadership in establishing an agenda for health improvement. This strategy promotes broader "ownership" in population health improvement, focuses attention on results, and promotes the complementary efforts of the public, private, and non-profit sectors as they work to improve Minnesotans' health.

2000-01 Biennial Budget

BUDGET ACTIVITY: Community Health Services Division
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

The Health System Development Section provides an organizational focus and support to department leadership on the *Healthy Minnesotans* initiative. Key strategy elements of this *Healthy Minnesotans* initiative include:

- utilizing Community Health Plans developed by local units of government as a foundation for the development of statewide public health goals;
- coordinating communication efforts and technical support between the public and private sectors, including managed care organizations as they prepare legislatively mandated collaboration plans for improving public health (M.S. 62Q.075);
- supporting regional health improvements in which public health agencies, health plans and other health care providers identify priorities and promote coordinated efforts to achieve the goals;
- involving diverse segments of the community, through the Minnesota Health Improvement Partnership, to work with the state and local government public health agencies to set health goals and identify strategies to achieve them.

Key performance measures include:

- The number of regional collaborative groups increased from 2 to 6 between 1995 and 1998.
- 537 population indicators and data points for monitoring progress toward public health goals were developed. A summary of statistics on public health goals and objectives published in 1995 and in 1998 follows:

Year	1995	1998
# of Objectives	89	241
# of Indicators	121	538
Indicators with Baseline Data	87 (72%)	357 (66%)

Promoting access to quality health care for rural and under served Minnesotans.

The Office of Rural Health and Primary Care works as a partner with communities, policy makers and other organizations to develop innovative approaches for addressing wide disparities in access to health care which continue to exist in rural and certain urban communities. Some of the key elements of this strategy include:

- convening regional groups to discuss health care and to plan improvements;
- providing support to the Rural Health Advisory Committee;
- identifying populations and geographic areas with inadequate access to health care providers;
- targeting financial and technical assistance to those Minnesota communities most in need.

Key performance measures include:

- The number of health professional shortage areas has decreased from 42 at the beginning of F.Y. 1995 to 33 at the end of F.Y. 1998, indicating gradually improving geographic access to primary care physicians in Minnesota.
- The number of primary care physicians and other practitioners practicing in underserved areas through the office's loan repayment programs has risen from 130 in F.Y. 1996 to 173 in F.Y. 1999. Without this workforce, health professional vacancies in under served communities would approximately double.
- The number of requests to use the Health Professions database grew to more than 80 last year. This database contains information on 105,000 health care providers in 11 professions and has been used for analyzing trends, assisting with health care policy analysis, identifying health professional shortage areas, and supporting recruitment and retention efforts.

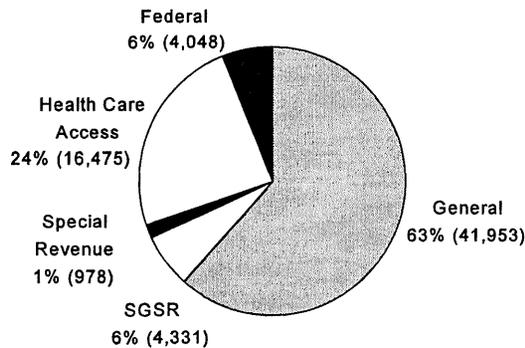
FINANCING INFORMATION:

The division's primary revenue sources include the General Fund (63%) for general support, Health Care Access Fund (24%) for activities related to health care access in rural and under served areas, and State Government Special Revenue fees (6%) which are collected from the public for copies of vital records (e.g., birth and death records). Other sources include contracts with the federal government and grants.

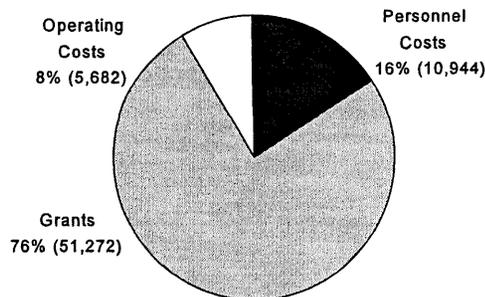
2000-01 Biennial Budget

BUDGET ACTIVITY: Community Health Services Division
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

1998-99 Revenue by Fund
 Total = 67,898 (in 000's)



1998-99 Expenditure by Category
 in 000's



Over 76% of the division's General Fund expenditures support community activities through grants. (See table on following page for grant expenditure detail.)

(Note: Minn. Laws 1998, Chapter 407, Article I, Sect. 3, Subd 2(K) requires "The budget request for the rural physician loan forgiveness program in the 2000-2001 biennial budget shall detail the amount of funds carried forward and obligations canceled." This program has no unobligated funds, has canceled no obligations, and will carry forward \$189,585 in F.Y. 2000, all of which is obligated to reimburse physicians currently practicing in rural areas who are participating in this program.)

BUDGET ISSUES:

Only 70% of local public health agencies have access to the Internet and they cannot easily access the public health data needed to perform their statutory duties of assessment and community planning. The MDH needs to improve electronic accessibility to public MDH data for these and other users.

Regional Coordinating Boards, established in F.Y. 1993, are to sunset 6-30-2000. These boards have provided a forum for local communities and providers to advise MDH and legislators on health care issues. An independent evaluation recommended that the boards be reconfigured and their funding be extended for 5 additional years.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HLTH SYST & SPEC POPULATIONS
Activity: COMMUNITY HEALTH SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	4,331	4,875	6,069	6,053	6,053	5,522	5,713	822	7.5%
OPERATING EXPENSES	1,776	2,126	3,503	2,055	2,055	2,025	2,077	(1,497)	-26.6%
TRANSFERS	0	0	0	(57)	(57)	(57)	(57)	(114)	
SUBTOTAL STATE OPERATIONS	6,107	7,001	9,572	8,051	8,051	7,490	7,733	(789)	-4.8%
PAYMENTS TO INDIVIDUALS	972	3,590	5,754	1,036	1,036	1,036	1,036	(7,272)	-77.8%
LOCAL ASSISTANCE	17,507	21,012	20,916	20,516	20,516	20,516	20,516	(896)	-2.1%
Total Expenditures	24,586	31,603	36,242	29,603	29,603	29,042	29,285	(8,957)	-13.2%
<u>CHANGE ITEMS:</u>									
(B) REGIONAL COORDINATING BOARDS	<u>FUND</u> HCA								243
Total Change Items									243
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	17,433	20,973	20,980	21,002	21,002	21,045	21,045		
STATE GOVERNMENT SPECIAL REVENUE	549	1,172	3,164	2,111	2,111	1,720	1,720		
HEALTH CARE ACCESS	3,945	7,063	9,354	4,091	4,091	3,878	4,121		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	487	497	481	480	480	480	480		
FEDERAL	1,915	1,800	2,248	1,919	1,919	1,919	1,919		
GIFT	257	98	15	0	0	0	0		
Total Financing	24,586	31,603	36,242	29,603	29,603	29,042	29,285		
<u>REVENUE COLLECTED:</u>									

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HLTH SYST & SPEC POPULATIONS
Activity: COMMUNITY HEALTH SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	403	390	379	381	381	381	381
FEDERAL	1,737	1,756	2,390	2,090	2,090	2,090	2,090
GIFT	29	92	7	0	0	0	0
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	631	816	780	689	689	689	689
Total Revenues Collected	2,800	3,054	3,556	3,160	3,160	3,160	3,160
FTE BY EMPLOYMENT TYPE:							
FULL TIME	93.2	109.6	104.5	100.4	100.4	100.4	100.4
PART-TIME, SEASONAL, LABOR SER	8.8	8.4	8.2	7.9	7.9	7.9	7.9
OVERTIME PAY	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	102.2	118.0	112.7	108.3	108.3	108.3	108.3

State and Federal Grant and Loan Programs Administered by the Division of Community Health Services

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Indian Health Grants (State) <i>M.S. 145A.14, subd.2</i>	Provides assistance to support health services for Native Americans who reside off reservations.	Community health boards	\$177,000/year	n/a
Migrant Grants (State) <i>M.S. 145A.14, subd.1</i>	Subsidizes health services, including mobile, to migrant workers and their families.	Cities, counties, groups of cities or counties, or non-profit corporations.	\$104,000/year	n/a
HCAF- Summer Health Care Internships (State) <i>M.S. 144.1464</i>	Summer internship program for high school and college students.	Statewide non-profit organization representing health facilities.	\$100,000/year	n/a
HCAF- Sole Community Hospital (State) <i>M.S. 144.1484, subd. 1</i>	Preserve hospitals that are geographically isolated (at least 25 miles from another).	Rural hospitals with 50 or fewer beds, 25 or more miles from another hospital, with financial losses.	\$200,000/year	n/a
HCAF- Community Health Grants (State) <i>M.S. 144.1486</i>	Increase access to primary and preventive care.	Rural non-profit or local government organizations in designated shortage areas.	\$250,000/year	n/a
HCAF- Rural Hospital Planning & Transition Grant (State) <i>M.S. 144.147</i>	Assist with strategic planning; transition projects.	Rural hospitals with 50 or few beds.	\$250,000/year	n/a
HCAF- Rural Continuing Education Grants (State) <i>M.S. 144.1497</i>	Interdisciplinary training for advanced practice nursing students.	Colleges or schools of nursing training students for rural practice.	\$250,000/year	n/a
HCAF- Rural Physician Loan Repayment (State) <i>M.S. 144.1494</i>	Medical school loan repayment to physicians in rural and urban underserved areas.	Physicians	\$416,000/year	n/a
National Health Service Corp (Federal)/ HCAF- (State 1/1 match) <i>M.S. 144.1487</i>	Medical school loan repayment to physicians in rural and urban underserved areas.	Physicians	\$96,000/year	\$100,000 1998
HCAF- Mid-level Practitioners Loan Repayment (State) <i>M.S. 144.1495</i>	Medical school loan repayment to nurse practitioners and physician assistants in rural and urban underserved areas.	Mid-level providers	\$105,000/year	n/a
HCAF- Nurses Loan Repayment <i>M.S. 144.1496</i>	Medical school loan repayment to nurses in rural and urban underserved areas.	Nurses practicing in nursing homes.	\$60,000/year	n/a
Community Health Services Subsidy (State) <i>M.S. 145A.13</i>	Develop and maintain an integrated system of community health services	Community health boards (49 county, multi-county, and city boards)	\$19.1 M/year: \$5 M core public health; \$14.1 M CHS subsidy	n/a

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Community Health Services

ITEM TITLE: Local Public Health Endowment

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Tobacco Settlement Fund	\$-0-	\$100,000	\$38,450	\$121,550
LPH Endowment	\$-0-	\$-0-	\$5,150	\$7,166
Revenues: (\$000s)				
LPH Endowment	\$-0-	\$3,000	\$7,025	\$11,816

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a Local Public Health endowment be created with \$260 million from the Tobacco Settlement Fund. Interest earnings on the principal will be allocated to Community Health Boards beginning in F.Y. 2002 to support locally identified community health needs. This endowment will replace local grants funded in the Governor's recommendation for Tobacco Prevention, beginning in F.Y. 2002.

RATIONALE:

The Community Health Services Act of 1976 and the Local Public Health Act of 1987, created a strong, effective, and efficient partnership between the state Health Department and the state's 49 Community Health Boards (CHBs). This partnership is the foundation of the state's public health infrastructure and is based on:

- a common mission with jointly created goals and guidelines--not mandates
- a commitment to communication
- a recognition that local communities are best suited to address local health issues

The Governor believes that the tobacco lawsuit windfall provides a unique opportunity to invest in the health of all Minnesotans. The Governor further believes that the best way to do this is to rely on the infrastructure already in place. The community health services network of local boards of health are in the best position to determine the most critical issues in their communities.

FINANCING:

The endowment will be created as a separate account in the state treasury, funded over a 3 year period with proceeds from the tobacco settlement. Each July 1st, no more than 5% in interest earnings will be transferred to the Department of Health for allocation to CHBs for tobacco prevention activities, or other emerging health needs, in accordance with M.S. 145A. The grants will require a one-to-one match and biennial reports on the use of the funds.

	(000s)			
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
LPH Endowment	\$-0-	\$100,000	\$38,450	\$121,550
Endowment Earnings	\$-0-	\$3,000	\$7,025	\$11,816
Available for Grants	\$-0-	\$-0-	\$5,150	\$7,166

The purpose of the endowment will be reviewed every 2 years in the Governor's biennial budget.

Current General Fund support for local public health is \$19.2 million per year.

OUTCOMES:

Creation of a Local Public Health endowment will:

- ensure a long-term funding source for tobacco prevention activities
- strengthen the local public health infrastructure
- allow CHB's the financial flexibility they need in addressing locally identified needs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Minnesota Department of Health
PROGRAM: Community Health Services
ACTIVITY: Office of Rural Health and Primary Care

ITEM TITLE: Regional Coordinating Boards: Community Health Care Forums for the 21st Century

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Health Care Access Fund - State Operations	\$-0-	\$243	\$243	\$243
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 62J.09

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION: The Governor recommends \$243,000 in F.Y. 2001 for continuation of the work of the 6 geographic-based Regional Coordinating Boards which provide statewide input on cost, quality, and access to local health care.

RATIONALE: Regional Coordinating Boards (RCBs) are administratively supported by the Office of Rural Health and Primary Care. They:

- Advise the Commissioner of Health on health care issues of regional importance
- Serve as educational forums on health care issues in their regions
- Serve as conveners of diverse stakeholders around health care issues

The RCBs have been successful in bringing diverse groups together to discuss and work on complex health care issues. They have provided opportunities for consumers, providers and other stakeholders to advise the Department of Health, other state agencies and legislators on health care issues from local communities' perspectives.

An independent evaluation of the RCBs conducted in 1998 recommended changes to strengthen their work. The evaluation indicated that rural communities need a voice for responding to the changes in health care systems, particularly as those changes affect local access to care. The evaluation also indicated a need to restructure the boards, giving them clearer responsibilities and a less prescriptive membership. In response to those recommendations, the department is working closely with stakeholders to improve the boards. The department initiative includes the following provisions:

- The boards would be renamed Regional Health Care Access Councils.
- The councils would be directed to collaborate with other local, regional, and statewide entities to identify barriers to health care access in their regions, to develop programmatic approaches to reduce and eliminate those barriers, and to implement those recommendations.
- By 8-15-2002, the councils would develop and submit to the Commissioner of Health a transition plan for sustaining regional health care access work beyond the 2005 task force sunset date.
- The councils would be allowed to seek additional funds for program development and implementation from public and private sources.

FINANCING: Current funding for the RCBs is \$243,000 per year. This will cease at the end of the first year of the biennium. Financing for this program comes from the Health Care Access Fund. This proposal recommends funding through F.Y. 2005 to continue the efforts of the RCBs which have been in existence since F.Y. 1993.

OUTCOMES: The initiative will continue and better focus the support of public/private collaboration to solve health care access issues, with extensive local involvement.

REQUIRED LEGISLATION: M.S. 62J.09 will need to be amended to bring about the recommended changes.

2000-01 Biennial Budget

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

Vision:

Healthier people...healthier families...healthier communities.

Mission:

To use science-based approaches to promote the health of all Minnesotans throughout the life cycle by providing leadership in systems development and performance of the core functions of public health: assessment, policy development and program planning, and assurance. Issues are addressed through partnerships with community health boards and other local, regional, state, and national entities.

The division's goals are to improve the health status of children, women, and their families; improve the quality of life for Minnesota's children with special health needs; promote the health and nutritional status of women, children, and elderly persons; promote, healthy and safe communities; and reduce the health and economic burden of tobacco use in Minnesota. Several key issues influence our activities.

- Barriers and gaps exist in the state's system of primary and preventive health care services for children and adolescents.
- Quality preconception, family planning, prenatal, and perinatal, and breast feeding services are needed, particularly for hard-to-reach and high-risk populations.
- Delivery systems for the provision of medical care and other services needed by children with special health needs and their families are changing.
- Many children with special health needs, particularly those in rural areas, have limited access to primary and specialty medical care.
- Service needs of welfare families change when they return to the workplace.
- Information about the reasons that families who are eligible for supplemental nutrition and other maternal and child health programs do not participate is inadequate.
- State and local capacity to assess and address chronic disease and unintentional injury -- the leading causes of death in Minnesota -- is inadequate.
- Cigarette smoking is the leading cause of preventable death and disease in Minnesota while environmental tobacco smoke is the third leading cause of death.

- During the 1990s, tobacco use has remained stable among Minnesota adults and increased sharply among adolescents.

STRATEGIES AND PERFORMANCE:

- Provide outreach, identification, diagnosis, and treatment of children who have chronic conditions or disabilities, or who are suspected of having disabling conditions.
- Reduce the health and economic burden of tobacco through supporting local communities' enforcement and grassroots prevention efforts; expansion of school-based prevention efforts; enforcement of policies that reduce exposure to environmental tobacco smoke; public information efforts to reinforce school and community activities; and evaluation of the effectiveness of activities based on measurable outcomes.

Performance Indicators:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Number of persons served through the maternal and child health grant program	50,000	50,000	50,000	50,000
Number of persons served through the family planning special projects grant program	44,000	44,000	44,000	44,000
Number of children enrolled in the children with special health needs evaluation, treatment, and clinic programs	3,500	3,600	3,700	3,800
Number of persons served through the supplemental nutrition program for women, infants, and children (WIC)	94,300	92,000	92,000	92,000
Number of persons served through the commodity supplemental food program (CSFP)	8,800	9,000	9,600	9,600
Number of clinics conducting diabetes quality improvement projects	21	54	80	98
Number of families in the Targeted Home Visiting program	600	600	700	800
Number of persons with spinal cord/traumatic brain injuries offered resource and referral information	3,500	3,700	3,800	4,000
Number of school health promotion programs supported	698	770	850	925
Number of grants to local communities for tobacco prevention and control activities	58	74	49	49
Per capita consumption of tobacco		85	81	79

2000-01 Biennial Budget

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
(Continuation)

FINANCING INFORMATION:

This activity represents approximately 40% of the total MDH budget. Funding for this activity is primarily from federal categorical grants. Other sources of revenue include the General Fund, contracts with other state agencies, an infant formula rebate contract, third-party reimbursements for clinic services, newborn metabolic screening fees, and drivers license reinstatement fees. Most of the activity's expenditures are for payments to individuals and local assistance.

Updates on Recent Initiatives:

- *Fetal Alcohol Syndrome.* This activity received \$3.85 million in the 1998-1999 biennium to address the problem of Fetal Alcohol Syndrome/Fetal Alcohol Effects (FAS/FAE). A statewide campaign aimed at increasing public awareness about FAS/FAE was implemented in May 1998. Awareness materials from that campaign have been evaluated, and materials for a new campaign are under development. Grants have been awarded for: 1) school-based pilot programs to identify and implement effective educational strategies for individuals with FAS/FAE; 2) treatment services and halfway houses for pregnant women who abuse alcohol; and 3) community organizations and coalitions to collaborate on FAS/FAE prevention and intervention strategies and activities. A statewide network of diagnostic clinics has been initiated. Multiple ventures related to professional education are underway. Planning to assess the incidence and prevalence of FAS/FAE in Minnesota has begun.
- *Tobacco Free Communities for Children.* This activity received \$1 million per year to reduce tobacco initiation and use among Minnesota's children. Half the funding is being used to support tobacco control activities by nearly every community health board in the state. Technical assistance and support is being provided to the grantees and to Minnesota schools, and a public information and education campaign has been implemented to engage all community members in tobacco-use prevention efforts.

- *Minnesota Healthy Beginnings.* This activity received \$1.01 million in the 1998-1999 biennium to implement a universal home visiting program for newborns and their families. A steering committee has been formed to guide development of the program, and a comprehensive plan for the program was submitted to the legislature on 2-15-98. Grants have been awarded to communities to begin implementation of the program; it is expected that about 2,300 families will be reached each year. An evaluation contract has been awarded, and program evaluation activities will be included as the program is implemented.
- *Juvenile Assessment Centers.* This activity received \$650,000 per year to implement juvenile assessment centers to serve children accused of committing delinquent acts or status offenses, or who are alleged to be victims of abuse or neglect. Grants have been awarded to three judicial districts.
- *Diabetes.* This activity received \$230,000 in the 1998-1999 biennium to address the disproportionately high rate of diabetes among communities of color. A task force that includes representatives from the Minnesota tribes was formed to adapt, for statewide dissemination, a curriculum aimed at preventing diabetes among American Indian children. Teacher training and distribution of the curriculum are being planned by the task force. An advisory group comprising representatives of communities of color in Minnesota is developing a plan to improve diabetes education and health care services for people of color in Minnesota.

2000-01 Biennial Budget

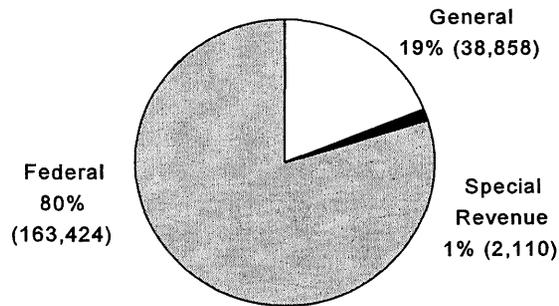
BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
(Continuation)

BUDGET ISSUES:

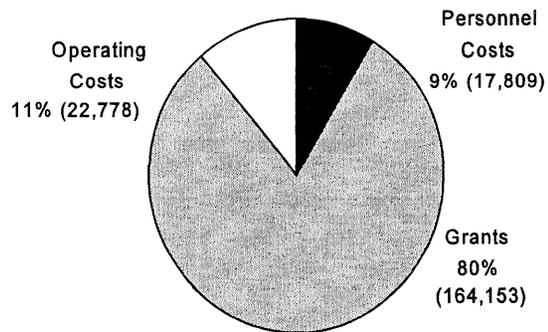
This activity provides a unique focus in state government for protecting and promoting the health of the state's maternal and child population, as well as for health promotion and primary prevention efforts for all Minnesotans directed at chronic diseases, unintentional injuries, and violence. Continued funding for this activity is essential to assure the health and well-being of Minnesotans. A well-funded statewide comprehensive tobacco control plan is needed to reduce the health and economic burdens of tobacco use by Minnesotans.

1998-99 Revenue by Fund

Total=204,740 (in 000's)



1998-99 Expenditures by Category



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HLTH SYST & SPEC POPULATIONS
Activity: FAMILY HEALTH

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	7,274	8,122	9,687	9,393	9,543	9,162	9,312	1,046	5.9%
OPERATING EXPENSES	6,016	9,866	13,019	10,205	12,555	10,089	12,439	2,109	9.2%
NON-CASH TRANSACTIONS	4	0	0	0	0	0	0	0	
TRANSFERS	0	0	0	204	204	204	204	408	
SUBTOTAL STATE OPERATIONS	13,294	17,988	22,706	19,802	22,302	19,455	21,955	3,563	8.8%
PAYMENTS TO INDIVIDUALS	51,306	52,839	53,742	53,656	53,656	53,656	53,656	731	.7%
LOCAL ASSISTANCE	23,465	27,206	30,125	28,429	33,399	28,349	33,319	9,387	16.4%
Total Expenditures	88,065	98,033	106,573	101,887	109,357	101,460	108,930	13,681	6.7%
CHANGE ITEMS:									
	<u>FUND</u>								
(A) GRANT REDUCTIONS	GEN				(30)		(30)		
(B) TOBACCO PREVENTION	GEN				7,500		7,500		
Total Change Items					7,470		7,470		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	14,495	16,977	21,731	20,883	28,353	20,958	28,428		
STATE GOVERNMENT SPECIAL REVENUE	90	76	190	117	117	119	119		
HEALTH CARE ACCESS	93	0	0	0	0	0	0		
STATUTORY APPROPRIATIONS:									
GENERAL	0	0	150	0	0	0	0		
STATE GOVERNMENT SPECIAL REVENUE	50	50	50	50	50	50	50		
SPECIAL REVENUE	843	863	1,247	1,061	1,061	1,061	1,061		
FEDERAL	72,481	80,067	83,174	79,776	79,776	79,272	79,272		
GIFT	13	0	31	0	0	0	0		
Total Financing	88,065	98,033	106,573	101,887	109,357	101,460	108,930		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HLTH SYST & SPEC POPULATIONS
Activity: FAMILY HEALTH

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
REVENUE COLLECTED:							
DEDICATED							
GENERAL	50	19	200	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	50	50	50	50	50	50	50
SPECIAL REVENUE	595	494	730	675	675	675	675
FEDERAL	74,211	80,072	83,911	80,441	80,441	79,942	79,942
GIFT	16	2	0	0	0	0	0
Total Revenues Collected	74,922	80,637	84,891	81,166	81,166	80,667	80,667
FTE BY EMPLOYMENT TYPE:							
FULL TIME	136.5	140.6	139.2	138.9	138.9	138.9	138.9
PART-TIME, SEASONAL, LABOR SER	12.9	18.7	18.4	18.4	18.4	18.4	18.4
OVERTIME PAY	0.0	1.5	1.5	1.5	1.5	1.5	1.5
Total Full-Time Equivalent	149.4	160.8	159.1	158.8	158.8	158.8	158.8

State and Federal Grant and Loan Programs Administered by the Division of Family Health

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Abstinence Education <i>Title V, SSA</i>	Promote sexual abstinence in young teens	Government and non-profit organizations; competitive; 24 grantees	\$0	\$350,000
Americans Stop Smoking Intervention Study (ASSIST)	Reduce smoking rates through broad-based policy changes	Government and non-profit organizations; competitive; 25 grantees	\$0	\$445,000
Burn Prevention	Install smoke detectors	Government and non-profit organizations; competitive; 8 grantees	\$0	\$50,300
Commodity Supplemental Food Program (CSFP) <i>Agriculture Appropriations Act</i>	Provide nutrition information and supplemental foods	Government and non-profit organizations; competitive; 2 grantees	\$0	\$400,000
Dental Health <i>M.S. 145.46</i>	Promote oral health and prevent oral disease	Government organizations, schools, non- profit organizations; competitive; 11 grantees	\$30,000/year	\$0
Diabetes Control	Develop and implement comprehensive diabetes control programs	Government and non-profit organizations; competitive; 5 grantees	\$0	\$201,800
Emergency Department Surveillance	Evaluate feasibility for conducting statewide emergency department injury surveillance	Non-profit organization; sole-source; 1 grantee	\$0	\$50,000
Family Planning Special Projects <i>M.S. 145.925</i>	Provide pre-pregnancy family planning services for persons in need	Government and non-profit organizations; competitive; 62 grantees	\$4,930,000/year	\$0
Fetal Alcohol Syndrome (FAS) Community Grants <i>M.S. 145.9266, subd. 4</i>	Collaborate on FAS prevention and intervention strategies and activities	Community organizations and coalitions; competitive; 10 grantees	\$850,000/year	\$0
Fetal Alcohol Syndrome (FAS) Diagnostic Clinics <i>M.S. 145.9266, subd. 2</i>	Establish a statewide network of regional FAS diagnostic clinics	University of Minnesota; by statute	\$235,600/year	\$0
Infant Mortality Reduction <i>M.S. 145.90</i>	Reduce preventable infant deaths	Government and non-profit and for-profit organizations; competitive; 2 grantees	\$100,000/year	\$0
Maternal and Child Health Special Projects <i>Title V, SSA and M.S. 145.88-145.889</i>	Support public health infrastructure and services to low- income, high-risk mothers and children	All community health boards; funding formula; 49 grantees	\$1,000,000/year	\$6,320,500
Minnesota Education Now and Babies Later (MN- ENABL) <i>M.S. 145.9255</i>	Promote sexual abstinence in young teens	Government and non-profit organizations; competitive; 14 grantees	\$490,000/year	\$0
Minnesota Healthy Beginnings <i>M.S. 145A.16</i>	Provide health and social support home visits to all families during pregnancy and the first year of life	Government and non-profit organizations; competitive; 3 grantees	\$704,000/year	\$0
Minnesota Healthy Communities	Support local efforts in health promotion	Community health boards; competitive; 8 grantees	\$0	\$74,000

State and Federal Grant and Loan Programs Administered by the Division of Family Health (Continued)

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Poison Control <i>M.S. 145.93</i>	Identify appropriate home management or referral of cases of human poisoning; provide statewide information and education services	Government and non-profit organizations; competitive; 1 grantee	\$430,000/year	\$137,700
Sexual Assault Prevention	Prevent sexual assault, provide services to victims of sexual assault, provide public education regarding sexual assault	Interagency agreement; 1 grantee with subgrants to government organizations, schools, non-profit organizations	\$0	\$685,000
Sudden Infant Death Syndrome (SIDS) <i>M.S. 144.07 (5) and (6)</i>	Provide information and support for families affected by SIDS	Minnesota Sudden Infant Death Center; by statute	\$0	\$57,800
Supplemental Nutrition Program for Women, Infants, and Children (WIC) <i>Child Nutrition Act</i>	Provide nutrition education and vouchers for supplemental foods	Government and non-profit organizations; competitive; 70 grantees	\$2,323,000/year	\$7,992,000
Targeted Home Visiting <i>M.S. 145A.15</i>	Prevent child abuse and neglect and strengthen families	Community health boards; competitive; 21 grantees	\$525,500/year	\$0
Tobacco-Free Communities for Children	Reduce youth tobacco use	All community health boards; funding formula; 48 grantees	\$480,000/year	\$0
Traumatic Brain Injury (TBI)	Provide information and resources to persons with TBI and their families	Non-profit organization; competitive; 1 grantee	\$100,000/year	\$0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Family Health

ITEM TITLE: Tobacco Use Reduction and Prevention Initiative

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,500	\$2,500	\$-0-	\$-0-
- Grants	\$5,000	\$5,000	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$7.5 million in F.Y. 2000 and \$7.5 million in F.Y. 2001 for tobacco use reduction and prevention efforts. Of this amount, \$5 million each year will be made available to local communities for enforcement and grassroots prevention activities. The remaining \$2.5 million each year will be directed at developing and expanding an evaluation system to measure program effectiveness; expanding and enforcing policies that reduce exposure to environmental tobacco smoke (ETS); and comprehensive communication strategies to reinforce community activities.

The Governor also recommends that in the next biennium, tobacco prevention efforts at the local level be funded through the Local Public Health endowment.

RATIONALE:

Cigarette smoking is the leading cause of preventable death and disease in Minnesota while environmental tobacco smoke is the third leading cause of death. Smoking causes an estimated 6,400 Minnesota deaths each year and costs the state

more than \$1 billion annually (compared to \$185 million generated from cigarette excise taxes). Smoking causes heart disease, cancer, and chronic lung disease. Smokeless tobacco use causes cancer of the gum, mouth, pharynx, larynx, and esophagus. Cigar smoking causes oral, esophageal, laryngeal and lung cancers. ETS is a significant risk for pregnant women, children, and persons with asthma and other chronic diseases.

Minnesota is not making progress toward its goals of reducing youth and adult tobacco use. Smoking among adults is virtually stable at 22%. Per capita use has declined only 7% since 1990, markedly less than the 15% decline nationwide. Smoking among youth is *increasing* and now exceeds the national average. Currently 39% of 12th graders and 31% of 9th graders smoke at least monthly. Tobacco use in Minnesota is highest among blue collar workers and persons of low income and education, and the CDC reports that national increases are sharpest among populations of color. It is estimated that one third of children who currently smoke (or nearly 100,000 Minnesota children) will die prematurely of a smoking-related illness. From 33%-50% of children who try smoking become regular smokers, and approximately 70% of teenage smokers express regret at having ever started to smoke.

FINANCING:

Combined state (\$1,200,000; 9 FTE) and federal (\$1,444,000; 13 FTE) appropriations in Minnesota currently amount to approximately \$0.58 per capita. Other states have successfully reduced tobacco use following more significant, sustained investments. Massachusetts invested an average of \$6.34 per capita per year from 1993-1996 and reduced per capita consumption by 31%. California invested an average of \$2.90 per capita 1989-1996 and achieved a 27% drop in adult smoking. Both states avoided the sharp increase in youth smoking observed during the 1990s across the U.S.

OUTCOMES:

This initiative begins to develop the framework that will allow Minnesota to reduce tobacco-related disease and death and work to achieve the long-term public health goals cited above. Anticipated short-term outcomes include: a decrease in the per capita use of tobacco, a reduction in exposure to ETS, a reduction in retail sales to minors, an increase in activities in schools and communities, and an increased readiness to quit smoking.

2000-01 Biennial Budget

BUDGET ACTIVITY: Health Policy and Systems Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

Vision:

To assure high quality, affordable health care for all Minnesotans.

Mission:

To promote health, health care access, and quality health care at reasonable cost for Minnesotans through data collection and analysis, policy development, education and regulation.

Goals:

- Conduct research and applied policy analysis to monitor changes in the health care market place.
- Identify factors influencing health care cost, quality and access.
- Provide technical assistance in the development of state health care policy.
- Protect the health of people enrolled in health maintenance organizations (HMOs), community integrated service networks (CISNs), accountable provider networks (APNs), and county-based purchasing arrangements (CBP) by maintaining and improving access and delivery of health care services through the application of Minnesota laws.
- Assure the quality of certain allied health care practitioners by setting training and practice standards, investigating consumer complaints, and ensuring compliance with Minnesota laws.
- Protect the health and safety of the public by assuring the appropriate disposition of the dead.

Issues:

- Health care expenditures continue to increase faster than the rate of general inflation.
- Consumers and managed care enrollees are increasingly concerned about the patient protections provided under managed care.
- Despite an increased emphasis on the number of people without health insurance, the rate of uninsured has not decreased in Minnesota.

STRATEGIES AND PERFORMANCE:

- The 1.4 million Minnesotans enrolled in HMOs, CISNs, and APNs are protected by this activity's: 1) approval or denial of certificates of coverage, premium rates, and provider contracts; 2) performance of on-site quality of care audits; 3) investigation and enforcement of consumer complaints; 4) compilation, analysis and disclosure of information on health plan operations; and 5) enforcement actions for violation of Minnesota law.
- Over 5,000 managed care consumer calls are handled by answering consumers' questions, identifying potential investigations, and referring issues to other appropriate agencies and organizations.
- Over 700 HMO and CISN consumer complaints are investigated each year to resolve individual and systematic problems.
- This activity sets and enforces standards for 6 allied health professions, educates consumers about the occupational qualifications, and issues state of Minnesota credentials to qualified persons. In 1998 the activity issued over 2,650 credentials, investigated 255 complaints, and took 49 disciplinary actions.
- Data on health care costs, premiums, market consolidation, uncompensated care, and health insurance coverage are analyzed and disseminated on a timely basis to inform policy makers and other interested parties. During 1998-1999 the activity has released 35 reports, issue briefs and papers on the health care market.
- In-depth analysis is performed on select health care market issues as directed by the legislature. Among the issues addressed during 1998-1999 are: 1) complementary medicine; 2) discrimination against providers and provider groups under managed care; 3) uncompensated care; and 4) risk adjustment in public programs.

FINANCING INFORMATION:

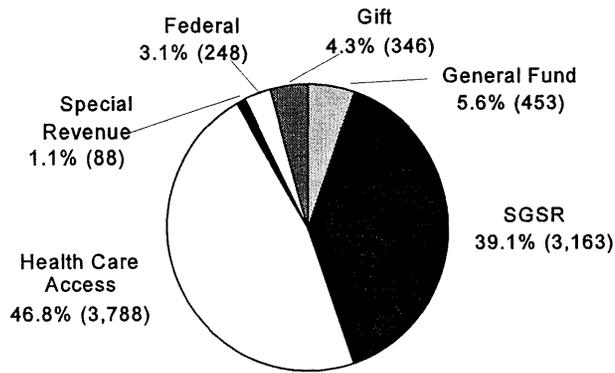
This activity represents approximately 14% of the total MDH budget. The primary sources of funding for this activity are the Health Care Access fund for policy and research activities and the State Government Special Revenue fund for the regulatory activities. Other sources of funding include the General Fund and the State Special Revenue Fund.

2000-01 Biennial Budget

BUDGET ACTIVITY: Health Policy and Systems Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

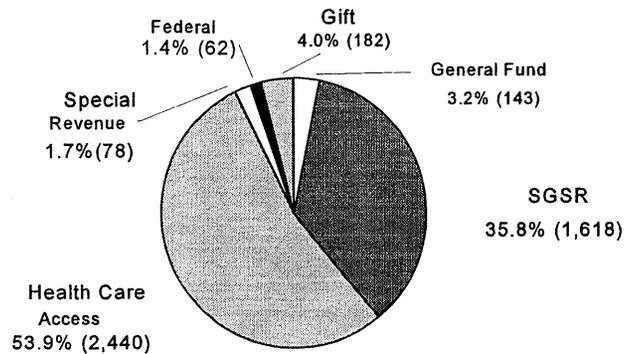
1998-99 Personnel Costs by Fund

Total = 8,086 (in 000's)

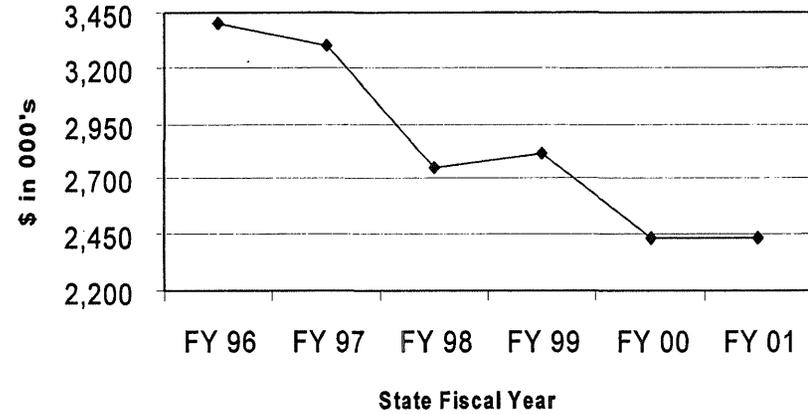


1998-99 Operating Costs by Fund

Total = 4,523 (in 000's)



HCAF Budget for HP&SC



BUDGET ISSUES:

- Reductions in funding for the Health Economics Program and other Health Care Access Fund (HCAF) supported programs within this activity. The 1997 legislature reduced this activity's HCAF funding by 12% annually and required an additional 13% reduction be included in this base budget. These reductions have reduced the activity's ability to monitor the health care market, particularly the ability to do in-depth special studies. A reallocation within the activity's base budget is proposed to moderate the effect of this reduction.
- The need for funding to administer the Medical Education and Research Trust Fund (MERC). Beginning in 1998, the activity began distributing grants through the MERC trust fund. The activity distributed \$17.7 million in 1998 and expects to distribute approximately \$21 million in 1999. The agency was not provided with funding to administer this trust fund. All of the activity required to administer the trust fund has been paid out of the HCAF. Given the 25% reduction in the activity's HCAF funding, this method of funding is making it impossible to adequately fulfill our statutory responsibilities for monitoring the health care market.

2000-01 Biennial Budget

1998 MERC Distribution by Provider Type

BUDGET ACTIVITY: Health Policy and Systems Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

- Ensuring that fee-supported, regulatory programs adjust their fees and/or appropriations to enable the activity to maintain the same level of regulatory oversight. These adjustments are needed because of increases in salaries, overhead costs (e.g., rent), legal fees, and other operating costs. This budget provides increased allocations for the regulation of health maintenance organizations, morticians and funeral homes, and speech language pathologists and audiologists. These adjustments are necessary to maintain our regulatory activities, given the inflationary costs facing the programs.

MERC TRUST FUND AND OTHER GRANT PROGRAMS:

The Medical Education and Research Cost (MERC) Trust Fund was created to address the increasing financial difficulties faced by Minnesota’s medical education and medical research organizations due to increased competition and federal funding cuts. The MERC trust fund provides funding to patient care settings that provide clinical training to medical students and residents, advanced practice nursing students, dental students and residents, physician assistant students, and PharmD students and residents.

All Minnesotans benefit from medical education and research activities:

- Medical professionals-in-training provide direct patient care, often in medically under-served areas.
- Many (more than 50%) of these trainees continue to practice in Minnesota after their training. Advances in medical research also contribute to the high quality of the health care system.
- The health care system in Minnesota contributes significantly to the state’s economy.
- The 1998 MERC Trust Fund processed 16 applications on behalf of 154 teaching programs and more than 300 training sites. Grant disbursement totaled \$17.8 million. Metro-area training sites received 56% of the funding and non-metro sites received 44%. Inpatient sites received 71% of the funds and ambulatory sites received 29% .

Provider Type	Number of Programs	Eligible FTEs	Grant Amount
Adv. Practice Nurses	11	165	\$199,899
Dental Students	1	107	668,771
Dental Residents	12	76	610,032
Medical Students	5	513	710,958
Medical Residents	117	1,784	15,435,778
PharmD Students	1	29	37,649
PharmD Residents	6	16	58,255
Physician Assistants	1	20	38,791
Total	154	2,710	\$17,760,133

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HLTH SYST & SPEC POPULATIONS

Activity: HLTH POLICY & SYST COMPLIANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,694	3,855	4,341	4,049	4,350	4,158	4,465	619	7.6%
OPERATING EXPENSES	2,295	2,029	2,271	1,782	1,862	1,757	1,838	(600)	-14.0%
TRANSFERS	0	0	0	13	13	13	13	26	
SUBTOTAL STATE OPERATIONS	5,989	5,884	6,612	5,844	6,225	5,928	6,316	45	.4%
LOCAL ASSISTANCE	235	17,934	20,800	33,095	38,095	35,095	40,095	39,456	101.9%
Total Expenditures	6,224	23,818	27,412	38,939	44,320	41,023	46,411	39,501	77.1%

CHANGE ITEMS:	FUND						
(B) HMO REGULATION	SGS				311		318
(B) MORTUARY SCIENCE	SGS				30		30
(B) SPEECH LANG PATHOLOGIST, AUDIOLOGIST	SGS				40		40
(B) MEDICAL EDUCATION & RESEARCH COSTS	MTF				5,000		5,000
Total Change Items					5,381		5,388

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	148	249	347	5,341	5,341	5,347	5,347
STATE GOVERNMENT SPECIAL REVENUE	1,883	2,340	2,328	2,223	2,604	2,241	2,629
HEALTH CARE ACCESS	3,807	2,953	3,650	3,120	3,120	3,180	3,180
STATUTORY APPROPRIATIONS:							
GENERAL	0	17,759	0	0	0	0	0
SPECIAL REVENUE	79	83	83	83	83	83	83
FEDERAL	98	138	172	172	172	172	172
MEDICAL EDUCATION & RESEARCH	0	0	20,600	28,000	33,000	30,000	35,000
GIFT	209	296	232	0	0	0	0
Total Financing	6,224	23,818	27,412	38,939	44,320	41,023	46,411

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HLTH SYST & SPEC POPULATIONS

Activity: HLTH POLICY & SYST COMPLIANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
REVENUE COLLECTED:							
DEDICATED							
GENERAL	0	17,760	0	0	0	0	0
FEDERAL	96	135	172	172	172	172	172
MEDICAL EDUCATION & RESEARCH	0	0	10,600	28,000	28,000	30,000	30,000
GIFT	48	268	213	0	0	0	0
NONDEDICATED							
GENERAL	2	3	0	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	1,850	1,728	2,611	2,461	2,824	2,485	2,855
Total Revenues Collected	1,996	19,894	13,596	30,633	30,996	32,657	33,027
FTE BY EMPLOYMENT TYPE:							
FULL TIME	69.5	72.2	71.7	71.7	71.7	71.7	71.7
PART-TIME, SEASONAL, LABOR SER	7.4	4.8	4.8	4.8	4.8	4.8	4.8
OVERTIME PAY	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	77.0	77.1	76.6	76.6	76.6	76.6	76.6

Grant Programs Administered by the Division of Health Systems and Special Populations

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Medical Education and Research Cost Trust Fund	The MERC trust fund was established to address the increasing financial difficulties of Minnesota's medical education and medical research organizations.	Eligible applicants are accredited medical education teaching institutions, consortia, and programs operating in Minnesota.	1998: \$8.5 Million 1999: \$10 Million \$0 - 2.1 Million (PMAP-est.)	1998: \$9.3 Million 1999: \$11 Million (est.) \$0 - 2.3 Million (PMAP-est.)
Minnesota Health Data Institute	The Minnesota Health Data Institute is a public-private partnership established to provide purchasers and consumers with comparative information on the cost and quality of health care.	This grant is a sole source grant to the Minnesota Health Data Institute.	1998: \$220,000 1999: \$220,000	1998: \$0 1999: \$0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Medical Education and Research Costs (MERC) Endowment

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Tobacco Settlement Fund	\$100,000	\$-0-	\$-0-	\$-0-
MERC Endowment	\$5,000	\$5,000	\$5,000	\$5,000
Revenues: (\$000s)				
MERC Endowment Fund	\$5,000	\$5,000	\$5,000	\$5,000

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 62J.69

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends the creation of the MERC endowment with an appropriation of \$100 million in F.Y. 2000 from the Tobacco Settlement Fund. Income generated from the endowment will be used to support critical medical education and research activities throughout the state through the MERC Trust fund.

RATIONALE:

Historically, Medicare has been a significant source of funding for graduate medical education. Medicare makes payments for direct and indirect graduate medical education to teaching hospitals to cover its share of teaching expenses. As Medicare faces increasing fiscal constraints, various components have been targeted for reduction, including graduate medical education. Minnesota teaching programs estimate they will lose more than \$200 million in Medicare graduate medical education payments over the next 5 years.

Additionally, increased competition in the health care marketplace is preventing teaching facilities from covering the costs of graduate medical education through the traditional mechanism: charging higher prices. This cost shifting mechanism is increasingly difficult to use, causing Minnesota teaching programs to estimate that they will lose an additional \$40 million annually in medical education funds.

Medical research is a vital component of our health care system and contributes significantly to the health of the population. Minnesota benefits from its preeminent medical research community, as new discoveries are quickly incorporated into cutting-edge patient care. As dollars available to support medical research continue to decline, this proposal aims to strengthen Minnesota's medical research community.

FINANCING:

The Governor recommends transferring \$100 million from the Tobacco Settlement Fund into a separate account in the state treasury for the purpose of supporting medical education and research. Up to \$5 million each year in interest earnings will be transferred to the MERC Trust Fund. The purpose of this endowment may be reconsidered each biennium.

The Governor's 2000-01 budget also includes an annual General Fund appropriation of \$5 million for the MERC Trust Fund.

OUTCOMES:

Minnesota's medical education and research systems are nationally and internationally known. The medical education system in Minnesota provides high quality training and makes a significant contribution to the high quality of our health systems. Without an excellent medical education system, the overall quality of our health care systems would deteriorate and Minnesota would no longer have access to the most current advances in medical care. This would certainly have a negative impact on Minnesotan's health status and years of quality life.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Health Maintenance Organizations (HMOs)
 Appropriation and Fee Increase

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund				
- State Operations	\$311	\$318	\$318	\$318
Revenues: (\$000s)				
State Government	\$311	\$318	\$318	\$318
Special Revenue Fund				

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Managed Care Systems section receive an increased appropriation of \$311,000 in F.Y. 2000 and an increase of \$318,000 in F.Y. 2001 in order to maintain the program's current regulatory efforts of health maintenance organizations (HMOs). The Governor also recommends a fee increase be implemented in F.Y. 2000 to ensure that there are sufficient revenues to cover the increased appropriation.

RATIONALE:

This program is a fee-supported, regulatory program that exists to protect the health of over 1.4 million Minnesotans enrolled in HMOs by assuring access to quality care, and the financial solvency of these organizations. Activities include:

- Approval or denial of applications, contract changes, and other documents;
- Conducting on-site audits of quality of care and financial condition;
- Investigation and enforcement of consumer complaints (5,000 consumer inquires and 700 complaint investigations in 1998);
- Compilation, analysis, and disclosure of information on health plan operations;
- Policy analysis, legislative reports, and rulemaking on managed care issues;
- Enforcement action on any violation of managed care laws or rules.

This adjustment to the base budget is needed to correct a structural imbalance in the program's budget resulting from a fixed appropriation and increasing costs to maintain the same level of regulatory oversight. During the past 6 years enrollment in licensed HMOs has increased from 1.1 million enrollees in 1992 to 1.4 million enrollees in 1997. Most of this growth has been in the small group, individual, and government programs; areas which require a greater amount of government oversight than standard large group programs. During the past several years, the HMO industry has continued to grow more complex and consumer frustrations and concerns have intensified, which has also increased our workload. This adjustment is needed to maintain our current level of regulatory oversight.

FINANCING:

Current funding for this activity is \$997,000 from the State Government Special Revenue Fund. This program is fully supported through fees. This proposal does not add any FTEs to this program, it simply maintains the program in its current form.

OUTCOMES:

Not making these adjustments would result in the elimination of several current positions and reductions in the enforcement effort. The reductions would result in the following changes:

- slower review and approval of new contracts and other operating changes;
- reduction in the detail and frequency of financial and quality of care audits;
- reduction in timeliness and investigative detail related to consumer complaints;
- reduction in analysis and follow-up of reported financial and utilization information.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Speech Language Pathologist and Audiologist
 Appropriation and Fee Increase

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government Special Revenue Fund - State Operations	\$40	\$40	\$40	\$40
Revenues: (\$000s)				
State Government Special Revenue Fund	\$52	\$52	\$52	\$52

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 148.5194, M.S. 16A.1285

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Health Occupations program receive an increased appropriation of \$40,000 in F.Y. 2000 and F.Y. 2001 for the Speech Language Pathologist and Audiologist registration system in order to maintain the system's current regulatory efforts. The Governor also recommends a fee increase and surcharge be implemented in F.Y. 2000 to ensure that there are sufficient revenues to cover the increased appropriation and current debt.

RATIONALE:

The Speech Language Pathologist and Audiologist registration system is a small fee-supported, regulatory program. It is responsible for protecting the health and safety of consumers by ensuring that registered speech language pathologists and audiologists meet state standards. The program also investigates consumer complaints and takes enforcement actions as appropriate.

The base appropriation for this registration system has not been increased since regulation was first implemented in 1991. Likewise, the registration fee has never increased from the original rate of \$80 per year. A temporary surcharge of \$21 per registration was collected for 5 years and expired in 1996, so the total fees paid by each registrant actually decreased by over 20% in F.Y. 1997.

Since F.Y. 1997, the registration system has grown from 805 practitioners to over 1,000. This substantial increase caused the program to have operating costs well above projections, and as a result the program incurred a deficit of approximately \$45,000 over the last biennium. In addition, operating costs have inflated gradually since 1991, from increases in salaries, benefits and rent.

This proposal changes the biennial registration fee from \$160 to \$200. It also adds a biennial surcharge of \$25 that will be in effect for 2 biennia to eliminate the deficit. The system has already switched from an annual registration to a biennial registration to reduce operating costs.

FINANCING:

Current funding for this activity is \$60,000 from the State Government Special Revenue Fund. This program is fully supported through fees. This increase would not increase the number of FTEs above the current 2.1 FTEs.

OUTCOMES:

This increase in appropriation and adjustment to fees will allow the Speech Language Pathologist and Audiologist registration system to maintain its current level of regulatory effort and to pay its deficit as required in Minnesota statutes. Not making these adjustments in the budget will mean that the registration system will be unable to process applications and renewals as quickly and the amount of effort into the investigation of consumer complaints will need to be reduced.

REQUIRED LEGISLATION:

This budget proposal will require changes to M.S. 148.5194.

- Subdivision 2 - Fee change from \$160 to \$200
- Subdivision 3 - Fee change from \$160 to \$200
- Subdivision 3a - Add a \$25 surcharge
- Subdivision 4 - Modify late fee to \$45

Also required will be an exemption from the 2 year look back provision of M.S. 16A.1285.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Mortuary Science Appropriation Increase

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund				
- State Operations	\$30	\$30	\$30	\$30
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Mortuary Science program receive an increased appropriation of \$30,000 in both F.Y. 2000 and F.Y. 2001 in order to maintain the program's current regulatory efforts.

RATIONALE:

The Mortuary Science program is a small fee-supported, regulatory program. It is responsible for protecting the overall health and safety of the general public and those involved in the disposition of the dead by ensuring the safe and timely disposition of the dead. The program also assures that consumer protections are provided by enforcing requirements for accurate, itemized price information and various other disclosures about funeral goods and services, specific prohibitions, and pre-need trust regulations and reporting.

The program accomplishes its objectives through the licensing, regulation, inspections, education, and enforcement of individual licensees (i.e., morticians), funeral establishments, and crematories. Approximately 350 inspections and 36 investigations are conducted annually. Over time, the cost of executing these responsibilities has risen. Specifically, the program has seen increases in personnel costs, increases in legal fees associated with investigations and disciplinary actions, and increases in other operating expenses (e.g., rent). Additionally, the 1997 Legislature expanded the programs responsibilities to include the regulation of crematories and the expanded reporting of pre-need trust funds.

The program ended F.Y. 1998 with a cumulative debt of \$112,000. In order to comply with Minnesota statutes requiring fee programs to generate sufficient revenue to cover expenses, the program raised fees through rule in 1998. This fee increase is the first time the program has raised fees since 1987. This increased appropriation is needed to ensure that the program can meet its statutory obligations. There is currently, sufficient revenue generated to support this appropriation and to eliminate the cumulative deficit over the next 5 years.

FINANCING:

Current funding for this activity is \$205,000 from the State Government Special Revenue Fund. This program is fully supported through fees. This increased appropriation does not add any staff to the current staff of 3 FTEs.

OUTCOMES:

This increased appropriation will allow the Mortuary Science program to maintain its current level of regulatory effort and to meet the new statutory obligations from the 1997 legislative session.

Not receiving this increased appropriation would mean that the program would need to:

- reduce the staff below 3 FTEs;
- reduce the number of annual inspections;
- reduce the number of investigations and enforcement actions;
- reduce effort toward addressing consumer complaints.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Facility and Provider Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of

ACTIVITY PROFILE:

Mission:

To safeguard and promote the health and safety of the individuals receiving services from health care providers in regulated settings such as nursing homes, certified Intermediate Care Facilities for the Mentally Retarded (ICF/MR), and Institutions for Mental Diseases (Regional Treatment Centers); and to assure health care expenditures reflect the services needed and provided. Issues are addressed through collaborative partnerships with provider associations, residents of long term care facilities, and family members.

Goals:

- Protect the public health and safety of patients and residents receiving services in licensed/certified health care providers by ensuring they conduct their activities in compliance with state and federal regulations.
- Ensure health and safety of consumers in health care settings, investigate complaints, perform background study checks and to take necessary actions to assure that those responsible for instances of abuse and neglect are no longer eligible to work in a health care facility.
- Assure the quality and quantity of care provided for nursing home residents and persons living in ICF/MR's is based on care needed and received.
- Assure a comfortable, sanitary and safe environment for patients and residents by ensuring compliance with state and federal physical plant requirements for health care facilities.

Issues:

- The number of Home Care Agencies is continuing to increase, which has reduced our ability to respond timely to complaints and to conduct surveys.
- Education and technical assistance for providers of health care services is needed, particularly in the areas of restraint reduction, malnutrition, hydration, resident assessment, quality of life, and resident dignity.
- Federal enforcement activity is increasing, including sanctions and fining capabilities.

- Federally mandated individual assessment system for Medicare and Medicaid patients, which will determine payments, is creating additional stress for home health agencies.

STRATEGIES AND PERFORMANCE:

- Improve the quality of care received by residents in long term care facilities through technical consultation, professional education and training, establishment of collaborative strategies with provider organizations, residents, and families.
- Reduce the potential for abuse and maltreatment of residents by conducting background studies on non-direct care staff in long term care facilities.
- Provide leadership in planning activities with provider associations to enhance development and understanding of federal enforcement activities.
- Provide help-desk support to home care agencies to ensure a smooth transition to electronic transmission requirements for individual resident assessments.
- Increase capacity to address complaints and conduct surveys in home care agencies.

Performance Indicators:

	<u>Actual</u> <u>F.Y.1998</u>	<u>F.Y.1999</u>	<u>Estimated</u> <u>F.Y.2000</u>	<u>F.Y.2001</u>
Savings in Long Term Care expenditures due to corrected classifications through audits and reclassifications.	\$ 6.8M	\$ 7.1M	\$7.2M	\$ 7.2M
Number of Recommendations made by CMR staff to the nursing facility for medical or nursing care plan revisions regarding the residents' care.	3,007	3,007	3,100	3,150
Reduction in the Number of nursing homes with deficiencies in resident assessment.	135	120	100	85
% of Residents utilizing a physical restraint	22%	16%	12%	8%

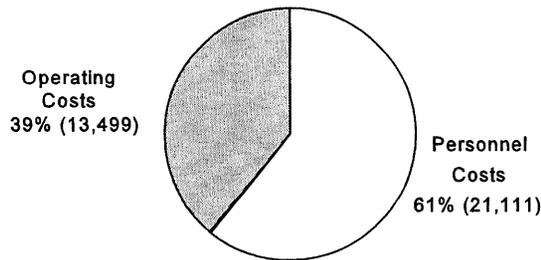
2000-01 Biennial Budget

BUDGET ACTIVITY: Facility and Provider Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of
(Continuation)

FINANCING INFORMATION:

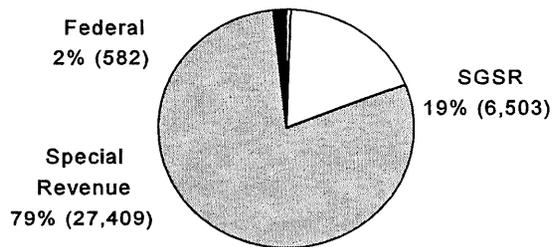
This activity represents approximately 6.6% of the total MDH budget. Funding for this activity is primarily from negotiated agreements with Medicare/Medicaid and DHS state matching funds. Other sources of revenue include provider fees and the General Fund (less than 1%).

1998-99 Expenditures by Category



1998-99 Division Revenue by Fund

Total = 34,644 (In 000's)



BUDGET ISSUES:

This is a regulatory activity and provides a unique contribution to the quality of care received by residents in long term care facilities. Continued funding for this activity is dependant on federal funding as over 81% of the program is federally funded (special revenue is medicaid dollars) and over 19% is funded from the State Government Special Revenue (SGSR) fund.

The State Vulnerable Adults Act (VAA), which provides for background studies of individuals in direct contact with patients and residents, is expanded to cover individuals who do not live in Minnesota but provide direct services to Minnesotans (effective 7-1-98) and to cover all employees in applicable licensed settings, not just direct care staff (effective 7-1-99).

As a result, we expect a large increase in the number of background studies to be performed each year.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HLTH SYST & SPEC POPULATIONS
Activity: FACILITY/PROVIDER COMPLIANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	9,854	10,353	10,758	11,036	11,036	11,073	11,073	998	4.7%
OPERATING EXPENSES	4,970	5,731	7,372	6,691	6,691	6,725	6,725	313	2.4%
TRANSFERS	0	0	0	0	600	0	350	950	
SUBTOTAL STATE OPERATIONS	14,824	16,084	18,130	17,727	18,327	17,798	18,148	2,261	6.6%
LOCAL ASSISTANCE	1,154	17	17	17	17	17	17	0	.0%
Total Expenditures	15,978	16,101	18,147	17,744	18,344	17,815	18,165	2,261	6.6%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) VULNERABLE ADULT BACKGRND STUDIES	SGS				600		350		
Total Change Items					600		350		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	0	75	75	77	77	79	79		
STATE GOVERNMENT SPECIAL REVENUE	2,355	2,236	3,871	4,925	5,525	4,994	5,344		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	13,407	13,596	13,813	12,400	12,400	12,400	12,400		
FEDERAL	216	194	388	342	342	342	342		
Total Financing	15,978	16,101	18,147	17,744	18,344	17,815	18,165		
REVENUE COLLECTED:									
DEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	0	275	0	0	0	0	0		
SPECIAL REVENUE	8,559	8,234	8,737	8,737	8,737	8,737	8,737		
FEDERAL	3,769	3,896	4,132	4,086	4,086	4,086	4,086		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
 Program: HLTH SYST & SPEC POPULATIONS
 Activity: FACILITY/PROVIDER COMPLIANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	3,592	3,174	3,439	3,417	3,417	3,415	3,415
Total Revenues Collected	15,920	15,579	16,308	16,240	16,240	16,238	16,238
FTE BY EMPLOYMENT TYPE:							
FULL TIME	177.4	178.8	178.7	178.7	178.7	178.7	178.7
PART-TIME, SEASONAL, LABOR SER	4.9	4.3	4.3	4.3	4.3	4.3	4.3
OVERTIME PAY	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	182.3	183.2	183.1	183.1	183.1	183.1	183.1

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Facility and Provider Compliance

ITEM TITLE: Vulnerable Adults Act (VAA) Background Studies

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue	\$600	\$350	\$350	\$350
Revenues: (\$000s)				
State Government				
Special Revenue	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$600,000 in F.Y. 2000 and \$350,000 in F.Y. 2001 to conduct background studies on non-residents and on all employees in applicable licensed settings.

RATIONALE:

The state Vulnerable Adults Act (VAA) provides for background studies of individuals providing services which have direct contact with patients and residents in applicable licensed care settings. The Minnesota Department of Health contracts with the Minnesota Department of Human Services (DHS) to conduct these background studies. Effective 7-1-98, the statute was expanded to cover individuals who do not live in Minnesota, but provide direct services to Minnesotan's. These additional background studies were performed without increased funding. Effective 7-1-99, the statute expands the background studies to include all employees in applicable licensed settings, not just direct care staff. The law

change means cooks, housekeepers, maintenance, clerical workers, and other employees will have their criminal backgrounds checked. The department is requesting an increased appropriation from the State Government Special Revenue Fund to conduct the increase in required background studies. The additional appropriation will be transferred to DHS to support this work.

FINANCING:

Projections indicate that the number of individuals which fall into the two categories will generate nearly 100,000 additional background studies at an increased cost of \$600,000 in F.Y. 2000, and \$350,000 in F.Y. 2001. The DHS conducts the studies for MDH at a cost of \$600,000 annually. These increased funds will bring the interagency agreement to \$1,200,000 in F.Y. 2000, and \$950,000 in F.Y. 2001. DHS is exploring ways to streamline the background study process for non-residents. These efficiencies could result in cost stabilization over time and may result in long term cost savings to the program.

There are sufficient funds in the Health Care Facility Licensure account to cover the increased expenditures. State health care licensure fees do not need to be increased at this time.

No additional positions will be established at MDH.

OUTCOMES:

Individuals employed in applicable regulated settings will be pre-screened to determine the appropriateness of their access to vulnerable adults. This will minimize the threat of maltreatment of residents by employees in regulated settings.

2000-01 Biennial Budget

PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

PROGRAM PROFILE:

The divisions in this bureau work to provide leadership in the areas of the control or elimination of communicable and chronic diseases, protect citizens from environmental hazards, and provide access to quality laboratory testing on human specimens and environmental samples.

The Health Protection program includes the following budget activities:

- Environmental Health Division, including:
 - Drinking Water Protection Section
 - Well Management Section
 - Environmental Health Services Section
 - Environmental Surveillance and Assessment Section
 - Asbestos, Indoor Air, Lead and Radiation Section
 - Division Services Section
- Disease Prevention and Control Division, including:
 - Acute Disease Epidemiology Section
 - Acute Disease Prevention Section
 - AIDS/STD Prevention Services Section
 - Cancer Control Section
 - Chronic Disease & Epidemiology Section
 - Epidemiology Field Services
- Public Health Labs Division, including:
 - Chemical Laboratory Section
 - Clinical Laboratory Section
 - Laboratory Support Services

STRATEGIES AND PERFORMANCE:

Each budget activity (division) will provide information about the strategies that are used in completing its work and about its performance

FINANCING INFORMATION:

The largest portion of the funding for the bureau, approximately 79%, is generated by fees or federal grants. Only a small portion is from the General Fund.

Federal funding has become increasingly categorical in nature and burdened with myriad requirements. In addition, any discretionary funding has almost disappeared. These factors pose significant challenges for the programs in this bureau. These challenges and proposed solutions are further detailed on the budget activity pages.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HEALTH PROTECTION

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ENVIRONMENTAL HEALTH	17,535	18,064	28,084	26,108	27,801	26,293	28,156	9,809	21.3%
DISEASE PREVENTION & CONTROL	22,914	24,879	26,305	24,844	25,944	24,378	25,478	238	.5%
PUBLIC HEALTH LABS	5,583	5,985	7,038	6,523	6,911	6,581	6,639	527	4.0%
Total Expenditures	46,032	48,928	61,427	57,475	60,656	57,252	60,273	10,574	9.6%

CHANGE ITEMS:	FUND				
(A) GRANT REDUCTIONS	GEN			(150)	(150)
(B) COMMUNICABLE DISEASE PREV & CONTROL	GEN			1,100	1,100
(B) FOOD BEVERAGE & LODGING--INSPECTIONS	SGS			321	331
(B) FOOD MANAGER CERTIFICATION	SGS			125	121
(B) NEWBORN METABOLIC TESTING EQUIPMENT	SGS			388	58
(B) PLUMBING PERFORMANCE BONDING	SGS				39
(B) PUBLIC WATER SUPPLY PROTECTION	SGS			1,193	1,193
(B) RADIATION PROTECTION	SGS			18	138
(B) WELL MANAGMENT PROGRAM	SGS			186	191
Total Change Items				3,181	3,021

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	7,290	7,601	12,247	11,271	12,221	11,467	12,417
MINNESOTA RESOURCES	0	131	19	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	11,356	11,507	14,139	12,972	15,203	13,166	15,237
METRO LANDFILL CONTINGENCY	161	169	217	196	196	199	199
STATUTORY APPROPRIATIONS:							
GENERAL	0	100	0	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	529	0	0	0	0	0	0
SPECIAL REVENUE	3,480	4,512	6,568	6,509	6,509	6,375	6,375
FEDERAL	22,959	24,685	27,988	26,462	26,462	25,980	25,980
GIFT	257	223	249	65	65	65	65
Total Financing	46,032	48,928	61,427	57,475	60,656	57,252	60,273

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: HEALTH PROTECTION

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	446.2	458.5	456.7	456.5	456.5	456.5	456.5
PART-TIME, SEASONAL, LABOR SER	26.4	32.7	32.6	32.6	32.6	32.6	32.6
OVERTIME PAY	1.4	1.3	1.2	1.2	1.2	1.2	1.2
Total Full-Time Equivalent	474.0	492.5	490.5	490.3	490.3	490.3	490.3

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2000-01 Biennial Budget

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

The Environmental Health Division (EHD) leads the state's effort to protect all Minnesotans from exposures to environmental hazards. It assures that Minnesotans have safe drinking water, safe food, sanitary lodgings, and protection from hazardous materials in the home and the environment. EHD also identifies emerging environmental health issues and proposes methods for minimizing exposure. The range of EHD programs includes:

- surveillance and assessment of health risks posed by chemical and physical agents in the environment;
- public information and outreach about food safety, sanitary conditions, safe water, and other hazards;
- development of local partnerships to improve opportunities for greater participation in public health protection;
- technical assistance, training and regulatory oversight of persons working in the following areas: asbestos and lead abatement, radiation (with the exception of nuclear power plants), public drinking water supplies, plumbing, installation of wells, the food, beverage and lodging industry, and mobile home parks.

EHD maintains cooperative relationships with federal, state and local agencies to coordinate program activities and improve operational efficiencies. Specific activities to implement these goals include the following:

- EHD assures that its programs are responsive to the needs and concerns of the public and the regulated community by creating and coordinating advisory groups.
- EHD assures that administrative rules affecting its programs reflect legislative intent and evolving public health needs.
- EHD assesses potential public health impacts of proposed new or expanded development projects in Minnesota.

The division's future issues are in 3 primary areas:

- keeping pace with increasing public expectations of public health protection. The consequence of education and outreach has been a better educated public

with increasing service demands. There is a widening gap between demand and resources available.

- achieving the appropriate balance of service delivery among federal, state and local partners.
- continuing to enhance the focus on prevention of environmental health threats before they occur, and assessing program performance in this area.

STRATEGIES AND PERFORMANCE:

A significant number of activities in EHD focus on meeting the needs of Minnesotans depending on the 8,900 public water supply systems statewide, or the 25% of Minnesotans who depend on private well water for drinking. For public water supplies, the protection strategy includes:

- prevention: protecting drinking water quality at the source.
- surveillance: inspection of public water supplies and treatment facilities.
- monitoring: analysis of water samples for potentially harmful contaminants.

Prevention actions to protect drinking water include EHD's source water protection program. The program oversees those source water protection plans being developed for 1,655 water supply systems. By the end of F.Y. 1997, 136 plans were approved. The program became fully staffed in F.Y. 1998, and the program goal is to approve about 100 new plans each year.

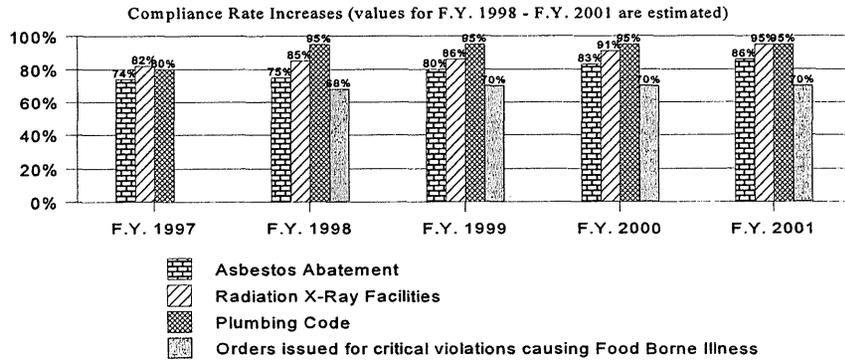
Increased compliance with treatment and monitoring requirements by water systems ensures that fewer Minnesotans will be at risk from drinking water contamination. Compliance has been increasing steadily, from 79% in 1996 to 91% in 1998. However, as standards become more stringent, fewer systems may be in compliance in the future.

Another component of EHD's prevention strategy is protecting ground water by overseeing the sealing of abandoned wells. This eliminates an opportunity for surface contamination to reach ground water. In F.Y. 1996, the program oversaw the sealing of 12,806 wells. The program now oversees the sealing of about 13,200 wells annually.

Other EHD programs focus on protecting the public health from other environmental hazards using similar strategies. The goal of prevention drives much of the technical assistance and training of those working in the areas of asbestos and lead abatement, x-ray facilities and radiation sources, plumbing, and food safety. These programs use compliance as a measure of program success.

2000-01 Biennial Budget

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

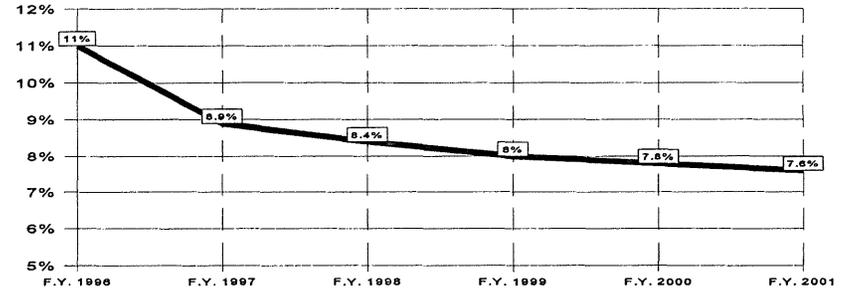


Another aspect of EHD's prevention program is environmental review of proposed development projects to assess their potential for public health impact. A significant component of the review is assessing the potential impact on surface water and ground water.

	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Estimated number of projects requiring review	200	400	600	750	850

An indicator of prevention activity is the reduction of the percentage of children with elevated blood lead levels. Currently, the US Center for Disease Control considers 10 or more micrograms of lead per deciliter of blood to be elevated. EHD surveillance and public information activities should contribute to a continued decline in this measure.

Percentage of tested children 0-6 years of age with elevated blood levels (values for F.Y. 1998-F.Y. 2001 are estimated)

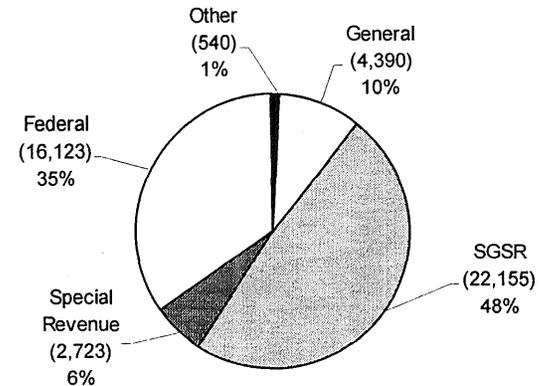


FINANCING INFORMATION:

Reflecting the trend in financing regulatory oversight programs with user fees, 48% of the EHD budget is derived from fees. Because of EHD's obligation to implement the Safe Drinking Water Act and other federal programs, federal funds provide another 35% of EHD's budget. The balance is made up of General Fund (10%), and other funds (7%).

Fee revenues collected by EHD support the range of compliance and enforcement activities that result in meeting federal and state standards and codes. Activities include technical assistance, training seminars, inspections and compliance

1998-99 Division Revenue by Fund
 Total = 45,931 (in 000's)



2000-01 Biennial Budget

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
(Continuation)

assistance. Regulated parties include well drillers, water suppliers, plumbers, manufactured home parks, asbestos and lead abatement contractors, radiation sources, and food, beverage, lodging facilities. Fee revenues are deposited into the State Government Special Revenue Fund, out of which a corresponding appropriation is made for program operating funds.

Federal grants to EHD comprise another funding source for program activities. These are shown in detail on the next page.

BUDGET ISSUES:

A few EHD budget initiatives were approved in the 1997 legislative session. A selected summary of them, and what has resulted due to their implementation, is as follows:

- A biennial registration fee for x-ray machines was increased, and a fee for radiation sources was established, which has allowed EHD to provide comprehensive technical assistance to owners and operators of this equipment, as well as compliance and enforcement, assuring a reduction in a possible public health threat.
- Fees paid by owners of new wells installed were increased, and a state core functions fee was established, which has allowed continued statewide program oversight and comprehensive administration of the well management program.
- The license fee for restaurants with seating for 50 or less was reduced from \$250 to \$155. This reduced program revenue by \$45,000 annually, yet benefitted about 477 restaurants.
- The incidence of high levels of nitrates and nitrites in drinking water will be determined in a population-based survey to assess the exposure to infants, pregnant women, and women of child-bearing age. The greatest risk is known to be in southern Minnesota. Nitrate and nitrite health criteria are meant to protect infants less than 6 months of age from methemoglobinemia, known as "blue-baby" syndrome.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: ENVIRONMENTAL HEALTH

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	10,310	11,359	16,123	16,247	16,528	16,441	16,748	5,794	21.1%
OPERATING EXPENSES	7,083	6,489	11,271	9,667	11,154	9,658	11,289	4,683	26.4%
NON-CASH TRANSACTIONS	8	0	0	0	0	0	0	0	
TRANSFERS	0	0	0	(123)	(123)	(123)	(123)	(246)	
SUBTOTAL STATE OPERATIONS	17,401	17,848	27,394	25,791	27,559	25,976	27,914	10,231	22.6%
PAYMENTS TO INDIVIDUALS	6	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	128	216	690	317	242	317	242	(422)	-46.6%
Total Expenditures	17,535	18,064	28,084	26,108	27,801	26,293	28,156	9,809	21.3%

CHANGE ITEMS:	FUND				
(A) GRANT REDUCTIONS	GEN			(150)	(150)
(B) FOOD BEVERAGE & LODGING--INSPECTIONS	SGS			321	331
(B) FOOD MANAGER CERTIFICATION	SGS			125	121
(B) PLUMBING PERFORMANCE BONDING	SGS				39
(B) PUBLIC WATER SUPPLY PROTECTION	SGS			1,193	1,193
(B) RADIATION PROTECTION	SGS			18	138
(B) WELL MANAGMENT PROGRAM	SGS			186	191
Total Change Items				1,693	1,863

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	1,587	1,612	2,778	2,575	2,425	2,631	2,481
MINNESOTA RESOURCES	0	131	19	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	10,472	9,909	12,463	11,387	13,230	11,555	13,568
METRO LANDFILL CONTINGENCY	161	169	217	196	196	199	199
Total Financing	17,535	18,064	28,084	26,108	27,801	26,293	28,156

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: ENVIRONMENTAL HEALTH

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	442	382	2,341	2,268	2,268	2,268	2,268
FEDERAL	4,873	5,861	10,262	9,682	9,682	9,640	9,640
GIFT	0	0	4	0	0	0	0
Total Financing	17,535	18,064	28,084	26,108	27,801	26,293	28,156
REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	355	256	2,137	2,118	2,118	2,118	2,118
FEDERAL	4,861	5,170	10,228	9,797	9,797	9,755	9,755
GIFT	0	2	0	0	0	0	0
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	11,416	11,837	12,479	12,527	12,652	12,533	12,697
Total Revenues Collected	16,632	17,265	24,844	24,442	24,567	24,406	24,570
FTE BY EMPLOYMENT TYPE:							
FULL TIME	208.9	215.9	215.8	215.8	215.8	215.8	215.8
PART-TIME, SEASONAL, LABOR SER	7.1	9.3	9.2	9.2	9.2	9.2	9.2
OVERTIME PAY	0.9	0.5	0.4	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	216.9	225.7	225.4	225.4	225.4	225.4	225.4

Grant and Loan Programs Administered by the Division of Environmental Health

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Federal Childhood Lead Poisoning Prevention Grant/Contract	Increase prevention, detection and care of children exposed to lead	Local Public Health Agencies performing lead prevention and/or surveillance	None	F.Y. 1999 = \$105,000
State and Federal Drinking Water Revolving Fund <i>M.S. 446A.081</i>	Fund improvements of drinking water infrastructure	145 public water systems	F.Y. 1997 = \$8.417 M F.Y. 1998 = \$2.371 M F.Y. 1999 = \$2.656 M	F.Y. 1997 = \$42.086 M F.Y. 1998 = \$42.856 M F.Y. 1999 = \$43.280 M
State Lead Safe Housing Grant <i>M.S. 144.9507, subd. 3</i>	For costs related to cleaning homes and relocation of families that need lead safe housing	Local Public Health Agencies	\$25,000/year	None
State Lead Clean-up Equipment Grant <i>M.S. 144.9507, subd. 4</i>	For purchasing equipment for lead clean-up or conducting lead clean-up work	Nonprofit Agencies	\$75,000/year	None
Federal Housing and Urban Development Lead Grant	For use by state and local agencies for residential lead hazard reduction activities	Local Public Health Agencies that fit criteria established by HUD	None	3- year grant award made to MDH in 1997 for a total of \$750,000 to St. Paul/Ramsey County and Duluth
Federal Environmental Protection Agency Indoor Radon Grant	For public education and targeted outreach on radon testing, mitigation, and radon resistant new construction	Priority is given to Local Public Health Agencies that have received EPA radon training	None	\$150,000 for F.Y. 1998-99

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Grant Reductions

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- Grants	\$ (180)	\$ (180)	\$ (180)	\$ (180)
Revenues: (\$000s)				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Statutory Change? Yes <u>X</u> No ___				
If yes, statutes(s) affected: M.S. 145.46, 144.9507 subd.4, 144.9511				

GOVERNOR'S RECOMMENDATION:

The Governor recommends a reduction in the General Fund budget of \$180,000 each fiscal year. This recommendation is part of a statewide, multi-agency initiative to re-evaluate current expenditures and ensure spending reflects critical obligations and priorities where the state's role is clearly articulated.

RATIONALE:

The following grant programs reflect a first attempt to re-evaluate priorities for state funding. Criteria for identifying areas for reductions included:

- narrowly focused expenditures
- lower priority expenditures
- duplicative expenditures

Grant program reductions include:

The Lead Safe Certification program under M.S. 144.9511

This voluntary program certifies residential properties as lead safe for one year, base on guidelines established by the Department of Health. There is a \$5 filing

fee for certification. The filing fee is insufficient to cover the cost of the program. The General Fund supports the program with an annual appropriation of \$75,000.

State Lead Clean-up Equipment Grant under M.S. 144.9507

This grant goes out to non-profit organizations to buy equipment, which is in turn lent out for cleaning up lead-contaminated homes. Grants are awarded competitively. There are very few applications (maybe 3-4/ year). The General Fund supports this grant program with an annual appropriation of \$75,000.

Dental Health Grants under M.S. 145.46

Dental health grants are awarded through a competitive grant process to government organizations, schools, and non-profit organizations to promote oral health and prevent oral diseases. In the current 2-year cycle, 12 grantees are each receiving \$2,500 per year for programs combining dental practices and public partnerships for tobacco prevention and cessation activities. Previous grant cycles have funded programming for dental sealants, fluoride supplementation, prevention of baby bottle tooth decay, and promoting the use of sports mouth guards. The General Fund supports this grant program with an annual appropriation of \$30,000.

FINANCING:

Current funding for these grant programs is as follows:

- The Lead Safe Certification program, \$75,000/year
- State Lead Clean-up Equipment Grant, \$75,000/year
- Dental Health Grants, \$30,000/year

OUTCOMES:

These reductions represent a first step in delivering a state budget which is responsive, accountable, and limited; they will allow for new and more urgent priorities to be funded.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Public Water Supply Protection

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$1,193	\$1,193	\$1,193	\$1,193
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$1.193 million in both F.Y. 2000 and F.Y. 2001 to cover the costs of increased sample analyses required under the federal Safe Drinking Water Act, including increased indirect costs charged under the department's indirect cost formula.

RATIONALE:

Ensuring that Minnesotans have an adequate supply of safe drinking water is an important factor in protecting the public health. The Public Water Supply program helps perform this function by analyzing public water systems for contaminants that may affect human health.

Starting in F.Y. 2000, additional lab analyses will need to be performed on a number of contaminants added by the 1996 amendments to the federal Safe Drinking Water Act. During F.Y. 2000 and F.Y. 2001, new monitoring requirements are anticipated to be required by the U.S. Environmental Protection Agency (EPA) in the following areas:

- Special compliance sampling of radiochemicals (e.g., radium 226) will be required by EPA at 50 Public Water Supply (PWS) systems with 236 sample sites.
- Monitoring of radon at 1,555 PWS systems with 2,298 sample sites.
- Monitoring of currently unregulated contaminants (39 chemical, 13 microbiological) at 119 PWS systems with 389 sample sites.
- Interim rules promoting Enhanced Surface Water Treatment will require sampling at 9 PWS systems with 36 sample sites.

Additional monitoring requirements will be required each year thereafter, including requirements to sample for contaminants such as arsenic, sulfate, and endocrine disruptors. Altogether, the additional analyses are expected to cost \$784,000 annually.

In an effort to spread agency indirect costs more evenly across agency programs, the indirect cost rate and its allocation were both adjusted in F.Y. 1999, resulting in additional indirect costs for contracted laboratory services of \$409,000 per year.

FINANCING:

Current state base level funding for this activity is \$5.031 million from the State Government Special Revenue (SGSR) Fund. No increased fees are needed, as the SGSR fund has adequate reserves to accommodate the increased appropriation. No Full-Time Equivalent positions will be added under this proposal.

OUTCOMES:

The additional funding provided by this budget item will allow the department of Health to perform laboratory analyses for the substances required to be tested under the federal Safe Drinking Water Act, including new substances added by the 1996 amendments to the Act. The department will measure its success in this area based on annual self assessments and through annual program audits performed by the Environmental Protection Agency.

The increased appropriation will also cover the department's revisions to the indirect cost formula, which will spread indirect costs more evenly throughout the department.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Well Management Program

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$186	\$191	\$191	\$191
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$186,000 in F.Y. 2000 and \$191,000 in F.Y. 2001 to cover additional information resource management costs and the increased indirect costs charged under the department's new indirect cost formula.

RATIONALE:

As of F.Y. 1999, the department increased the percentage charged to each program for indirect costs. Increased appropriations of \$65,000 and \$67,000 are needed to accommodate this change for F.Y. 2000 and 2001, respectively. An additional \$121,000 and \$124,000 are needed for F.Y. 2000 and 2001, respectively, to fund the well management program's share of the division's support services including the information resource support function and to assist with rule development, enforcement coordination, and environmental review. This support of existing activities will continue to maintain and improve existing information resource management systems related to well locational data, water sampling information, and compliance monitoring.

FINANCING:

Current state base level funding for this activity is \$2.491 million from the State Government Special Revenue (SGSR) Fund. No increased fees are needed, as the SGSR account has adequate reserves to accommodate the increased appropriation through the biennium. No staff will be added under this proposal.

OUTCOMES:

Part of the increased appropriation will cover the department's revisions to the indirect cost formula, which will spread indirect costs more evenly throughout the department.

Part of the increased appropriation will fund the program's share of ongoing division support services, including information resource management support. The maintenance and improvement of the existing information resource systems will maintain and strengthen the program's capacity to manage information related to well location, compliance monitoring, and water sampling results. Making this information readily accessible will improve program responsiveness to customers in these areas:

- Timely access to accurate well log information regarding construction, age, and depth of water wells.
- Current information on licensed well drillers to support compliance actions.
- Accurate information on wells and borings sealed to protect ground water quality.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Food, Beverage, and Lodging Inspections

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government	\$321	\$331	\$341	\$351
Special Revenue Fund				
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$125	\$125	\$125	\$125

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in appropriation of \$321,000 in F.Y. 2000, and \$331,000 in F.Y. 2001 to provide Food, Beverage, and Lodging (FB&L) Program inspection services for Beltrami and Ottertail counties and to increase inspection services generally.

RATIONALE:

MDH has direct responsibility for the regulation of 6,500 FB&L establishments across the state. The appropriation is needed for the following reasons:

- Beltrami and Ottertail Counties terminated their county FB&L inspection programs in 1998, adding additional inspection responsibility to MDH. This is an addition of 640 establishments with no corresponding staff increase.
- The current workload for an FB&L Public Health Sanitarian is approximately 400 establishments. This workload has diminished the capacity of

the program to assure safety in food services statewide. It is important that adequate resources be provided to maintain consistent contact with the industry to provide training on proper food handling procedures and behaviors. Frequent and routine inspections help assure consistency in industry standards and a higher degree of public health protection.

FINANCING:

Current state base level funding for this activity is \$1.255 million from the State Government Special Revenue (SGSR) Fund. FB&L establishments in Beltrami and Ottertail counties will be assessed the license fee provided for in M.S. 157.16. This state license fee replaces the county license fee because jurisdiction has been returned to the state. Beltrami and Ottertail County establishments account for \$125,000 in additional revenue, and \$125,000 of the expenditures.

Five staff (4 sanitarians and 1 office administrative specialist) will be funded from this request. The cost of adding these FTEs (\$196,000 in F.Y. 2000 and \$206,000 in F.Y. 2001) will not require a corresponding increase in fees because the SGSR account has adequate reserves and annual income from the existing FB&L licensing fees to accommodate the increased appropriation.

OUTCOMES:

The additional staffing provides inspection services for Beltrami and Ottertail counties. The addition of 5 FTEs also reduces inspection workloads from more than 400 establishments per sanitarian to approximately 300 establishments per sanitarian. With this reduction in the number of establishments per sanitarian, MDH will be able to increase the frequency of inspections with a primary focus on high risk establishments, especially high risk establishments with repeat violations. Increasing inspections combined with active follow-up measures, including education, are labor intensive activities. They can only be achieved with reduced workloads. These measures will increase compliance with the Minnesota Food Code, thereby measurably decreasing instances of foodborne illness in the state.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Food Manager Certification

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government	\$125	\$121	\$122	\$130
Special Revenue Fund				
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$165	\$165	\$50	\$165

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$125,000 in F.Y. 2000 and \$121,000 in F.Y. 2001 to implement the Food Manager Certification Program.

RATIONALE:

The Food Manager Certification Program will provide a more sophisticated level of supervision of food handling. This is required due to gradual, yet very significant, changes in the emergence of new pathogens in food products. The change in the source of food products entering the distribution chain has also compounded this need. Since many foods are now imported from developing countries, foods that were never a concern previously may now be contaminated with pathogens.

Both MDH and the Department of Agriculture (MDA) license food establishments and are required under statute to certify food managers (M.S. 157.011, subd. 2, and

M.S. 31.96). Food Manager Certification rulemaking, including fee setting, is scheduled for adoption in March 1999. The rule proposes certification fees of \$15 for a 3-year period. Fee revenues will be collected starting in F.Y. 2000.

Permanent staff is required at both agencies to implement and maintain the Food Manager Certification Program. Food manager certification fees are payable to the Commissioner of Health. A Memorandum of Agreement will be executed with the MDA for coverage of their program costs from the fee revenues.

FINANCING:

The fee collected from this program activity will be used to implement the statewide certification program, including issuing of certificates, oversight of the certification activity, and data management.

The appropriation funds 1.35 FTEs:

- 0.6 Public Health Sanitarian III at MDH;
- 0.25 Compliance Officer at the Department of Agriculture (MDA) via a memorandum of agreement
- 0.25 Support staff position at MDH
- 0.25 Support staff position at MDA via a memorandum of agreement

There is no current base level funding for this program.

OUTCOMES:

Certified Food Managers will:

- identify the critical control points in food preparation that prevent food borne illness
- train other employees on safe food handling techniques and food borne illness
- take corrective actions at the food service establishment, as necessary, to assure safe food
- implement a quality assurance program and self-inspections at the food service establishment

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Minnesota Plumbing Code Compliance Bond

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$39	\$52	\$52
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$39	\$52	\$52

Statutory Change? Yes X No ___

If yes, statutes(s) affected: M.S. 326.40

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$39,000 in F.Y. 2001 to fund the additional staff time and resources needed to process increased numbers of plumbing code bonds.

RATIONALE:

Legislation passed in the 1970s established a bond of \$2,000 to cover the costs of completing a plumber's unfinished or unsatisfactory work. This statute has not been updated in 20 years, and the amount of the bond is now inadequate to cover all but the smallest jobs. In addition, the current bond is optional rather than mandatory, and more than half of the state's plumbers do not carry the statewide bond.

This proposal would require that all plumbing contractors carry a statewide bond of \$25,000 to correct or complete work that does not comply with the plumbing code. Preliminary estimates by the insurance company which handles the majority

of plumbers' bonds in Minnesota indicates that the new bond would cost \$75 per year, which is their minimum charge. Since the existing bond is also subject to the \$75 minimum, the cost to plumbers would not increase. The department collects a bond filing fee of \$40 to cover the costs of maintaining records and handling the cases requiring corrective work. This fee would remain the same, but the number of plumbing contractors to which it would apply would increase from 700 to approximately 2,000.

FINANCING:

Current funding for the plumbing program is \$599,000. F.Y. 1998 revenue from the bond filing fee was \$28,360. Increasing the number of bonded plumbers by approximately 1,300 would raise an additional \$52,000 annually, although it is expected to take 1 or 2 years to reach this level. Increased numbers of bonds would require increased staff time for record-keeping and complaint resolution, so it is anticipated that the additional revenues will be used to add staff and computer resources as they become necessary. However, no new Full-Time Equivalent positions are anticipated to be needed during the 2000-01 biennium.

OUTCOMES:

The Department of Health is ultimately responsible for enforcing the state plumbing code but has little power to force a particular contractor to correct mistakes. In the absence of a bond, the cost of correcting noncompliant plumbing rests with the consumer, often at a cost of thousands of dollars. This provision will make the statewide bond mandatory, which will increase the number of plumbing contractors carrying the bond from 700 to 2,000. The bond will be set at \$25,000, which is a more realistic amount, given the potential costs of correcting mistakes. Overall, this bonding proposal will provide the department with an additional tool to ensure that plumbing contractors perform work that complies with current standards and will help protect consumers against the unexpected costs of repairing noncompliant plumbing.

REQUIRED LEGISLATION:

Minnesota Statutes, section 326.40 will need to be amended to reflect the change in the amount of the bond from \$2,000 to \$25,000 and to make the bonds mandatory.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: State Radiation Protection Program

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$18	\$138	\$114	\$481
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$520

Statutory Change? Yes X No ____

If yes, statutes(s) affected: M.S. 144.12, and other sections as needed.

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$18,000 in F.Y. 2000 and \$138,000 in F.Y. 2001 to complete preparatory work to transfer the regulation of certain radioactive materials from the Nuclear Regulatory Commission (NRC) to the Minnesota Department of Health (MDH).

RATIONALE:

Legislation passed during the 1998 session designated the MDH as the lead agency to take over the regulation of certain radioactive materials under an agreement with the NRC. While some of the initial work can be done under current funding, the NRC will not approve the final transfer of authority unless certain state regulatory functions are in place. This will require hiring and training staff, purchasing equipment, and developing new databases.

This proposal only applies to the regulation of radioactive materials used in medical, industrial, or research settings. The regulation of Minnesota's nuclear plants will remain with the NRC. Likewise, this proposal does not involve state regulation of the disposal of radioactive waste.

Final approval is also dependent on the department's ability to enforce the regulations at a level equivalent to the federal program. This proposal includes statutory language that more clearly defines the Commissioner's power to set training standards, require sureties from licensees, and impound materials when necessary to protect the public health. These changes should ensure NRC approval of the transfer of authority.

FINANCING:

Current funding for the radiation program is \$798,000. However, \$678,000 of this amount comes from the State Government Special Revenue Fund and is earmarked for current x-ray facility registration and inspections. An appropriation of \$120,000 is needed in F.Y. 2001 to begin necessary work to gain NRC approval of the transfer of regulatory authority. No Full-Time Equivalent positions will be added in F.Y. 2000 or 2001. Revenues to offset the requested appropriation cannot be collected until the transfer of authority from the NRC has taken place. If the regulatory authority is transferred in F.Y. 2003 as expected, the program will collect license fees that will compensate the Special Revenue Fund for the initial appropriations.

An additional appropriation of \$18,000 is needed for both F.Y. 2000 and 2001 to cover department indirect costs assessed to the program under a revised formula which will spread indirect costs more evenly throughout the department.

OUTCOMES:

This request will allow the Department of Health to develop resources for licensing, including the ability to track licensee data, inspection data, and other information necessary to fulfill NRC requirements. Upon completing the transfer of regulatory authority the state will regulate most radioactive materials in Minnesota. Funded activities will include licensing, license review, inspections of equipment and materials, safety consultations, and investigations of incidents. Transferring these activities to the state level will improve the skills of state radiation staff and will eliminate the need for regulated parties to wait for responses from federal officials in Chicago or Washington, D.C. The effect of this transfer will be the provision of better service to Minnesota businesses, medical facilities, and research institutions.

REQUIRED LEGISLATION:

M. S. section 144.12, or other sections outlining the powers of the Commissioner, will be amended to clarify the rulemaking authority needed to satisfy NRC requirements.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

Mission:

The mission of the Disease Prevention and Control (DPC) Division is to provide leadership in the prevention and control of acute, communicable and chronic disease in Minnesota; conduct surveillance to detect the occurrence of such diseases; recommend prevention and control measures; and implement disease prevention and control programs.

The DPC Division focuses on communicable, acute diseases and certain chronic, non-infectious diseases. Examples of communicable, acute diseases include tuberculosis, HIV and other sexually transmitted diseases, measles, pertussis, influenza and other vaccine-preventable diseases, hepatitis A, B, and C, giardia, and E coli 0157:H7. These diseases are caused by an infectious agent and are most often spread from one person to another. In other cases, these diseases may be spread by water, animals, or insects. Infectious agents include bacteria, viruses, parasites, molds and fungi.

By contrast, most chronic, non-infectious diseases are caused by lifestyle factors, genetic background, and injuries. Examples of chronic non-infectious diseases addressed by the DPC Division include cancer, occupationally-related respiratory disease, occupational injuries and deaths, and asthma.

The DPC Division conducts the following activities:

Monitor trends in persons affected by disease includes:

- analyzing information from hospitals, laboratories, physicians and others who are required to report persons with certain diseases
- preparing summary reports for health care providers, policy makers, and the public that includes recommendations for decreasing disease occurrence.

Identify disease outbreaks and changes in the numbers or types of populations affected by the disease includes:

- documenting changes in disease reports that identify increases or changes in how a disease is being transmitted or who is being affected

- comparing information on current disease reports with historical information
- keeping current with information from other states and countries and the scientific research literature in order to compare Minnesota information with national and international trends.

Develop policy guidelines for finding or assisting individuals with the disease includes:

- modifying and distributing national disease prevention and control guidelines as needed for use by Minnesota communities and health care system
- making recommendations to health care providers about interpreting test results, describing treatment recommendations, and issues of infection control
- developing programs for reaching populations at risk and defining eligibility criteria for screening and testing programs.

Coordinate health care provider and public education about identifying, preventing transmission, and treating persons at risk or affected by disease includes:

- information for providers that clarifies and supports up-to-date medical care
- information for the public to describe prevention, testing and treatment for particular diseases and to alert them to disease outbreaks.

Support to local public health agencies includes:

- guidelines and technical assistance in developing local programs
- funds for programs such as breast and cervical cancer screening, immunization activities, HIV and STD screening and treatment, and disease investigation
- medications for some of the individuals with tuberculosis or persons exposed to tuberculosis
- coordination for statewide or regional disease prevention and control issues

STRATEGIES AND PERFORMANCE:

- Immunizations are the most effective public health benefit to modern society. Protective levels of vaccine coverage in Minnesota are threatened by reductions in federal support for immunization programs and vaccines, an increasingly complicated schedule, and the growing number of vaccines. Currently, 16 immunizations are needed by age 2 and by early 1999, at least one new vaccine will be added. Lack of immunizations is a health disparity for persons of color. Even in counties with high immunization rates, there are "pockets of need." In both rural and urban counties, there are zip codes in which less than half the children are completely protected against vaccine-preventable disease.
- The number of Minnesota TB cases and the threat posed by drug-resistant disease are growing. This is partly due to changes in the demographics of the state's population, resulting in 70% of new TB cases occurring among foreign-born persons.

2000-01 Biennial Budget

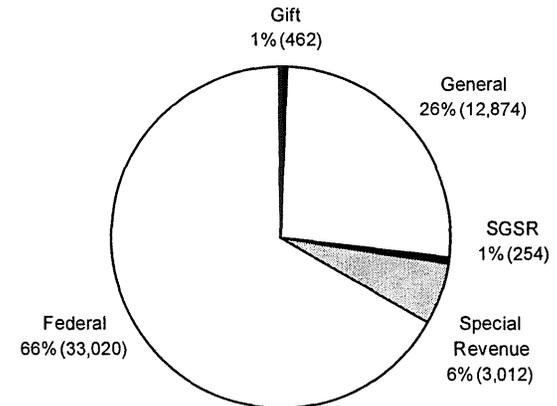
BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

- Persons with HIV and other reportable STDs, as well as their partners, are notified of their exposure to help them find treatment. Almost 9,000 people are evaluated to assure they received effective treatment for their condition. HIV and STD prevention and services is an area of health disparities for populations of color.
- Cancer is the leading cause of death in the state for persons aged 35-74. Early detection through screening can prevent hundreds of cancer deaths each year, but a large proportion of Minnesotans do not undergo recommended screening and tests. The state's screening program is limited to breast and cervical cancer screening for low-income women without adequate health insurance. Over 57,000 women have been screened through this program at 270 clinics across the state. The program has detected 340 cases of cancer and 1,450 pre-cancerous lesions.
- Close to 20,000 cases of cancer are reported each year with information about stage and treatment provided for each individual. Timely information is needed by health care providers and the public to better understand this disease, which will affect 1 out of 2 Minnesotans in their lifetime.
- Over 50 work related fatalities are investigated each year, and an average of 550 work-related amputations are investigated. Summary information from these investigations is used at the state and national level to better understand ways to prevent work-related disease and trauma.
- In the past 3 years, the MDH has developed an Emerging Infections Program that tracks emerging infectious health threats and conducts special public health studies to better understand and prevent these problems. Over 1,800 cases have been investigated as of 7-1-98.
- Community planning for HIV/STD prevention and HIV services formalizes a partnership with individuals and organizations to reach persons at risk of disease or in need of services. Over 100 people serve on these committees.
- The MDH's new Food Safety Center provides better coordination of food safety activities and will be critical to adopting new technologies such as food irradiation and using new information to improve food safety.

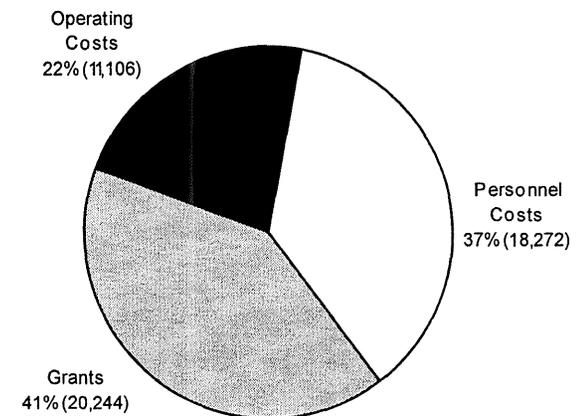
FINANCING INFORMATION:

Division Revenue by Fund

Total = 49,622 (in 000's)



1998-99 Activity Expenditure by Category



2000-01 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
(Continuation)

- The MDH has received federal immunization funding since 1972. Currently, over 98% of the funds to support immunization programs at the MDH are federal funds. In 1999, the MDH is expecting to lose \$1 million in funding for immunization activities, which is about one-third of the budget for statewide prevention activities. This funding has helped provide free vaccines to needy children and adults throughout the state.
- The MDH has given more than \$9 million in federal funds to local health departments in the last 5 years for immunization activities. With the federal grant reduction, there will be only \$200,000 available in 1999 for local public health grants. We fear we will not be able to fill all requests for vaccine.
- The MDH TB activities are almost exclusively funded with federal dollars; we anticipate a decline over the next 1-2 years in federal resources to meet this demand at a time of increasing medication costs.
- Until July 1998, the breast and cervical cancer screening program was entirely funded by a federal grant of \$3.2 million from the CDC. Last year, the Minnesota Legislature appropriated funds in response to a reduction in the federal support for the screening program. An annual charitable contribution from Race for the Cure helps to support breast cancer diagnostic tests for program-eligible women. With existing resources the free screening program serves only 5-10% of the eligible women in the state.
- The MDH is working with medical, industry, and community leaders to plan the Occupational Respiratory Disease Information System. Using state funds, MDH and community leaders have started on the first step to identify the nature and scope of occupationally acquired respiratory illness in Minnesota.
- The 1998 legislative session appropriated funds to improve food safety. Efforts are under way to increase the number of investigations. Planning activities are proceeding to better coordinate education and training throughout the food industry, and promote understanding of food irradiation to protect food safety.

BUDGET ISSUES:

- To prevent diseases and increase statewide immunization levels, we need to assure all children and adults-at-risk have access to vaccine by creating a state-funded vaccine supply for under-insured individuals and supporting vaccine distribution costs.
- New vaccines for illnesses such as infant diarrhea, meningitis, ear infections, and other diseases can reduce costs to the health care system. A sustainable system to efficiently deliver and document immunizations will be needed to assure timely delivery of vaccines to targeted populations.
- TB cases are becoming increasingly difficult to treat due to issues such as non-compliance with therapy, drug-resistant disease and the complex social problems that often accompany TB cases. Local public health agencies need technical and financial support to reach and intervene in these complicated cases.
- Patients need access to medications to prevent development of active TB and to treat all persons with TB in the state.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: DISEASE PREVENTION & CONTROL

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	8,347	9,113	10,001	9,966	9,966	9,792	9,792	644	3.4%
OPERATING EXPENSES	5,747	4,727	7,259	6,097	7,197	5,935	7,035	2,246	18.7%
NON-CASH TRANSACTIONS	1	0	0	0	0	0	0	0	
TRANSFERS	0	0	0	104	104	104	104	208	
SUBTOTAL STATE OPERATIONS	14,095	13,840	17,260	16,167	17,267	15,831	16,931	3,098	10.0%
PAYMENTS TO INDIVIDUALS	1,233	1,277	1,655	1,587	1,587	1,587	1,587	242	8.3%
LOCAL ASSISTANCE	7,586	9,762	7,390	7,090	7,090	6,960	6,960	(3,102)	-18.1%
Total Expenditures	22,914	24,879	26,305	24,844	25,944	24,378	25,478	238	.5%

CHANGE ITEMS:	FUND				
(B) COMMUNICABLE DISEASE PREV & CONTROL	GEN			1,100	1,100
Total Change Items				1,100	1,100

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	4,791	5,066	7,708	7,194	8,294	7,299	8,399
STATE GOVERNMENT SPECIAL REVENUE	121	105	140	148	148	151	151
STATUTORY APPROPRIATIONS:							
GENERAL	0	100	0	0	0	0	0
SPECIAL REVENUE	615	1,535	1,477	1,491	1,491	1,357	1,357
FEDERAL	17,133	17,852	16,739	15,946	15,946	15,506	15,506
GIFT	254	221	241	65	65	65	65
Total Financing	22,914	24,879	26,305	24,844	25,944	24,378	25,478

REVENUE COLLECTED:					

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: DISEASE PREVENTION & CONTROL

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	945	1,861	1,659	1,769	1,769	1,635	1,635
FEDERAL	17,221	17,687	16,674	16,048	16,048	15,608	15,608
GIFT	67	161	77	65	65	65	65
Total Revenues Collected	18,233	19,709	18,410	17,882	17,882	17,308	17,308
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	160.5	163.7	162.0	161.8	161.8	161.8	161.8
PART-TIME, SEASONAL, LABOR SER	16.5	18.8	18.8	18.8	18.8	18.8	18.8
OVERTIME PAY	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	177.3	182.8	181.1	180.9	180.9	180.9	180.9

Grant and Loan Programs Administered by the Disease Prevention & Control

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	1998-1999 State Appropriation	Most Recent Federal Award (cite year)
Cancer Control	Recruitment/outreach activities to increase breast & cervical cancer screening	Community Health Boards (CHBs), YWCAs (Duluth/Mpls)	\$195,808/year	\$146,011 (8-98 to 9-99)
Cancer Control	Provides breast & cervical cancer screening services	Cities & Counties, CHBs	\$394,000/year	\$1,392,929 (8-98 to 9-99)
Community Partners for Healthy Farming (CPHF)	Public health nurse to act as liaison for local surveillance efforts between community hospitals in 3 counties & the MDH	Meeker-McLeod-Sibley CHB	\$0	\$39,103 (10-01-97 to 9-30-98)
Childhood Agricultural Safety and Health (CASH)	Develop curriculum for occupational health & safety for 10 th graders	Thomas Learning Consultants (TLC)	\$0	\$37,000 (2-15-98 to 3-15-99)
CASH	Evaluate the curriculum developed by TLC	U of MN -- Dept of Applied Research & Education Improvement	\$0	\$18,782 (6-01-98 to 5-31-99)
CASH	Act as liaison with MDH, Meeker-McLeod-Sibley CHB, & school personnel; assist in administering school-wide surveys	5 Rural Independent School Districts	\$0	\$44,800 (10-01-97 to 9-30-98)
Wood Dust Intervention Program	Development of data collection instruments & dust control interventions	U of MN -- Division of Environmental & Occupational Health	\$0	\$58,122 (10-01-97 to 9-30-98)
Perinatal Hepatitis B	Screening services for perinatal hepatitis B	St. Paul/Ramsey, Hennepin	\$0	\$202,000
TB Control Program	TB outreach services	Local public health agencies	\$0	\$78,050
Emerging Infections	Provider education	Infection control	\$0	\$20,000 (1998)
Emerging Infections	Physician consultation	Physicians	\$0	\$15,000 (1998)
TB Control	Physician consultation	Physicians	\$0	\$9,960
HIV Prevention Programs <i>M.S. 145.924</i>	Health education/risk reduction & HIV testing for those at-risk for HIV	Community-based organizations, clinics	\$1.304 million/year	\$1.079 million (1998)
Infertility Prevention (Chlamydia Screening) Program	To prevent infertility due to chlamydial infection	STD/family planning clinics	\$0	\$117,493 (1998)
Care & Support Services Programs for Persons Living With HIV/AIDS <i>M.S. 145.9245</i>	Basic health & supportive services for persons living with HIV/AIDS	Community-based organizations, clinics	\$560,000/year	\$2.216 million (1998)

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Disease Prevention and Control

ITEM TITLE: Communicable Disease Medications and Vaccines

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,100	\$1,100	\$1,100	\$1,100

Statutory Change? Yes ___ No X

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$1.1 million each year for medications and vaccines needed to prevent or control the transmission of communicable diseases.

RATIONALE:

Vaccines: Every year, thousands of children and adults in Minnesota develop vaccine preventable diseases that may result in severe illness, disability, or death. In 1997, 547 cases of whooping cough (pertussis) and 79 nursing home influenza outbreaks were reported. State surveys identified urban and rural areas where more than half of children or adults had not received all recommended vaccines.

Federal funding currently provides vaccines for eligible uninsured and underinsured children. State funding is needed to supplement federal funds, providing a "safety net", since federal funds are an uncertain source of full support for immunization activities. In 1998, notification of a potential shortfall in federal support for vaccines highlighted this danger.

- Federal funds do not pay for new vaccines or combinations of vaccines until federal contracts are finalized, delaying access to vaccines for needy children.
- Federal immunization funds do not pay for meningitis vaccine for disease outbreaks. State funding assures "rapid response" funds to stop epidemics.

Many adults are vulnerable to vaccine-preventable diseases, and may have financial barriers to receiving vaccines. State funds can improve our ability to reach needy and at-risk adults to provide protective vaccines.

Tuberculosis Medications: Tuberculosis (TB) is a serious bacterial infection primarily of the lungs which requires at least 6 months of therapy. Persons who come in contact with TB may also need preventive medications. The number of TB cases in Minnesota has increased by 77% in the last 10 years to 161 in 1997 and 1998. Almost 12% of Minnesota cases are resistant to the TB drug. These patients often require a longer course of treatment and more expensive drugs. TB drug costs range from \$450 for a drug-sensitive case and may go to \$25,000.

In 1980, decreased federal funding led to Hennepin and Ramsey counties paying for medications for patients at public TB clinics. Medication costs have escalated, and the number of cases has increased, placing a greater burden on these counties. It is increasingly difficult for public clinics to provide TB medications and other services, potentially leaving TB patients without access to needed medications.

Unlike most other diseases, public health has a pivotal role in monitoring TB patients to assure they take medications as prescribed. If medications are taken sporadically, drug-resistant disease and a return to an infectious state are likely to occur. Dispensing all TB medications centrally improves public health's ability to identify and control such problems much earlier. State-provided TB medications are prepared and shipped by TB program staff at MDH who have no pharmacy training. This provides a potential liability burden for the state, particularly as medication regimens become increasingly complex. A contract with a licensed pharmacist is needed to assure medications are dispensed appropriately and safely.

FINANCING: Current state funding for vaccines and TB is \$107,000. Federal funding in F.Y. 2000 is estimated to be \$3 million for immunizations, and \$0.3 million for TB. This request includes \$309,000 for TB medications and contract with a pharmacist, and \$791,000 for vaccines.

OUTCOMES:

Vaccines: This funding will ensure \$650,000 to provide vaccines for needy children, adolescents and adults. Increased resources for vaccine can help raise immunization rates to recommended 90% levels as measured by MDH and CDC.

Tuberculosis Medications: On an annual basis, this funding will provide medications for approximately 160 persons with TB disease, 65 persons with suspected TB, and nearly 1,000 persons with TB infection. This funding also will assure that the medications are dispensed centrally through a registered pharmacist.

2000-01 Biennial Budget

BUDGET ACTIVITY: Public Health Laboratory
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

The Public Health Laboratory has been an essential component of the Minnesota Department of Health (MDH) for more than 100 years. As such, it provides testing and related laboratory services in support of the department's mission to protect, maintain, and improve the health of Minnesota's citizens.

- communicable bacterial, viral, fungal and parasitic agents;
inherited inborn errors of metabolism;
hazardous environmental substances in air, water, soil, and wildlife tissues.

The laboratory generates critical data and provides interpretive support to other programs within the agency, in particular, those programs focused on disease prevention and control, family health, and environmental health.

The primary goal of the laboratory is to provide assessment data to protect the public. Such data are collected to:

- identify emerging and re-emerging infectious diseases
detect food borne and water borne outbreaks of infectious disease
provide essential data to guide epidemiologic investigations
provide emergency responses to environmental contamination
detect and assure treatment of all newborns with certain inborn errors of metabolism
identify and monitor population-based trends related to infectious agents and chemical pollutants

To be useful, the data collected needs to be broad in scope, state-wide, and population-based, using standardized, state-of-the-art methods and technology. This is best done by the state laboratory with its expertise, facility, and commitment to analysis for not only the expected, but also the unexpected.

STRATEGIES AND PERFORMANCE:

These data for assessment are collected through:

- ongoing laboratory surveillance for biological and chemical agents;
ongoing laboratory surveillance for inborn errors of metabolism;
investigation of infectious disease outbreaks;
emergency response to environmental contamination;
applied research to analyze trends, such as antibiotic resistance and altered disease-producing capability.

The level of analytical activity in the laboratory for F.Y. 1998 is presented in Table 1. For 212,517 total specimens, isolates, and samples received, multiple different analytical tests are conducted on many. Consequently, the number of actual tests done on an annual basis in the entire laboratory is more than 500,000.

Table 1. Public Health Laboratory - F.Y. 1998

Table with 4 columns: Activity, Total Specimens, Total Isolates, Total Samples. Rows include Infectious Disease, Newborn Screening, and Environmental.

1Material of human or animal origin tested for infectious agents or markers of inborn errors of metabolism.

2Infectious agents isolated in other laboratories sent to the state laboratory for identification and analysis.

3Material from environmental sources tested for hazardous chemicals or evidence of sewage pollution.

2000-01 Biennial Budget

BUDGET ACTIVITY: Public Health Laboratory
PROGRAM: Health Protection
AGENCY: Health, Department of
 (Continuation)

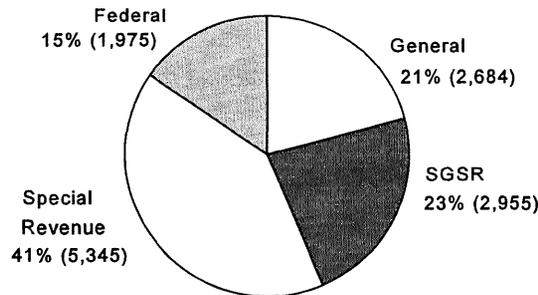
FINANCING INFORMATION:

Brief Description: The Public Health Laboratory, comprised of the following 3 sections, has a total budget, from all funds, of approximately \$13 million for the biennium.

- Clinical Laboratory (infectious diseases, inborn errors of metabolism)
- Chemistry Laboratory (environmental)
- Laboratory Services (laboratory support, laboratory certification)

1998-99 Division Revenue by Fund

Total = 12,959 (\$ in 000s)



Revenue Summary: Sources of revenue for the various sections of the laboratory, and management, are presented in Table 2.

Table 2. Funding of the Public Health Laboratory

Section	Activity	Funding
Clinical	Infectious Diseases	General, Special Revenue (contracts), Federal Grants
Clinical	Newborn Screening	State Government Special Revenue (fees)

Chemistry	Environmental	Special Revenue (contracts)
Laboratory Services	Laboratory Support ¹	General, Special Revenue (contracts), State Government Special Revenue (fees)
Laboratory Services	Laboratory Certification ²	State Government Special Revenue (fees)
Other	Management	General

¹Technical and clerical support for the entire Public Health Laboratory.

²Program to certify private and public environmental laboratories within Minnesota

Grants summary: Federal grants fund part of the Clinical Section involved with testing for infectious diseases. These funds are obtained through grants awarded to the agency's Division of Disease Prevention and Control.

Report on status of prior major finding initiatives: General funds appropriated for food safety by the legislature to begin in F.Y. 1999 are being used to expand the laboratory's capacity to apply state-of-the-art molecular methods to detect and investigate food borne bacterial, viral, and parasitic diseases.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: PUBLIC HEALTH LABS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,688	3,877	4,504	4,317	4,317	4,375	4,375	311	3.7%
OPERATING EXPENSES	1,895	2,108	2,534	2,206	2,594	2,206	2,264	216	4.7%
SUBTOTAL STATE OPERATIONS	5,583	5,985	7,038	6,523	6,911	6,581	6,639	527	4.0%
Total Expenditures	5,583	5,985	7,038	6,523	6,911	6,581	6,639	527	4.0%
CHANGE ITEMS:									
(B) NEWBORN METABOLIC TESTING EQUIPMENT	SGS				388		58		
Total Change Items				388		58			
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	912	923	1,761	1,502	1,502	1,537	1,537		
STATE GOVERNMENT SPECIAL REVENUE	763	1,493	1,536	1,437	1,825	1,460	1,518		
STATUTORY APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	529	0	0	0	0	0	0		
SPECIAL REVENUE	2,423	2,595	2,750	2,750	2,750	2,750	2,750		
FEDERAL	953	972	987	834	834	834	834		
GIFT	3	2	4	0	0	0	0		
Total Financing	5,583	5,985	7,038	6,523	6,911	6,581	6,639		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	2,709	2,750	2,750	2,750	2,750	2,750	2,750		
FEDERAL	939	975	920	871	871	871	871		
GIFT	3	0	0	0	0	0	0		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: HEALTH PROTECTION
Activity: PUBLIC HEALTH LABS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	1,160	1,563	1,600	1,600	1,600	1,600	1,600
Total Revenues Collected	4,811	5,288	5,270	5,221	5,221	5,221	5,221
FTE BY EMPLOYMENT TYPE:							
FULL TIME	76.8	78.9	78.9	78.9	78.9	78.9	78.9
PART-TIME, SEASONAL, LABOR SER	2.8	4.6	4.6	4.6	4.6	4.6	4.6
OVERTIME PAY	0.2	0.5	0.5	0.5	0.5	0.5	0.5
Total Full-Time Equivalent	79.8	84.0	84.0	84.0	84.0	84.0	84.0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Public Health Laboratory

ITEM TITLE: Advanced Equipment for Newborn Metabolic Testing

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund				
- State Operations	\$388	\$58	\$58	\$58
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increased appropriation of \$388,000 in F.Y. 2000 and \$58,000 in F.Y. 2001 to purchase and operate a tandem mass spectrometry instrument for the laboratory's newborn metabolic testing program.

RATIONALE:

The additional appropriation will enable the laboratory to purchase state-of-the-art instrumentation for the metabolic testing program that physicians and parents rely on to identify inborn metabolic disorders in Minnesota's infants. This advanced instrumentation, referred to as electro spray tandem mass spectrometry, will increase the testing efficiency of the laboratory and provide technology to meet future needs of this program to protect children and help families.

With this instrumentation, the laboratory will be able to replace the labor intensive assay currently used to identify infants with phenylketonuria (PKU). In addition, this instrumentation will provide the technology needed to detect other treatable inborn errors of metabolism identified in the future as critically important by parent groups and physicians within the state.

FINANCING:

Current state base level funding for this activity is \$1.14 million from the State Government Special Revenue Fund. The collected fee of \$21.00 per test generates an annual revenue of \$1.365 million from the 65,000 births per year in the state. No fee increase is needed.

The \$330,000 equipment cost will be paid for by revenue generated over a 3 year period. An additional \$58,000 per year will be needed for operation. Of this amount, \$37,400 is for the service contract to maintain the equipment, \$6,600 is for quality control standards, and \$14,000 is for consumable supplies, including reagents. No additional FTEs are required.

OUTCOMES:

The department's newborn testing program is a well established, ongoing program to assist physicians and parents throughout the state. It assures the earliest possible detection and clinical follow-up of Minnesota infants born with metabolic disorders, which currently includes PKU, galactosemia, hypothyroidism, congenital adrenal hyperplasia, and hemoglobinopathies. These disorders, if not detected and treated very soon after birth, result in mental retardation, brain damage, developmental disability and early death.

Each year this program identifies 40 - 50 babies born with at least 1 of these metabolic errors. As a direct result, these babies get treated on time, before they develop clinical problems, and they survive to live normal, productive lives. In addition to the human suffering prevented, it has been estimated, in a study by the U.S. Congress Office of Technology Assessment, that the costs averted by screening and treatment for just PKU and congenital hyperthyroidism alone saves \$3-4 million for every 100,000 infants tested. This amount includes the cost of treatment, custodial care, loss of employment, and attempts to educate the persons afflicted in the absence of a newborn testing program.

The purchase and use of tandem mass spectrometry will enhance Minnesota's program to detect these disorders. The efficiency of the test used to detect PKU will be increased. This test will be more quantitative and the staff time will be decreased by 0.35 FTE. In addition, this advanced instrumentation in the Minnesota laboratory will make it possible to detect other treatable inborn errors of metabolism, as needed by parents and their physicians in the future.

2000-01 Biennial Budget

PROGRAM: Management and Support Services

AGENCY: Health, Department of (MDH)

PROGRAM PROFILE:

This bureau consists of the Commissioner's Office, Finance and Administration Division, and the Fetal Alcohol Syndrome Coordinating Board. It provides executive-level leadership, planning, evaluation, and policy development on health and health care issues for the department. This organizational unit also provides support services to the department, including:

- communication services
- human resource management
- financial management
- information management, systems and technology support
- operations support

FINANCING INFORMATION:

Activities performed by this bureau benefit the whole department. The costs are financed by direct General Fund appropriations and an indirect cost allocation. The indirect cost formula ensures that all activities supported by the program also share in the costs. The indirect cost rate is calculated annually and is applied to federally funded and non-General Fund programs. General Fund appropriations to the programs are either transferred to Management and Support, or directly charged for these services.

BUDGET ISSUES:

During the past biennium the department has increased its staff in response to federal funding and legislative General Fund appropriations. Increased market rents in St. Paul have forced the department to spend approximately \$3 million on relocation and rental costs. Additional space was rented in St. Paul in order to house staff being relocated from overcrowded space in Minneapolis. Only a small percentage of the relocation costs were covered by the Department of Administration's Agency Relocation Fund.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: MANAGEMENT & SUPPORT SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
FINANCE & ADMINISTRATION	10,257	14,192	16,421	16,379	16,379	17,016	17,016	2,782	9.1%
MANAGEMENT SUPPORT	3,067	3,970	4,881	4,883	8,864	4,904	8,010	8,023	90.6%
FAS COORDINATING BOARD	0	0	350	356	356	363	363	369	105.4%
Total Expenditures	13,324	18,162	21,652	21,618	25,599	22,283	25,389	11,174	28.1%

CHANGE ITEMS:	FUND				
(B) MINORITY HEALTH	GEN			1,331	431
(B) OFFICE OF HEALTH CARE ASSISTANCE	GEN			675	700
(B) PUBLIC HEALTH INFORMATION SYSTEM	GEN			1,975	1,975
Total Change Items				3,981	3,106

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	2,790	2,820	3,537	5,808	9,789	6,212	9,318
STATE GOVERNMENT SPECIAL REVENUE	0	207	183	181	181	185	185
HEALTH CARE ACCESS	152	131	117	96	96	98	98
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	193	0	148	148	148	148	148
HEALTH CARE ACCESS	74	0	58	58	58	58	58
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	9,716	13,470	16,415	14,763	14,763	15,018	15,018
FEDERAL	398	652	581	564	564	564	564
AGENCY	0	882	608	0	0	0	0
GIFT	1	0	5	0	0	0	0
Total Financing	13,324	18,162	21,652	21,618	25,599	22,283	25,389

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT

Program: MANAGEMENT & SUPPORT SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	113.9	127.9	127.4	127.4	127.4	127.4	127.4
PART-TIME, SEASONAL, LABOR SER	5.8	8.8	8.8	8.8	8.8	8.8	8.8
OVERTIME PAY	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Total Full-Time Equivalent	120.5	137.6	137.1	137.1	137.1	137.1	137.1

2000-01 Biennial Budget

BUDGET ACTIVITY: Finance and Administration
PROGRAM: Management and Support
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

The Finance and Administration Activity is responsible for providing a system of centralized support services for the Minnesota Department of Health (MDH).

Financial Services:

- Maintains a centralized accounting, budgeting and reporting system.
- Provides cash management, purchasing, and contracting services.
- Provides technical assistance activities related to federal grants.

This section has been moving from an enforcement-type method of operations to an environment of service provider, as budget and expenditure approval is being delegated to divisional operations. The primary goal of this section is to provide a system that will allow fiscal management and reporting at the lowest level of activity as possible.

Facilities Management and Support Services:

- Provides coordination to the leasing and occupancy of office space activities.
- Monitors construction, remodeling, staff relocation, security, parking, clerical support in the field offices, and space planning activities.
- Provides for the centralized support services such as mail distribution, duplication services, and warehousing.

The goal of this section is to provide suitable facilities for the current and future staff of the department, to develop a strategy for solving the parking shortages, and develop a space plan for the use and repair of the 30 year old health building on the University of Minnesota campus.

Information Systems and Technology:

- Develops and maintains program support services for effective management of information systems, records, telecommunications systems and technology necessary for MDH employees.

- Administers the department's computer network and technology infrastructure, which connects 1,200 computers and 11 buildings to each other, and to the Internet.
- Provides user support for Finance and Administration and the Executive Office and provides record management for the entire department.

The goals for this section include maximizing the department's infrastructure resources and ensuring a basic and updated infrastructure throughout the department.

STRATEGIES AND PERFORMANCE:

This activity will continue to review current services to assure that they are being provided in the most expedient and efficient method. This activity will also explore alternative methods of providing services by surveying customers, networking with other state agencies, and involving customers in setting standards and expectations. Some of the objectives of this activity are:

- Obtain cost effective and suitably designed, furnished and managed office space.
- Assure reliable, cost effective administrative services in support of programs.
- Maintain updated telecommunications services support program objectives.
- Maintain records management program to ensure critical information is available and that the disposal of information of no further value is performed.
- Provide distance learning and video conferencing support services to MDH staff and to MDH public health partners.
- Provide accurate financial reports on expenditures and receipts.
- Assure that all accounting transactions are processed on a timely basis.
- Develop alternative methods for staff to obtain goods and services.

FINANCING INFORMATION:

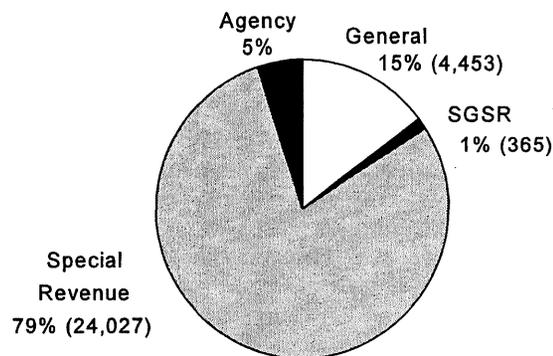
The majority of funding for this activity comes from the indirect cost account which is funded by an assessment to all departmental funding sources except the General Fund. The graph on the next page reflects the resources and expenses of this activity.

2000-01 Biennial Budget

BUDGET ACTIVITY: Finance and Administration
PROGRAM: Management and Support
AGENCY: Health, Department of (MDH)
(Continuation)

replacement of network equipment, where equipment crucial to switching and routing of electronic signals has not been replaced, which puts the network at risk for failure. One final example is in the area of leased space, which has always been more costly than state owned space. Rapid growth of the department, growth in the economy, and a tighter commercial real estate market have caused a rental rate increase of approximately 20% in the last 2 years.

1998-99 Activity Revenue by Fund



BUDGET ISSUES:

This activity is funded mainly with Indirect Cost dollars generated by charging an indirect rate to all programs. Since many funding sources, particularly at the federal level, want to limit the amount of overhead, programs are developing new methods that will limit administrative costs. These methods include re-defining what is an indirect and what is a direct charge, limiting what is eligible to be assessed an indirect cost rate, limiting the percentage of administrative cost, and eliminating indirect cost as an eligible program cost.

The limiting of administrative costs, particularly by the Federal Government, has created a situation where there are insufficient resources available to fund the needed infrastructure services. One example of this is the department-wide voice and computer network systems which continues to expand in size, function and complexity, but the allocation of support personnel has not been able to keep pace with the network management workload. Another example is in the area of

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: MANAGEMENT & SUPPORT SERVICES
Activity: FINANCE & ADMINISTRATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	3,281	3,712	4,389	4,551	4,551	4,717	4,717	1,167	14.4%
OPERATING EXPENSES	6,976	10,479	11,884	11,622	11,622	12,093	12,093	1,352	6.0%
OTHER EXPENSES	0	1	0	0	0	0	0	(1)	-100.0%
TRANSFERS	0	0	148	206	206	206	206	264	178.4%
SUBTOTAL STATE OPERATIONS	10,257	14,192	16,421	16,379	16,379	17,016	17,016	2,782	9.1%
Total Expenditures	10,257	14,192	16,421	16,379	16,379	17,016	17,016	2,782	9.1%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	2,068	2,211	2,242	4,539	4,539	4,911	4,911		
STATE GOVERNMENT SPECIAL REVENUE	0	207	183	181	181	185	185		
HEALTH CARE ACCESS	0	0	0	7	7	7	7		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	193	0	148	148	148	148	148		
HEALTH CARE ACCESS	74	0	58	58	58	58	58		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,899	10,870	13,157	11,422	11,422	11,683	11,683		
FEDERAL	23	22	24	24	24	24	24		
AGENCY	0	882	608	0	0	0	0		
GIFT	0	0	1	0	0	0	0		
Total Financing	10,257	14,192	16,421	16,379	16,379	17,016	17,016		

REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	8,495	9,755	12,491	11,786	11,786	11,985	11,985		
FEDERAL	22	22	24	24	24	24	24		
AGENCY	0	1,490	0	0	0	0	0		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: MANAGEMENT & SUPPORT SERVICES
Activity: FINANCE & ADMINISTRATION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Revenues Collected	8,517	11,267	12,515	11,810	11,810	12,009	12,009
FTE BY EMPLOYMENT TYPE:							
FULL TIME	75.6	81.1	80.6	80.6	80.6	80.6	80.6
PART-TIME, SEASONAL, LABOR SER	3.1	5.3	5.3	5.3	5.3	5.3	5.3
OVERTIME PAY	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Total Full-Time Equivalent	79.4	87.2	86.7	86.7	86.7	86.7	86.7

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2000-01 Biennial Budget

BUDGET ACTIVITY: Management Support
PROGRAM: Management and Support Services
AGENCY: Health, Department of

ACTIVITY PROFILE: H12-ac09.kel

Management Support provides the executive leadership and management to effectively coordinate the activities of the Minnesota Department of Health (MDH). It is comprised of the following:

- *Commissioner's Office* develops and implements departmental policies and provides leadership to the state in developing public health priorities. In addition to the commissioner, the deputy, and the assistant commissioners, this activity is comprised of the following functions:
 - *Public Affairs* disseminates information to the general public through the media and public materials, and responds to requests for information about MDH programs and activities and public health issues.
 - *Information Resources Management* provides leadership and management in articulating the overall Information Resource Management perspective, priorities and ensuring information sharing internally and externally.
 - *Human Resource Management* provides a wide range of services which contributes to the ability of the department to achieve its mission. The *Office of Workforce Diversity* is a unit of the Human Resource Management Division for the agency, which is responsible for ensuring agency compliance with equal employment opportunity, affirmative action and other related civil rights laws, the Office serves as a consultant to the agency as a whole.
 - *Legislative Affairs* provides direction and advice to the department in the area of legislation.
 - *Budget Coordinator* coordinates our internal budget process. Responsible for the day-to-day management of Finance and Administration.
 - *Planning and Evaluation* provides leadership and guidance to the department in the areas of planning, evaluation, organizational development, new

program development and management intervention strategies. Provides direction and coordination of agency-wide strategic planning processes.

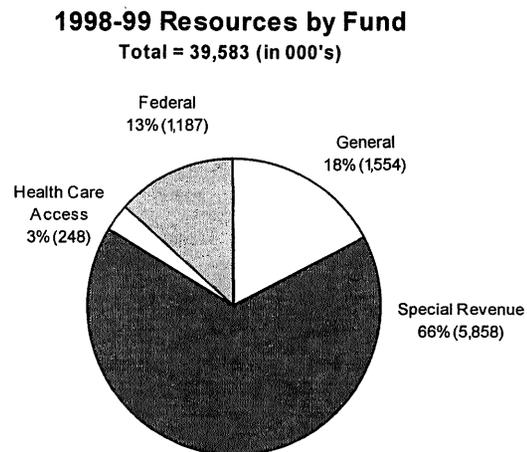
- *Office of Minority Health* provides assistance in improving the quality of health and reducing/eliminating the burden of preventable disease and illness in populations of color. The Office of Minority Health exists to develop, initiate, support, and coordinate strategies which address the health issues, gaps and disparities between populations of color and the white population.
- *Office of Health Care Consumer Assistance, Advocacy, and Information* provides assistance, advocacy, and information to health care consumers. Meets with the health care consumer advisory board and makes recommendations to the legislature on health care consumer issues.

STRATEGIES AND PERFORMANCE:

The commissioner's office has led a department-wide process to manage in a changing environment. The process was designed to create new ways for managers and employees to work together to develop priorities and make decisions. The outcome was a commitment from all employees to work within a model of shared leadership. The commissioner's office has implemented leadership training courses for managers and supervisors and plans to expand this to all employees.

FINANCING INFORMATION:

This activity represents approximately 2% of the total MDH budget. The majority of funding comes from the indirect cost account.



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: MANAGEMENT & SUPPORT SERVICES
Activity: MANAGEMENT SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	2,177	2,762	3,549	3,656	5,475	3,670	5,412	4,576	72.5%
OPERATING EXPENSES	644	1,024	1,148	994	2,357	995	1,653	1,838	84.6%
TRANSFERS	0	0	0	49	49	55	55	104	
SUBTOTAL STATE OPERATIONS	2,821	3,786	4,697	4,699	7,881	4,720	7,120	6,518	76.8%
LOCAL ASSISTANCE	246	184	184	184	983	184	890	1,505	409.0%
Total Expenditures	3,067	3,970	4,881	4,883	8,864	4,904	8,010	8,023	90.6%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) MINORITY HEALTH	GEN				1,331		431		
(B) OFFICE OF HEALTH CARE ASSISTANCE	GEN				675		700		
(B) PUBLIC HEALTH INFORMATION SYSTEM	GEN				1,975		1,975		
Total Change Items					3,981		3,106		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	722	609	945	913	4,894	938	4,044		
HEALTH CARE ACCESS	152	131	117	89	89	91	91		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	1,817	2,600	3,258	3,341	3,341	3,335	3,335		
FEDERAL	375	630	557	540	540	540	540		
GIFT	1	0	4	0	0	0	0		
Total Financing	3,067	3,970	4,881	4,883	8,864	4,904	8,010		
REVENUE COLLECTED:									

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
 Program: MANAGEMENT & SUPPORT SERVICES
 Activity: MANAGEMENT SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	112	0	0	0	0	0	0
SPECIAL REVENUE	1,945	2,415	3,244	3,027	3,027	3,083	3,083
FEDERAL	571	637	87	83	83	83	83
GIFT	2	0	0	0	0	0	0
Total Revenues Collected	2,630	3,052	3,331	3,110	3,110	3,166	3,166
FTE BY EMPLOYMENT TYPE:							
FULL TIME	38.3	46.8	46.8	46.8	46.8	46.8	46.8
PART-TIME, SEASONAL, LABOR SER	2.7	3.5	3.5	3.5	3.5	3.5	3.5
OVERTIME PAY	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	41.1	50.4	50.4	50.4	50.4	50.4	50.4

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Management and Support Services
ACTIVITY: Management Support

ITEM TITLE: Office of Health Care Consumer Assistance, Advocacy and Information

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$675	\$700	\$700	\$700
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$675,000 in F.Y. 2000 and \$700,000 in F.Y. 2001, for the Office of Health Care Consumer Assistance, Advocacy and Information in order to allow it to carry out its statutory responsibilities.

RATIONALE:

The Office of Health Care Consumer Assistance, Advocacy and Information (hereafter, the Office) was established by the 1998 Minnesota Legislature. The Office was created to provide information and assistance to all health care consumers by:

- assisting enrollees in understanding their contractual and legal rights;
- assisting enrollees in obtaining referrals from their health plan;
- assisting enrollees in using mechanisms for resolving complaints;

- referring enrollees to appropriate agencies and boards for the investigation of complaints;
- educating and training enrollees to enable them to assert their rights and understand their responsibilities;
- assisting consumers in receiving a timely resolution of their complaints;
- recommending ways for health plan companies to better resolve consumer complaints.

The legislation establishing the Office required an executive director and at least 9 consumer advocates. This was the staffing that was deemed necessary to carry out the obligations set forth in statute. The current funding is \$100,000 and is not sufficient to hire the required staff.

FINANCING:

Current state base funding for the Office is \$100,000 from the state General Fund. There is currently one FTE, the executive director. This proposal would allow the Office to add the 9 advocates and appropriate clerical support. The state General Fund is proposed as the appropriate funding source, because the Office assists both fully-insured enrollees and self-funded enrollees and should be funded from as broad a funding source as possible.

OUTCOMES:

Our health care delivery system has become much more complex during the past several years making consumer assistance a fundamental element in assuring the public's access to high quality and timely health care services.

This increased appropriation to the Office will help enrollees and health consumers exercise their rights and consumer protections under Minnesota law. The effectiveness of the Office will reported annually to the legislature through an annual report detailing the Office's activities.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: HEALTH DEPT

PROGRAM: MANAGEMENT & SUPPORT SERVICES

ACTIVITY: MANAGEMENT SUPPORT

IT Change Item: PUBLIC HEALTH INFORMATION SYSTEM

ITEM DESCRIPTION AND PURPOSE:

The purpose of this request is to: 1) design and implement a public health information system which will improve the effectiveness and efficiency of data collection and analysis; 2) make this system readily available to public health professionals in local public health agencies and the Minnesota Department of Health; and 3) use the system in the assessment of public health problems and the evaluation of public health programs that are developed to address those problems.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	72	0	0	0	0	0
Grants	99	706	0	0	0	0
Hardware	261	12	12	12	12	12
Personnel	871	897	897	897	897	897
Services	462	150	150	150	150	150
Software	102	102	102	102	102	102
Supplies	36	36	36	36	36	36
Training	72	72	72	72	72	72
Total	1,975	1,975	1,269	1,269	1,269	1,269

This program is a new activity for the department, currently there are no other department-wide information activities funded. This request will support 12 FTEs to implement these activities. \$805,000 during the first biennium is for grants to local public health agencies to connect to the Internet and to purchase networking resources.

RATIONALE:

Timely, accurate information is critical to protect and improve the public's health. MDH and community health boards seek to protect and promote the health of all Minnesotans by: increasing years of healthy life; reducing disparities in health status; and providing for basic health-protection by maintaining a strong foundation or infrastructure for public health. In order to achieve these aims, the public health system needs to address three key questions:

- * How healthy are Minnesotans?
- * What public health strategies work?
- * What public health activities are we currently undertaking?

These information needs have become more complex as public health problems become more complicated. The department's Food Safety Initiative, for example, involves five different federal and state agencies each with their own information systems. In order to respond to emerging public health problems and emergencies, we need an effective Public Health Information System. This system needs to be able to accomplish the following:

- * strengthen the ability of users to make informed decisions;
- * provide users with full access to public health information within the limits of the law;
- * integrate and/or coordinate information needs and systems so that information is collected and disseminated in an effective and efficient manner; and
- * improve collaboration between federal, state, and local agencies.

The Public Health Information System Initiative addresses these needs. It requires that MDH re-engineer its existing systems to coordinate the data collected within MDH from local public health departments and others. It builds on and complements systems in the Department of Human Services; this saves development time, lowers the cost, and promotes data compatibility between two agencies that work closely together on many projects.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: Health Department
 IT Change Item: Public Health Information System
 (Continuation)

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X	X		
Operations	X	X	X	X	X	X
Modification			X	X	X	X
Retirement						

Pre-design: The pre-design of this project has already started. Facilitated sessions have been used to develop a project definition and a business object model. In addition, consultation with DHS has lead to a decision to use the same tool that they have for population assessment.

Planning: Project planning will involve additional modeling and specification of system requirements. Extensive analysis of data quality, formats, and meanings will be required to develop the assessment tool. A thorough evaluation and plan for network connections with each of the counties will also be required. This project will not be successful without a well executed plan for training and informing public health staff and agencies about its use and capabilities. It is expected that this project will be implemented in phases, and careful planning of the implementation schedule and control of expectations will be required. Considerable planning will be needed to build flexibility into the system in order to accommodate changes in technology, reporting requirements, interfaces to other systems, and new public health needs.

Operations and Maintenance: It is expected that there will be a continuing need for training in using the system, making modifications to the system, and managing its communication, data, and applications.

Eventual Retirement: Parts of this system could be obsolete by new public health goals in the year 2010. Other parts will be modified as technology and requirements change.

OFFICE OF TECHNOLOGY ANALYSIS:

Agency progress has been significant in information resource management. A restructuring to create an agency-wide information resource organization has been completed. Agency-wide planning and modeling are well underway. If this work does not continue there is a danger that large, independent systems will be developed with redundant data resulting.

OT Master Plan: Goal 2- Efficient and effective government, Goal 3-Easy and affordable access. This project would provide a significant improvement in collecting and warehousing public health data, and providing a distributed network for collection of health data from local health agencies. The project has been planned with local health agencies and the department of human services. **Recommendation:** Continue to address all OT requirements. OT supports funding if there is a commitment to completely address agency-wide information resource management.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1.975 million in F.Y. 2000 and 2001 for the development of the Public Health Information System and grants to local public health agencies.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Health, Department of (MDH)
PROGRAM: Management and Support Services
ACTIVITY: Management Support

ITEM TITLE: Minority Health Improvement Initiative

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- State Operations	\$631	\$431	\$431	\$431
- Grants	\$700	-0-	-0-	-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No ___

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$1.331 million from the General Fund in F.Y. 2000 and \$431,000 in F.Y. 2001 for an expanded minority health improvement program, focusing on grants to local communities, statistical data collection, and research on minority health.

RATIONALE:

The 1997 "Minnesota Population of Color: Health Status Report", indicated Minnesota has some of the greatest disparities, in the nation, in overall health status of populations of color and the White population. Also, the findings indicate the lack of health data collection and information on populations of color within the Minnesota Department of Health (MDH) and at all levels throughout the health system. Collecting and sharing information related to minority health is a prerequisite to developing effective policies and targeted strategies to eliminate the health disparities and improve the health profile of populations of color. In addition, given the current health status indicators, it is imperative that priorities be established and a strategic systems approach be developed and implemented for the purpose of generating more comprehensive and accurate data and information on minority health issues.

From the plan presented within the Minority Health Legislative Report, the following activities are proposed for the expansion and increase of statistical data collection and research on minority health.

- The development of a comprehensive minority health database of information within MDH and the establishment of data collection standards, procedures, and methodologies in MDH and throughout the health and health care system. (\$200,000 in FY. 2000)
- One-time grants to local/county health agencies for a immediate health needs assessment, specific to populations of color, to assist in creating baseline data and build capacity to impact and eliminate the gaps and disparities in the health status and improve the health outcomes of populations of color in the state of Minnesota. (\$700,000 in FY. 2000)
- The expansion of the Office of Minority Health (OMH) to enable OMH to begin to fulfill its mission, goal, and objectives to assist in improving the health of people of color; reducing the burden of preventable disease and illness; and closing the gaps and disparities in the health status of people of color. (\$431,000 in FY. 2000)

FINANCING:

Current funding for the Office of Minority Health is \$131,013, (2 FTEs) funded from the agency's indirect cost account. The legislature appropriated one-time funding of \$200,000 for the Office of Minority Health in F.Y. 1998 to produce a legislative report for January 1998.

OUTCOMES:

This initiative will increase the understanding and importance of minority health data and information, provide greater accountability for effective health assessments, health policy development and programmatic efforts which increase healthy years of life for populations of color. This initiative will also enable MDH to monitor and evaluate progress and build capacity throughout the MN health system infrastructure to address minority issues and implementation of new research projects on priority minority health issues to assist in the elimination of health disparities and improve the health outcomes of populations of color.

REQUIRED LEGISLATION:

Legislation is required for the MDH to award minority health grants to local/county agencies to conduct an immediate health needs assessment specific to populations of color.

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2000-01 Biennial Budget

BUDGET ACTIVITY: Fetal Alcohol Syndrome (FAS) Coordinating Board
PROGRAM: Management and Support Services
AGENCY: Health, Department of (MDH)

ACTIVITY PROFILE:

The Fetal Alcohol Coordinating Board was created by the 1998 legislature. The purpose of this 15-member board is to provide an integrated and comprehensive approach to fetal alcohol syndrome prevention and intervention strategies in Minnesota in order to reduce the impact of prenatal alcohol exposure on Minnesota's citizens. Factors contributing to the creation of the board include:

- Minnesota has the 4th highest rate of frequent drinking among women of child-bearing age.
- The cost of services for one FAS child exceeds \$1 million.
- Minnesota spends at least \$45 million a year on services for these children.
- FAS is the leading cause of mental retardation and it is 100% preventable.

Members of the board include:

- Commissioners of Education, Children & Families; Corrections; Economic Security; Health; Human Services; Public Safety; and the Director of Office of Strategic and Long-Range Planning;
- One representative of the maternal and child health advisory task force;
- Five members of the general public appointed by the Governor, one of which must be a family member of an individual with Fetal Alcohol Syndrome or Fetal Alcohol Effects;
- One member of the judiciary appointed by the Chief Justice of the Supreme Court; and
- One representative of the University of Minnesota Academic Health Center.

STRATEGIES AND PERFORMANCE:

The board's duties include:

- Coordinating the FAS programs of all state agencies;
- Coordinating state agency efforts to prevent FAS with federal, local and private sector efforts;

- Approving an annual FAS public awareness campaign;
- providing grants to local community groups for FAS prevention and intervention services; and,
- submitting a biennial report to the Governor summarizing board activities, findings, and recommendations.

The board works closely with Family Health and other agencies (Education, Children & Families and Human Services) which are responsible for implementing other FAS initiatives funded by the legislature. The board began operations in July 1998. It is in the process of reviewing the FAS programs of state and local agencies, hiring staff, reviewing RFPs for the media campaign and community grants, and drafting the first report to the Governor. Monthly meetings of the board are being held.

FINANCING INFORMATION:

The state's General Fund currently provides all of the board's funding. The FAS Coordinating Board's budget supports 3 staff (an Executive Director, Planner Principal, and Administrative Secretary) space and other administrative costs, staff and board travel expenses, and an annual FAS conference. Base funding for the board is \$350,000. The board contracts with the Department of Health for administrative services. Support is from the General Fund at this point, although the board is authorized to apply for other funds and to accept donations and grants. Other funding sources are being investigated.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HEALTH DEPT
Program: MANAGEMENT & SUPPORT SERVICES
Activity: FAS COORDINATING BOARD

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	0	0	210	216	216	223	223	229	109.0%
OPERATING EXPENSES	0	0	140	140	140	140	140	140	100.0%
SUBTOTAL STATE OPERATIONS	0	0	350	356	356	363	363	369	105.4%
Total Expenditures	0	0	350	356	356	363	363	369	105.4%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	350	356	356	363	363		
Total Financing	0	0	350	356	356	363	363		

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**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Veterans Homes (MVH)

AGENCY MISSION AND VISION:

Mission: The mission of the Veterans Home Board (VHB) is to oversee and guarantee high-quality health care for veterans and their dependents.

Vision: To assure the commitment of government to provide the highest possible quality programs for housing, health care and supportive services to our Minnesota veterans and their spouses while developing new and innovative solutions to meet the challenges of changing times.

KEY SERVICE STRATEGIES:

High quality health care is the goal of the department. The VHB uses the following strategies in pursuit of its mission and vision:

- 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.
- Evaluating continuously our 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.

OPERATING ENVIRONMENT:

The following factors shape and change the services provided to residents:

- Increasing medical and health care costs. Inflation in the cost of health care goods and services challenges the VHB to maintain high quality 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.
- Changing medical and health care delivery requirements. Revision of state and federal regulations under which we are licensed require us to adopt changes in the provision of care and especially in the documentation and monitoring of care.

In addition, hospitals are reducing their costs by discharging patients earlier, requiring the VHB to provide additional treatments which are both expensive and staff intensive.

- Aging veterans population. Requests for admissions to our nursing homes are outstripping our licensed capacity. Private nursing homes are often unable to handle the special needs of veterans. We have a responsibility, therefore, to share our expertise with the private homes to increase their success rates. Designing and adapting these programs in a rapidly changing environment will put cost pressures on our agency.
- 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 70s. However, 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.

ORGANIZATION/PROGRAM STRUCTURE:

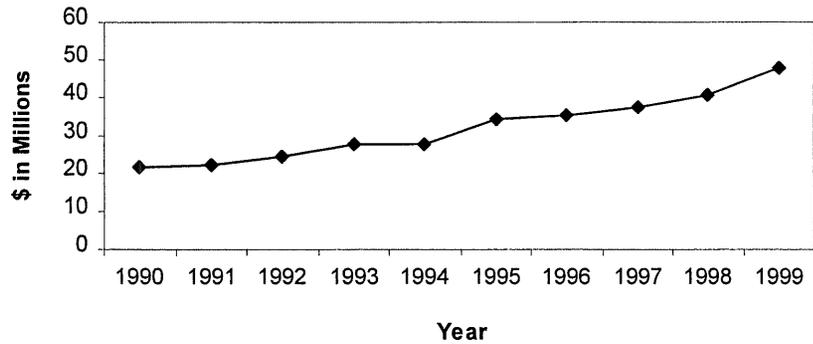
EXECUTIVE DIRECTOR	
___ Minneapolis Veterans Home	424.0 fte
___ Hastings Veterans Home	87.0 fte
___ Silver Bay Veterans Home	106.0 fte
___ Luverne Veterans Home	107.0 fte
___ Fergus Falls Veterans Home	18.0 fte
___ Board Office	12.0 fte
6/30/98 TOTAL FTEs	
	754.0 fte

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Veterans Homes (MVH)
(Continuation)

TRENDS AND PERSPECTIVE:

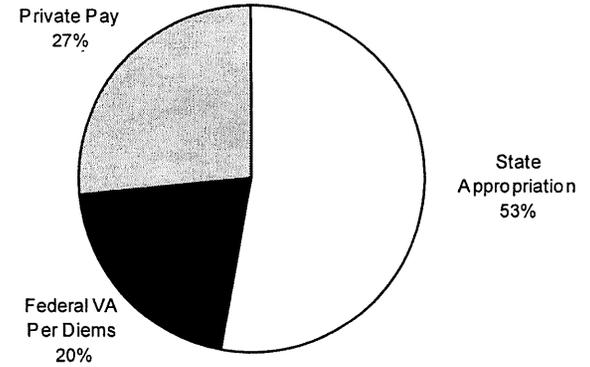
Total Budget - All Funds



1991 Silver Bay home opened
1994 Luverne home opened
1998 Fergus Falls home opened

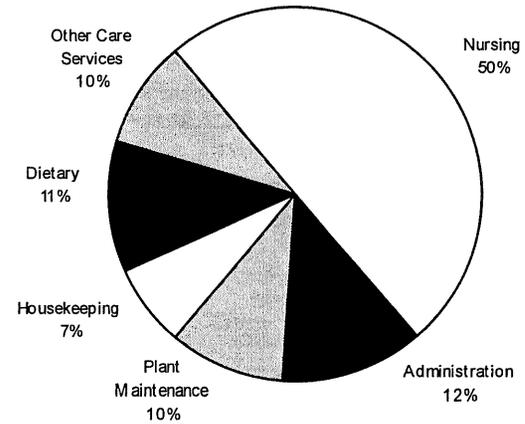
1998-99 Operating Revenues by Source

Total: \$82.7 million



1998-99 Operating Revenues by Category

Total: \$82.7 million



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS HOME BOARD

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
VETERANS HOMES	37,267	40,636	48,010	48,381	51,417	50,020	52,850	15,621	17.6%
Total Expenditures	37,267	40,636	48,010	48,381	51,417	50,020	52,850	15,621	17.6%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	229	23,783	25,902	25,201	27,114		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	35,527	38,994	45,173	22,035	22,952	22,256	23,173		
AGENCY	1,430	1,194	2,076	2,076	2,076	2,076	2,076		
GIFT	310	448	532	487	487	487	487		
Total Financing	37,267	40,636	48,010	48,381	51,417	50,020	52,850		

FTE BY EMPLOYMENT TYPE:									
FULL TIME	413.4	435.5	435.5	450.5	466.4	454.3	470.2		
PART-TIME, SEASONAL, LABOR SER	276.7	286.0	286.0	286.0	348.6	286.0	348.6		
OVERTIME PAY	29.3	31.9	31.9	31.9	31.9	31.9	31.9		
Total Full-Time Equivalent	719.4	753.4	753.4	768.4	846.9	772.2	850.7		

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Veterans Homes Board

Fund: General

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)		\$22,272	\$22,272	\$44,544
<u>BASE ADJUSTMENT</u>				
Annualization of new program		460	460	920
Capital Project Operating Cost		548	1,473	2,021
Doc.Space Rental/Lease		2	5	7
2000-01 Salary & Benefit		474	964	1,438
Statewide Administration Systems		<u>27</u>	<u>27</u>	<u>54</u>
<u>BASE LEVEL (for 2000 and 2001)</u>		\$23,783	\$25,201	\$48,984
<u>CHANGE ITEMS</u>				
Luverne Environmental Quality	229	362	-0-	362
Statewide Asset Preservation & Repair		1,000	1,000	2,000
Fergus Falls Operational Funding	<u> </u>	<u>757</u>	<u>913</u>	<u>1,670</u>
GOVERNOR'S RECOMMENDATION	\$229	\$25,902	\$27,114	\$53,016

Brief Explanation of Budget Decisions:

- 100% of the agency's General Fund base budget is transferred to the special revenue fund and combined with receipts from the Veterans Administration and resident payments. These combined funds are then used for the operation of the 5 veterans homes.
- Base adjustments include \$920,000 to partially fund the phased opening of the Fergus Falls Veterans Home, and \$2.021 million to open domiciliary beds at the Minneapolis Veterans Home that were temporarily closed during the capital renovation project. Budget guidelines also provided for documented lease increases, statewide administrative systems costs, and compensation related adjustments of 3%.

GOVERNOR'S RECOMMENDATION(S):

- \$591,000, including \$229,000 deficit funding in F.Y. 1999, to offset revenue losses while emergency repairs are being made to the Luverne Veterans Home to address indoor air quality problems.
- \$2.0 million for repair and replacement funds to maintain the buildings on the 5 campuses.
- \$1.67 million to allow the full operation of the new Fergus Falls Veterans Home on 7-1-99, as required by federal regulation.

The Governor's tax policy recommendations also include a sales tax exemption for state hospitals and nursing homes, which includes the Veterans Homes, to put them on equal footing with private and political subdivision hospitals and nursing homes.

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**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Veterans Homes Board

REVENUE SOURCES:

The Minnesota Veterans Homes Board derives 48% of its operating funds from dedicated revenues. Revenues collected are deposited into the Miscellaneous Special Revenue Fund, the Miscellaneous Agency Fund, and the Gift Fund.

The agency estimates Special Revenue Fund receipts of \$21.2 million in F.Y. 1999, which represents 43% of the agency's total resources. Special Revenue Fund receipts include \$9.1 million from federal per diem payments, \$11.5 million from resident maintenance charges, and \$.6 million from service and rental fees.

The Agency Fund is estimated to have receipts of \$2.1 million in F.Y. 1999, which represents 4% of the agency's total resources. These receipts include the residents' trust accounts and canteen operations in our Minneapolis and Hastings homes.

The agency estimates Gift Fund receipts of \$.5 million in F.Y. 1999, which represents 1% of the agency's total resources. The homes deposit all cash donations into the Gift Fund.

FEE STRUCTURE:

The agency's 2 primary sources of revenues include federal per diem payments and resident maintenance charges, which, when combined with the General Fund appropriation, fund the operations of the homes. Federal per diem payments are set by federal law and are currently at \$43.92 for skilled care and \$19.52 for domiciliary care.

Resident maintenance charges are established as set forth in Minnesota Rules Chapter 9050. A monthly cost of care is first determined for each facility and each level of care. Residents are then billed the monthly charge, subject to, among other things, income limitations.

RECENT CHANGES:

In an effort to increase financial flexibility and accountability, the Governor recommended and the 1993 Legislature authorized the Vets Homes to retain all receipts collected from federal per diem payments and resident maintenance charges (in the Miscellaneous Special Revenue Fund) and reduced the General Fund appropriations accordingly. Because of the difficulties of operating from 2 funds, the Governor recommended and the 1995 Legislature authorized that the General Fund appropriations for the operations of homes be transferred into the Miscellaneous Special Revenue Fund, allowing the Homes to operate out of one fund. The effect of this transfer has been to allow the agency 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.

FORECAST BASIS:

The agency anticipates no significant change in revenue collections under current law. Federal per diem reimbursement rates are subject to changes in federal law which cannot be accurately forecasted. Maintenance charges to residents are limited by resident incomes.

CHANGE ITEMS:

The agency is seeking additional funding that will allow the full operation of the Fergus Falls home. This change, along with the reopening of 150 domiciliary beds at the Minneapolis campus, will result in additional revenues, primarily to the Special Revenue Fund. Estimated receipts in the Special Revenue Fund would increase by \$1.1 million in F.Y. 2000 and \$1.4 million in F.Y. 2001.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS HOME BOARD

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
NON-DEDICATED REVENUE:									
TAXES:									
GENERAL	9	9	0	0	0	0	0	(9)	-100.0%
Total Non-Dedicated Receipts	9	9	0	0	0	0	0	(9)	-100.0%
DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS:									
SPECIAL REVENUE	17,683	18,460	20,847	21,420	21,975	21,649	22,566	5,234	13.3%
OTHER REVENUES:									
SPECIAL REVENUE	250	272	333	333	333	333	333	61	10.1%
AGENCY	167	179	265	265	265	265	265	86	19.4%
GIFT	463	539	470	470	470	470	470	(69)	-6.8%
OTHER SOURCES:									
SPECIAL REVENUE	12	18	10	771	771	771	771	1,514	*****
AGENCY	1,340	1,031	1,906	1,906	1,906	1,906	1,906	875	29.8%
GIFT	0	0	85	40	40	40	40	(5)	-5.9%
Total Dedicated Receipts	19,915	20,499	23,916	25,205	25,760	25,434	26,351	7,696	17.3%
Agency Total Revenues	19,924	20,508	23,916	25,205	25,760	25,434	26,351	7,687	17.3%

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2000-01 Biennial Budget

PROGRAM: Veterans Homes
AGENCY: Veterans Homes (VHB)

PROGRAM PROFILE:

The Veterans Homes provide domiciliary (board and care) and skilled nursing care services to residents. These services are provided in veterans homes located in Minneapolis, Hastings, Silver Bay, Luverne, and Fergus Falls. The board office, located in St. Paul, houses a centralized management team that supports the homes and the board of directors.

The Minneapolis Veterans Home was authorized as the Minnesota Soldiers Home in 1887 and has continued in operation since that date. The campus is nearing completion of a major renovation project which will reconstruct 7 buildings, reconstruct the connecting bridge to allow improved service to residents and a more efficient utilization of facilities, and significantly improve the campus' infrastructure. The project, which has been funded with state bond proceeds and matching federal funds, should be completed by 2000.

Renovation of the buildings and campus will significantly modify the Home and allow for continuous improvement of services provided to the residents. The Home was designated as a Teaching Nursing Home in 1998 by the University of Minnesota in recognition of its significant achievements in training healthcare personnel and in research into causes and cures of diseases which face the elderly. The goal of the Home is to become a center of excellence in the delivery of long term care services to veterans and their spouses.

The Hastings Veterans Home provides basic board and care with expanded clinical and programmatic services in the areas of chemical dependency, dual diagnosis aftercare, mental health care, and general assistance to an aged population. In addition, the Home provides a transitional living program with emphasis on rehabilitation and reintegration into the community. The Home attempts to provide a rehabilitative environment for all residents in an effort to raise their quality of life.

The Silver Bay Veterans Home provides a full range of nursing care services including comfort care for our Dementia/Alzheimer population. The Home has recently added a new dementia unit wander area and a newly developed west garden/trails project. The facility is a restraint free environment with considerable

support from the community and volunteers.

The Luverne Veterans Home has established a dementia program, a strong restorative care program, and is looking at incorporating an Eden Alternative philosophy into the programming. The facility is being increasingly used as a clinical site for nursing and other health care occupational training and education. For primary health care services the Home is affiliated with the Veterans Administrations Medical Center in Sioux Falls and the Luverne Medical Center. The Home takes an active role in being a good partner in the community. The major goal of the Home is to become a center of excellence in the delivery of long term care services to veterans and their spouses.

The Fergus Falls Veterans Home is Minnesota's newest with the first resident received on 3-30-98. Accompanying the new building are new design ideas. A highlight is the Main Street, a hallway designed like an old town Main Street, with many of the rooms finished to the period 1930 to 1940. Along the Main Street is a barber shop, general store, library, family inn, and clinical exam rooms. New concepts of nursing care have also been introduced with their innovative Nursing Universal Worker position. This increases the accountability of nursing personnel and expands their sphere of influence over the care of the residents. The outcome is that the resident has better and more consistent care.

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.

STRATEGIES AND PERFORMANCE:

The Veterans Homes strive to achieve the following:

- Meeting the needs of a predominately male veteran population, which has chronic physical and mental health care issues and does 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.
- Assisting the veteran, whenever possible, in achieving his/her goal of returning to an independent living situation.

The following table compares operating and performance measures at each of the homes.

2000-01 Biennial Budget

PROGRAM: Veterans Homes
AGENCY: Veterans Homes (VHB)
 (Continuation)

- Asset preservation and repair funding, in response to guidance from the Department of Administration's Building Construction Division and the Department of Finance, to address major funding shortages for state building maintenance.

	<u>Mpls.</u>	<u>Hastings</u>	<u>Silver Bay</u>	<u>Luverne</u>	<u>Fergus Falls</u>
Licensed Beds-Domiciliary	194*	200	0	0	0
Licensed Beds-Skilled	346	0	89	85	85
Occupancy Rate	99%*	90%	97%	98%	**
Campus Opened	1887	1987	1991	1994	1998
Inquiries	534	284	122	114	**
Referrals	240	78	56	53	**
Volunteer Hours	18,126	19,021	9,456	8,847	**
Donations	\$165,610	\$65,222	\$59,002	\$73,242	**
Sponsored Activities	487	296	493	437	**
Affiliations	44	44	38	28	**
Case Mix	2.48	1.20	2.62	2.49	2.55
Behavior Mix	3.39	0.11	2.24	1.20	1.14

* Minneapolis' domiciliary beds are closed during renovation.
 ** Fergus Falls is in phase-up with full occupancy planned by 6-30-99.

BUDGET ISSUES:

The base budget has been adjusted to reflect the reopening of 90 domiciliary beds in Minneapolis and partial funding for the full operation of the Fergus Falls facility. The Minneapolis beds are becoming available with the pending completion of the major campus renovation project. The 90 beds are planned to be filled between January and June of 2001.

GOVERNOR'S RECOMMENDATION:

- The funding necessary to operate Fergus Falls during the next biennium at full capacity. The home plans to be full by the end of this biennium.
- Funding to offset revenue losses while emergency repairs to remedy hazardous air quality issues are being made to the Luverne Home.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS HOME BOARD

Program: VETERANS HOMES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
BOARD OF DIRECTORS	884	866	1,180	1,053	1,053	1,067	1,067	74	3.6%
MPLS VETERANS HOMES	21,933	22,419	24,422	25,460	25,906	26,892	27,338	6,403	13.7%
HASTINGS VETERANS HOME	4,915	5,517	6,899	6,950	7,302	7,003	7,355	2,241	18.0%
SILVER BAY VETERANS HOMES	4,960	5,159	5,463	5,524	5,581	5,588	5,645	604	5.7%
LUVERNE VETERANS HOME	4,575	4,985	5,653	5,439	5,865	5,502	5,566	793	7.5%
FERGUS FALLS VETERANS HOME	0	1,690	4,393	3,955	5,710	3,968	5,879	5,506	90.5%
Total Expenditures	37,267	40,636	48,010	48,381	51,417	50,020	52,850	15,621	17.6%

CHANGE ITEMS:	FUND				
(P) REPAIR & REPLACEMENT	GEN			1,000	1,000
(B) FERGUS FALLS FULL OPERATIONAL FUNDING	GEN			757	913
(B) FERGUS FALLS FULL OPERATIONAL FUNDING	SR			917	917
(B) LUVERNE INDOOR ENVIRONMENTAL QUALITY	GEN		229	362	
Total Change Items			229	3,036	2,830

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	0	0	229	23,783	25,902	25,201	27,114
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	35,527	38,994	45,173	22,035	22,952	22,256	23,173
AGENCY	1,430	1,194	2,076	2,076	2,076	2,076	2,076
GIFT	310	448	532	487	487	487	487
Total Financing	37,267	40,636	48,010	48,381	51,417	50,020	52,850

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS HOME BOARD

Program: VETERANS HOMES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	413.4	435.5	435.5	450.5	466.4	454.3	470.2
PART-TIME, SEASONAL, LABOR SER	276.7	286.0	286.0	286.0	348.6	286.0	348.6
OVERTIME PAY	29.3	31.9	31.9	31.9	31.9	31.9	31.9
Total Full-Time Equivalent	719.4	753.4	753.4	768.4	846.9	772.2	850.7

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Veterans Homes Board
PROGRAM: Veterans Homes

ITEM TITLE: Statewide Asset Preservation and Repair

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,000	\$1,000	\$1,000	\$1,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statutes(s) affected:				
<input type="checkbox"/> New Activity	<input checked="" type="checkbox"/> Supplemental Funding	<input type="checkbox"/> Reallocation		

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase to the agency's General Fund budget of \$1 million each fiscal year for repair and replacement of state assets and facilities. This recommendation is part of a statewide, multiagency initiative to reduce facility repair and replacement needs by approximately 5% in each agency.

RATIONALE:

The 1998 Bonding bill contained a provision requiring state agencies to include in their budgets amounts necessary to adequately maintain their facilities. Based on this directive, the Statewide Facilities Management group, with assistance from the Department of Administration's Building Construction Division, and in consultation with the Department of Finance, developed a set of funding guidelines.

These guidelines indicate that the annual funding needs for the Veterans Homes' facilities are \$2.9 million. The VHB currently has \$190,000 in its budget for repairs, only 6% of the recommended amount. This agency will need additional

building maintenance funding in order to maintain current program delivery for veterans and their families in Minnesota. The current funding is insufficient to maintain the state buildings under our custodial care. The Minnesota Veterans Homes Board agency has a deferred maintenance backlog nearing \$20 million. The Department of Administration has authorized \$500,000 for CAPRA projects from the F.Y. 1998 appropriation. CAPRA funds are limited, however, and are typically made available to facilities where emergency repairs are needed. Without adequate funds in our operating budget, repairs at our facilities must compete against critical needs of other facilities for CAPRA funding.

The majority of our deferred backlog is at our 2 oldest facilities, Minneapolis and Hastings. The Minneapolis facility, built in 1887, is listed on the National Historic Register. Since repairs made here retain the historical integrity of the structures, they are more expensive than at other campuses. In addition to the age and the historic significance of these buildings, the fact they are being used to provide nursing care for our residents presents additional challenges to the budget needed to maintain these structures.

The Asset Preservation funding approved in the 1998 Bonding Bill for Minneapolis and Hastings will replace the mechanical support component on both campuses. In addition, the Hastings facility will undergo a pre-design to identify the scope of repairs needed to ensure the structural integrity of the entire campus, and specifically of the power house. Our current budget for repair and maintenance would be unable to fund any needed improvements identified in the pre-design, forcing the VHB to rely on appropriations for CAPRA and Asset Preservation.

FINANCING:

Current base funding for repair and maintenance is \$190,000 annually. It is very infrequent that VHB is able to reallocate other operating funds for this purpose.

OUTCOMES:

This funding would allow the agency the financial ability to proactively manage building maintenance. This funding could stabilize the deterioration of state buildings ultimately saving tax dollars. It would also aid in "melting the capital iceberg" and regaining the structural integrity of the buildings on the Veterans campuses.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Veterans Homes Board
PROGRAM: Veterans Homes

ITEM TITLE: Fergus Falls Operating Funds

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$757	\$913	\$913	\$913
Revenues: (\$000s)				
Special Revenue Fund	\$917	\$917	\$917	\$917

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$757,000 in F.Y. 2000, and \$913,000 in F.Y. 2001 to operate the Fergus Falls home at full capacity.

RATIONALE:

The 1996 legislature authorized the construction of a new veterans home in Fergus Falls. Construction of the facility was completed in November 1997, with the first resident being admitted in March 1998. This 85 bed skilled nursing care home was built with local and federal dollars.

Despite the intent of legislative appropriations, the home will not have sufficient funds in its base to maintain full capacity for an entire fiscal year. Operating cost estimates were made several years in advance of full operation. Since the estimates were made, salary cost and other operating expenses have increased.

The 1997 legislature provided operational funding to coincide with a slow phase-in period with the objective of reaching full operation on 7-1-99. The Fergus Falls Veterans Home plans to meet this objective. This request provides the necessary funding to continue operating at capacity on a permanent basis.

Failure to fund this initiative to allow full operation by 7-1-99 would require the return of the federal dollars that funded 65% of the construction of the facility.

FINANCING:

The F.Y. 2000 General Fund base budget for the Fergus Falls home is \$2.472 million. Included in this amount is a program annualization base adjustment of \$460,000 annually which reflects the difference between the 1999 appropriation and the estimated cost for full operation recommended by the Governor in the 1998-1999 biennial budget.

This request represents a 34% increase over the 2000-01 base budget.

OUTCOMES:

This request will allow the Fergus Falls Veterans Home to meet its objective of operating at its 85 bed capacity as was the original intent.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Veterans Homes Board
PROGRAM: Veterans Homes

ITEM TITLE: Statewide Asset Preservation and Repair

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,000	\$1,000	\$1,000	\$1,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase to the agency's General Fund budget of \$1 million each fiscal year for repair and replacement of state assets and facilities. This recommendation is part of a statewide, multiagency initiative to reduce facility repair and replacement needs by approximately 5% in each agency.

RATIONALE:

The 1998 Bonding bill contained a provision requiring state agencies to include in their budgets amounts necessary to adequately maintain their facilities. Based on this directive, the Statewide Facilities Management group, with assistance from the Department of Administration's Building Construction Division, and in consultation with the Department of Finance, developed a set of funding guidelines.

These guidelines indicate that the annual funding needs for the Veterans Homes' facilities are \$2.9 million. The VHB currently has \$190,000 in its budget for repairs, only 6% of the recommended amount. This agency will need additional

building maintenance funding in order to maintain current program delivery for veterans and their families in Minnesota. The current funding is insufficient to maintain the state buildings under our custodial care. The Minnesota Veterans Homes Board agency has a deferred maintenance backlog nearing \$20 million. The Department of Administration has authorized \$500,000 for CAPRA projects from the F.Y. 1998 appropriation. CAPRA funds are limited, however, and are typically made available to facilities where emergency repairs are needed. Without adequate funds in our operating budget, repairs at our facilities must compete against critical needs of other facilities for CAPRA funding.

The majority of our deferred backlog is at our 2 oldest facilities, Minneapolis and Hastings. The Minneapolis facility, built in 1887, is listed on the National Historic Register. Since repairs made here retain the historical integrity of the structures, they are more expensive than at other campuses. In addition to the age and the historic significance of these buildings, the fact they are being used to provide nursing care for our residents presents additional challenges to the budget needed to maintain these structures.

The Asset Preservation funding approved in the 1998 Bonding Bill for Minneapolis and Hastings will replace the mechanical support component on both campuses. In addition, the Hastings facility will undergo a pre-design to identify the scope of repairs needed to ensure the structural integrity of the entire campus, and specifically of the power house. Our current budget for repair and maintenance would be unable to fund any needed improvements identified in the pre-design, forcing the VHB to rely on appropriations for CAPRA and Asset Preservation.

FINANCING:

Current base funding for repair and maintenance is \$190,000 annually. It is very infrequent that VHB is able to reallocate other operating funds for this purpose.

OUTCOMES:

This funding would allow the agency the financial ability to proactively manage building maintenance. This funding could stabilize the deterioration of state buildings ultimately saving tax dollars. It would also aid in "melting the capital iceberg" and regaining the structural integrity of the buildings on the Veterans campuses.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Veterans Homes Board
PROGRAM: Veterans Homes

ITEM TITLE: Fergus Falls Operating Funds

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$757	\$913	\$913	\$913
Revenues: (\$000s)				
General Fund	\$917	\$917	\$917	\$917

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the General Fund budget of \$757,000 in F.Y. 2000, and \$913,000 in F.Y. 2001 to operate the Fergus Falls home at full capacity.

RATIONALE:

The 1996 legislature authorized the construction of a new veterans home in Fergus Falls. Construction of the facility was completed in November 1997, with the first resident being admitted in March 1998. This 85 bed skilled nursing care home was built with local and federal dollars.

Despite the intent of legislative appropriations, the home will not have sufficient funds in its base to maintain full capacity for an entire fiscal year. Operating cost estimates were made several years in advance of full operation. Since the estimates were made, salary cost and other operating expenses have increased.

The 1997 legislature provided operational funding to coincide with a slow phase-in period with the objective of reaching full operation on 7-1-99. The Fergus Falls Veterans Home plans to meet this objective. This request provides the necessary funding to continue operating at capacity on a permanent basis.

Failure to fund this initiative to allow full operation by 7-1-99 would require the return of the federal dollars that funded 65% of the construction of the facility.

FINANCING:

The F.Y. 2000 General Fund base budget for the Fergus Falls home is \$2.472 million. Included in this amount is a program annualization base adjustment of \$460,000 annually which reflects the difference between the 1999 appropriation and the estimated cost for full operation recommended by the Governor in the 1998-1999 biennial budget.

This request represents a 34% increase over the 2000-01 base budget.

OUTCOMES:

This request will allow the Fergus Falls Veterans Home to meet its objective of operating at its 85 bed capacity as was the original intent.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Veterans Home Board
PROGRAM: Veterans Homes

ITEM TITLE: Luverne Environmental Quality

	<u>2000-01 Biennium</u>			<u>2002-03 Biennium</u>	
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)					
General Fund					
- State Operations	\$229	\$362	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)					
Special Revenue Fund	\$(229)	\$(362)	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase to the agency's General Fund budget of \$229,000 in F.Y. 1999, and \$362,000 in F.Y. 2000 to ensure an adequate staffing compliment during the repairs to the Luverne Home.

RATIONALE:

The Minnesota Veterans Homes Board, in coordination with the Department of Administration Building Construction Division, is working to resolve a moisture and mold problem at the Minnesota Veterans Home in Luverne, Minnesota. This problem has been discovered on the interior walls of the resident rooms in the patient wings of the nursing care facility. The level of mold growth, if left uncorrected, could put residents' health at risk.

Currently, the Luverne Veterans Home is working closely with the Minnesota Department of Health and mold experts at the U of M to monitor the level of mold spores in the air inside the Home. Current air quality is within accepted standards, however, the problem needs to be corrected.

The Department of Administration Building Construction Division has awarded a contract to a design team to hire a contractor to remove the exterior wall board where the moisture has been concentrated. The high concentration of moisture in the building is a result, in part, of inadequate mechanical equipment. This design team is also recalculating the air exchange system to include a retro-fit of the system to ensure this problem will not recur. The cost of the abatement, repair and system redesign will be funded out of CAPRA administered by Department of Administration.

During the abatement and repair, a small number of resident beds will need to be kept empty in the areas where the work is being done. To accommodate this mechanical and structural retro-fit the Minnesota Veterans Homes Board will be down-sizing the resident census at Luverne. In anticipation of this, new admissions to the facility were stopped in November 1998. The resident population of the facility will drop from 85 to 63 during the construction phase of the project. Construction is estimated to begin on 2-1-99 and will continue through 12-31-99. Phase-up of the resident population would be completed by March 2000.

Despite a lowered census, the moving of residents to accommodate the construction in phases will require the same staff complement and in certain cases may require overtime paid to maintenance personnel.

FINANCING:

The Veterans Homes operate with a combination of state appropriations and dedicated receipts from its residents and the per diem reimbursements from the U.S. Veterans Administration. With a reduced census, the associated revenues are lost to the agency. The Minnesota Veterans Home in Luverne will need additional funding to maintain service during this construction schedule.

OUTCOMES:

This increased funding request would replace the lost revenue created by the reduced resident census. Maintaining the home's operating budget will give the administrator the ability to successfully manage the facility during this remodeling, respond to increased needs of residents, and ensure the quality of care will not be compromised.

2000-01 Biennial Budget

AGENCY: Minnesota State Council on Disability (MSCOD)

AGENCY DESCRIPTION:

Mission and Vision: 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.

Mission: 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.

Vision: To identify the factors that would eliminate discrimination in the lives of children and adults with disabilities; i.e., education, work, health related, housing, and transportation.

KEY SERVICE STRATEGIES:

- Cooperate with both public and private agencies on improving services to children and adults with disabilities.
- Review essential life activities from rural prospective.
- Analyze data on essential life areas and develop a legislative report on urban status.
- Coordinate strategy of disabled seniors, who have become extremely vulnerable.
- Develop statistical data by county, so we can verify service needs.

PERFORMANCE SUMMARY:

- MSCOD assisted up to 35,000 Minnesotans with answers to disability concerns.
- Advocated for public transportation for disabled persons in rural and urban Minnesota.
- Have started a Business Leadership Network on employment generating, employer-based network.
- Held workshops, conferences, seminars, fairs, etc. providing information to 15,000 disabled Minnesotans.
- MSCOD has worked with 30 different public/private agencies on education, health care, accessible housing, access/rights, employment.

EXPLANATION OF AGENCY'S BUDGET PLAN:

Within the base level budget, MSCOD will address the following issues:

Employment. The employment rate for persons with sever disabilities is 70%.

- MSCOD recently established a Business Leadership Network.
- Support work incentive initiatives for persons with disabilities.
- Hold regional job fairs in collaboration with local organizations.
- Develop public service announcements on employment issues.

Seniors and disabilities. By the year 2005, Minnesota will have over 1 million seniors; one third of them will have a disability.

- Develop a report on services available statewide on health care, transportation, and day care for disabled seniors.
- Hold workshops on senior disability issues.

Disability statistics/demography. The council provides disability statistics to consumers and to the general public. The latest comprehensive survey was done in 1976.

- Develop or coordinate a comprehensive, Minnesota specific, study of persons with disabilities relating to employment, social, education, welfare, etc.
- Develop MSCOD statutory responsibility in technology.

Customer/Consumer Information Center. The council has established a solid information base in 5 essential life areas: Transportation, Access/Rights, Education, Health Care, and Accessible Housing all of these life areas we view from a statewide prospective.

- Provide Information and Referral, speakers and technical support in these areas.
- Review essential life areas from rural prospects and develop legislative report.
- Analyze data on essential life and develop report on urban status.
- Hold public forums/seminars on essential life concerns.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget. He also recommends the technology initiative that is included in the Office of Technology's budget for this agency.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: DISABILITY COUNCIL

Program: CNCL ON DISABILITY

Activity: CNCL ON DISABILITY

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	396	407	494	496	496	510	510	105	11.7%
OPERATING EXPENSES	203	139	241	158	158	165	165	(57)	-15.0%
SUBTOTAL STATE OPERATIONS	599	546	735	654	654	675	675	48	3.7%
Total Expenditures	599	546	735	654	654	675	675	48	3.7%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	596	545	730	651	651	672	672		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3	1	5	3	3	3	3		
Total Financing	599	546	735	654	654	675	675		
REVENUE COLLECTED:									
DEDICATED									
GENERAL	0	0	30	0	0	0	0		
SPECIAL REVENUE	3	1	5	3	3	3	3		
Total Revenues Collected	3	1	35	3	3	3	3		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	7.6	8.2	9.0	9.0	9.0	9.0	9.0		
PART-TIME, SEASONAL, LABOR SER	1.3	0.9	0.9	0.9	0.9	0.9	0.9		
Total Full-Time Equivalent	8.9	9.1	9.9	9.9	9.9	9.9	9.9		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **DISABILITY COUNCIL**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	634	634	631	631	3	3	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	3	6	3	6	0	0	0	0
SMALL AGENCY OPERATIONAL EXPE	4	8	4	8	0	0	0	0
2000-01 SAL. & BEN. BASE	13	27	13	27	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	20	41	20	41	0	0	0	0
BASE BUDGET	654	675	651	672	3	3	0	0

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2000-01 Biennial Budget

AGENCY: Ombudsman for Mental Health and Mental Retardation, Office of

AGENCY DESCRIPTION: The Office of the Ombudsman for Mental Health and Mental Retardation is an independent state agency created in 1987 and governed by M.S. 245.91 to 245.97. 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 to children experiencing emotional disturbance. Our goal is to bring about change that improves the effectiveness and efficiency of the service delivery system, while assuring that consumers who are least able to care for themselves are protected. The office:

- assists consumers to obtain the best quality care
- intervenes through advocacy and mediation to resolve disputes and difficulties
- reviews serious injuries and deaths of consumers residing in licensed facilities
- identifies systemic issues that affect the adequacy and quality of services delivered to all consumers
- makes recommendations to elected officials, government agencies, and service providers about how to improve the services to consumers
- conducts training seminars on the Civil Commitment Act and related law.

PERFORMANCE SUMMARY: Our new computer data system enables us to track a client as they move within the service system. It also enables us to view licensed facilities, programs, or agencies as a whole, allowing the office to effectively monitor the goal of highest attainable quality services for persons with mental disabilities.

During 1998, the Office conducted 617 case reviews, 611 serious injury reviews, 265 death reviews, and responded to 3,145 requests for information or assistance.

The office, in conjunction with the Attorney General's Office and Hamline Law School, provided training on Civil Commitment to more than 800 professionals statewide.

EXPLANATION OF AGENCY'S BUDGET PLAN: The Office's budget has experienced significant pressures on salaries and operating costs during the 1998-1999 biennium. These pressures have been very difficult to manage with our operating budget, of which 81% is allocated to salaries and benefits.

We are requesting additional funding in F.Y. 1999 to fund the rent and related start-up costs in adjacent office space in an effort to co-locate the health-related ombudsman programs to achieve greater efficiency in client services. In addition, we are requesting an increase to our base budget, starting in F.Y. 2000.

OPERATING ENVIRONMENT: The number of individuals in Minnesota who are receiving services for mental illness, mental retardation, chemical dependency, or an emotional disturbance is increasing. Our potential client base consists of over 137,000 citizens with mental illness or mental retardation alone, up from 105,000 several years ago.

The office is mandated by law to maintain an advocate at each of the Regional Treatment Centers (RTCs). However, more than 33% of the workload comes from Ramsey and Hennepin counties where there is no RTC.

During the last decade, service delivery of state operated RTCs has shifted from large facilities to small residential options. In these community-based settings, residents live in smaller group homes dispersed over a larger area. 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. However, more staff time is expended by our office to provide customer services in this expanding environment. Advocates continue to be accessible to the hundreds of clients served by the remaining RTCs.

Increasingly, this office is asked to mediate between parties and to provide input to policy-makers on a wide array of issues affecting consumers. In addition, systemic problems are also brought to our attention by the legislature, state agency heads, and service providers.

The office is also coordinating external advocacy services for individuals who will be enrolled in the Demonstration Projects for Persons with Disabilities.

GOVERNOR'S RECOMMENDATION: In addition to the agency's base budget request the Governor recommends deficit funding in F.Y. 1999, and supplemental funding in F.Y. 2000 and F.Y. 2001 for 2 purposes:

- to ensure that quality advocacy services in the areas of mental health and mental retardation are available statewide, and
- to make it possible that consumers of health care services realize the efficiencies of coordination among ombudsman offices.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: OMBUD FOR MENTAL HEALTH & M R

Program: OMBUDSMAN FOR MH & MR

Activity: OMBUDSMAN FOR MH & MR

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	998	1,090	1,124	1,080	1,173	1,114	1,207	166	7.5%
OPERATING EXPENSES	228	247	286	260	260	266	266	(7)	-1.3%
SUBTOTAL STATE OPERATIONS	1,226	1,337	1,410	1,340	1,433	1,380	1,473	159	5.8%
Total Expenditures	1,226	1,337	1,410	1,340	1,433	1,380	1,473	159	5.8%
CHANGE ITEMS:									
	<u>FUND</u>								
(B) CO-LOCATION OF OMBUDSMAN OFFICES	GEN		36						
(B) INCREASED FUNDING	GEN				93		93		
Total Change Items			36		93		93		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	1,226	1,337	1,410	1,340	1,433	1,380	1,473		
Total Financing	1,226	1,337	1,410	1,340	1,433	1,380	1,473		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	17.9	19.2	20.8	20.8	20.8	20.8	20.8		
PART-TIME, SEASONAL, LABOR SER	1.7	0.7	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	19.6	19.9	20.8	20.8	20.8	20.8	20.8		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: OMBUD FOR MENTAL HEALTH

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	1,298	1,298	1,298	1,298	0	0	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	5	6	5	6	0	0	0	0
SMALL AGENCY OPERATIONAL EXPE	5	10	5	10	0	0	0	0
2000-01 SAL. & BEN. BASE	34	68	34	68	0	0	0	0
UNIFORM PENSION BILL RED.	<2>	<2>	<2>	<2>	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	42	82	42	82	0	0	0	0
BASE BUDGET	1,340	1,380	1,340	1,380	0	0	0	0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Ombudsman for Mental Health and Mental retardation,
Office of
PROGRAM: Ombudsman for MH & MR
ACTIVITY: Ombudsman for MH & MR

ITEM TITLE: Co-Location of Ombudsman Offices

	<u>2000-01 Biennium</u>			<u>2002-03 Biennium</u>	
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)					
General Fund					
- State Operations	\$36	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)					
General Fund	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends supplemental funding in F.Y. 1999 of \$36,000 to ensure sufficient resources for the Office of the Ombudsman to meet its goal of co-locating with related service providers.

RATIONALE:

Based on direction from the Legislature, our office has been working with other Ombudsman offices during the past biennium to identify ways in which we can share resources. To get us closer to this goal, the Ombudsman for Older Minnesotans will locate their office next to ours and we will upgrade our phone systems to allow for more efficient referrals. During the renegotiation of our lease, we secured sufficient space for that office, but had to pay a fee to hold it open. We could not cover this in our current budget.

The office has experienced significant budgetary pressures during the 1998-99 biennium. Salaries, benefits, and other operating costs have increased at rates

significantly greater than the 2.5% compensation and operating base adjustments provided in the last biennial budget. Communications costs alone have increased by 40%. In addition, we renegotiated our lease at a higher rate than we anticipated. Our prior lease had been negotiated when downtown St. Paul was a less competitive rental market. At that time, we were offered additional square footage at no extra charge. This offer was not extended to our new lease.

While we have done our best to manage our resources and maintain services, we lack sufficient resources to cover the added co-location costs. To manage this change within current resources, we would need to withhold promotions or merit pay increases, ask employees to take voluntary leaves without pay, or reduce our staffing compliment.

FINANCING:

F.Y. 1999 base budget is \$1.298 million. This request represent a 3% increase. The request will allocate \$27,000 for the new space and \$9,000 for the phone system and related start-up costs.

OUTCOMES:

This adjustment to the base will allow the agency to continue its mandated services to clients throughout the state and improve services to a broader community of constituents.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Ombudsman for Mental Health and Mental Retardation,
Office of

PROGRAM: Ombudsman for MH & MR

ACTIVITY: Ombudsman for MH & MR

ITEM TITLE: Increased Funding

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$93	\$93	\$93	\$93
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

New Activity Supplemental Funding Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a \$93,000 increase to the agency's base budget funding for each year of the biennium to ensure sufficient resources for the Office of the Ombudsman to maintain its services.

RATIONALE:

The office has experienced significant budgetary pressures during the 1998-99 biennium. Salaries, benefits, and other operating costs have increased at rates significantly greater than the 2.5% compensation and operating base adjustments provided in the last biennial budget. Communications costs alone have increased by 40%.

In addition, at the time the last budget request was prepared, we did not anticipate a significant increase in our lease costs, consequently, a base adjustment of only 2.5% was provided. We actually experienced a 15% increase in rent this fiscal year.

With 81% of our current budget allocated to wages and benefits, it is difficult to manage these pressures without reducing our services. The office operates on minimum staffing. Without increased funding, the obligations of statewide offices, where services are not as available as the metro area, could not be met.

FINANCING:

Current funding for the office is 1.349 million for F.Y. 2000. This request of \$93,000 represents a 6.9% increase. The entire request will be allocated to wages and benefits for existing FTEs.

OUTCOMES:

This adjustment to the base will allow the agency to continue its mandated services to clients throughout the state.

The base adjustment is necessary to maintain current levels of staffing and services to the citizens of Minnesota.

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2000-01 Biennial Budget

AGENCY: Ombudsperson for Families

AGENCY DESCRIPTION:

The Office of Ombudsperson is authorized by M.S. 257.0755 and was created in 1991. The legislation requires the office to operate independently but in collaboration with the Indian Affairs Council, Chicano-Latino People Affairs Council, Council on Black Minnesotans and the Council on Asian Pacific Minnesotans. The Ombudsperson for each community is selected by the applicable community specific board. Each Ombudsperson serves in unclassified service at the pleasure of the community specific board. Each community specific board consists of 5 members. The chair of the councils appoints the members. The members are required by legislation to meet 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.

Primary duty:

- Monitor agency compliance with all laws, governing child protection and placement.

Other duties:

- Work with local state courts to ensure that court officials, policy makers, and service providers are trained in cultural competence.
- Ensure that appropriate representatives participate in placement decisions.
- Ensure that guardians ad litem from communities of color are recruited.
- Ensure the provision of training programs for bilingual workers.

PERFORMANCE SUMMARY:

In collaboration with the Department of Education, Children & Families and Learning, provided a statewide toll-free help line for Minnesota parents, care givers and professionals with educational and child welfare issues and questions.

- Promotional materials translated in 8 languages.
- Requests for over 20,000 bookmarks between October 1997 and June 1998.
- Handled nearly 1,000 callers in 9 months.
- Follow-up calling ensures that the caller has received the information requested.

REVENUES:

None.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The office receives funding through a transfer from the Department of Human Services of \$92,000 each year, and base level General Fund appropriations of \$166,000 in F.Y. 2000 and \$171,000 in F.Y. 2001 are requested.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget and a biennial increase of \$60,000 for an Administrative Support position.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: OMBUDSPERSON FOR FAMILIES
Program: OMBUDSPERSON FOR FAMILIES
Activity: OMBUDSPERSONS FOR FAMILIES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	183	197	241	252	282	261	291	135	30.8%
OPERATING EXPENSES	55	73	152	81	81	77	77	(67)	-29.8%
SUBTOTAL STATE OPERATIONS	238	270	393	333	363	338	368	68	10.3%
Total Expenditures	238	270	393	333	363	338	368	68	10.3%
<u>CHANGE ITEMS:</u>									
(B) ADMINISTRATIVE SUPPORT POSITION	<u>FUND</u> GEN				30		30		
Total Change Items					30		30		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	146	153	165	166	196	171	201		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	80	56	153	92	92	92	92		
FEDERAL	12	61	75	75	75	75	75		
Total Financing	238	270	393	333	363	338	368		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
FEDERAL	0	17	75	75	75	75	75		
Total Revenues Collected	0	17	75	75	75	75	75		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: OMBUDSPERSON FOR FAMILIES

Program: OMBUDSPERSON FOR FAMILIES

Activity: OMBUDSPERSONS FOR FAMILIES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	3.9	4.9	4.9	4.9	5.9	4.9	5.9
PART-TIME, SEASONAL, LABOR SER	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total Full-Time Equivalent	3.9	5.0	5.0	5.0	6.0	5.0	6.0

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: **OMBUDSPERSON FOR FAMILI**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	328	328	161	161	92	92	75	75
BASE ADJUSTMENTS								
2000-01 SAL. & BEN. BASE	5	10	5	10	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	5	10	5	10	0	0	0	0
BASE BUDGET	333	338	166	171	92	92	75	75

2000-01 Biennial Budget

AGENCY: Chiropractic, Board of

AGENCY DESCRIPTION:

The mission of the Minnesota Board of Chiropractic Examiners (MBCE), in accordance with M.S. 148, 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 baseline 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.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Active Licenses	1,647	1,680	1,714	1,748	1,783
Inactive Licenses	208	210	210	214	218
Inactive retired licenses	1	-0-	-0-	-0-	-0-
Accupuncture registrations	363	385	408	416	424
Independent examiner registrations	128	130	132	135	137
Corporation registrations	248	250	250	255	260
Preceptor registrations	35	30	30	31	31
CE sponsorship	19	18	19	19	20
Examinations administered	120	120	120	122	125
Complaints received	215	215	222	226	231
Corrective actions	10	11	12	12	12
Disciplinary actions	10	12	15	15	16
Peer review requests	50	50	50	51	52

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$345</u>	<u>\$299</u>	<u>\$373</u>	<u>\$350</u>	<u>\$361</u>
Total Direct Costs:	\$345	\$299	\$373	\$350	\$361
Indirect Costs:					
Statewide Indirect:	12	17	16	17	18
Attorney General:	144	140	120	140	140
Administrative Services Unit:	10	11	10	10	11
Health Professionals Svcs:	3	4	6	6	6
Total Indirect Costs:	<u>169</u>	<u>172</u>	<u>152</u>	<u>173</u>	<u>175</u>
Total Direct & Indirect Costs:	\$514	\$471	\$525	\$523	\$536
Revenue:					
Non-dedicated:	<u>477</u>	<u>498</u>	<u>524</u>	<u>528</u>	<u>536</u>
Total Revenue:	\$477	\$498	\$524	\$528	\$536
Surplus (Shortfall):	(37)	27	(1)	5	-0-
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$20	\$47	\$46	\$51	\$51

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CHIROPRACTORS BOARD
Program: CHIROPRACTORS, BOARD OF
Activity: CHIROPRACTORS, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	222	214	246	257	257	265	265	62	13.5%
OPERATING EXPENSES	135	102	143	110	110	114	114	(21)	-8.6%
SUBTOTAL STATE OPERATIONS	357	316	389	367	367	379	379	41	5.8%
Total Expenditures	357	316	389	367	367	379	379	41	5.8%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	345	299	373	350	350	361	361		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	12	17	16	17	17	18	18		
Total Financing	357	316	389	367	367	379	379		
REVENUE COLLECTED:									
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	477	498	524	528	528	536	536		
Total Revenues Collected	477	498	524	528	528	536	536		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	3.9	3.1	4.0	4.0	4.0	4.0	4.0		
PART-TIME, SEASONAL, LABOR SER	0.8	1.3	0.8	0.8	0.8	0.8	0.8		
Total Full-Time Equivalent	4.7	4.4	4.8	4.8	4.8	4.8	4.8		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **CHIROPRACTORS BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	357	358	0	0	357	358	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	1	3	0	0	1	3	0	0
SMALL AGENCY OPERATIONAL EXPE	2	4	0	0	2	4	0	0
2000-01 SAL. & BEN. BASE	7	14	0	0	7	14	0	0
SUBTOTAL BASE ADJUSTMENTS	10	21	0	0	10	21	0	0
BASE BUDGET	367	379	0	0	367	379	0	0

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2000-01 Biennial Budget

AGENCY: Dentistry, Board of

AGENCY DESCRIPTION:

The mission of the Board of Dentistry, in accordance with M.S. 150A, is to ensure that Minnesota citizens receive quality dental health care from competent dental health professionals. This is accomplished by licensing dentists, dental hygienists, faculty dentists, and dentists enrolled in accredited dental residency programs, and by registering dental assistants whose fitness to practice has been tested and whose training and other qualifications meet the specifications established by the board. The board's activities serve to protect the public at large by receiving, investigating, and resolving complaints filed against regulated dental health professionals. Finally, board rules are amended to reflect changing technology, scientific advancements, and current standards of dental health care.

PERFORMANCE SUMMARY:

A major focus of this board has been on streamlining its complaint resolution process without compromising public protection. The statistics below show comparisons between the 1995-96 biennium and the 1997-98 biennium, demonstrating the board's effectiveness. While the number of complaints filed during the 1997-98 biennium declined by nearly 22%, the percentage of complaints resulting in disciplinary or corrective action rose from 14% to 22%. The number of "old" complaints remaining open declined from 107 to 47, demonstrating the board's success in reducing complaint backlog.

	<u>1995-96</u> <u>Biennium</u>	<u>1997-98</u> <u>Biennium</u>
Number of complaints filed	493	386
Percentage of complaints resolved	66%	76%
Percentage of complaints resulting in disciplinary or corrective action	14%	22%
Number of "old" complaints remaining open at close of biennium	107	47

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$625</u>	<u>\$595</u>	<u>\$907</u>	<u>\$783</u>	<u>\$806</u>
Total Direct Costs:	\$625	\$595	\$907	\$783	\$806
Indirect Costs:					
Statewide Indirect:	16	18	15	20	20
Attorney General:	293	227	200	275	275
Administrative Services Unit:	19	19	19	25	24
Health Professionals Services:	8	7	11	11	12
HIV/HBV Health Department:	<u>5</u>	<u>4</u>	<u>8</u>	<u>5</u>	<u>5</u>
Total Indirect Costs:	\$341	\$275	\$253	\$336	\$336
Total Direct & Indirect Costs:	966	870	1,160	1,119	1,142
Revenue:					
Non-dedicated:	<u>1,134</u>	<u>1,173</u>	<u>1,168</u>	<u>1,179</u>	<u>1,189</u>
Total Revenue:	\$1,134	\$1,173	\$1,168	\$1,179	\$1,189
Surplus (Shortfall):	168	303	8	60	47
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$292	\$595	\$603	\$663	\$710

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions. The board has succeeded in reducing its indirect costs related to legal and investigative services provided by the Attorney General's Office. This has created an accumulated surplus that will allow the board to pursue any necessary contested case activity without having to increase the annual renewal fees imposed on the dental health professionals the board regulates.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: DENTISTRY BOARD
Program: DENTISTRY, BOARD OF
Activity: DENTISTRY, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	368	362	421	415	415	426	426	58	7.4%
OPERATING EXPENSES	273	251	501	388	388	400	400	36	4.8%
SUBTOTAL STATE OPERATIONS	641	613	922	803	803	826	826	94	6.1%
Total Expenditures	641	613	922	803	803	826	826	94	6.1%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	625	595	907	783	783	806	806		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	16	18	15	20	20	20	20		
Total Financing	641	613	922	803	803	826	826		
REVENUE COLLECTED:									
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	1,134	1,173	1,168	1,179	1,179	1,189	1,189		
Total Revenues Collected	1,134	1,173	1,168	1,179	1,179	1,189	1,189		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	8.0	8.0	8.0	8.0	8.0	8.0	8.0		
PART-TIME, SEASONAL, LABOR SER	0.0	0.5	1.2	0.5	0.5	0.5	0.5		
Total Full-Time Equivalent	8.0	8.5	9.2	8.5	8.5	8.5	8.5		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: DENTISTRY BOARD

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	780	780	0	0	780	780	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	2	3	0	0	2	3	0	0
SMALL AGENCY OPERATIONAL EXPE	11	22	0	0	11	22	0	0
2000-01 SAL. & BEN. BASE	10	21	0	0	10	21	0	0
SUBTOTAL BASE ADJUSTMENTS	23	46	0	0	23	46	0	0
BASE BUDGET	803	826	0	0	803	826	0	0

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2000-01 Biennial Budget

AGENCY: Medical Practices, Board of

AGENCY DESCRIPTION:

The Board of Medical Practice (BMP) has 2 budget activities: the operating activity of BMP and the Health Professionals Services Program (HPSP).

In addition to its statutory responsibilities in M.S. 147, 147A, 147B, 148, 214, and 319A for the regulation of Physicians, Physician Assistants, Physical Therapists, Respiratory Care Practitioners, Athletic Trainers, Acupuncturists, and Professional Corporations, BMP was selected to be the designated board for HPSP (M.S. 314.31). In that capacity, BMP was the fiscal agent for the program and provided administrative support for the 1997-98 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$561,000 for the development of a new computer system, for more effective licensure, registration, and complaint tracking of health professionals regulated by the board.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MEDICAL PRACTICE BOARD

Program: MEDICAL PRACTICE, BOARD OF

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
MEDICAL PRACTICE OPERATIONS	2,118	2,052	2,237	3,522	3,758	3,560	3,885	3,354	78.2%
HEALTH PROFESSIONALS SERVICES	324	303	0	0	0	0	0	(303)	-100.0%
Total Expenditures	2,442	2,355	2,237	3,522	3,758	3,560	3,885	3,051	66.4%

CHANGE ITEMS:	FUND				
(B) NEW COMPUTER SYSTEM	SGS			236	325
Total Change Items				236	325

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	2,398	2,298	2,169	3,451	3,687	3,489	3,814
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	40	57	66	70	70	70	70
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	4	0	2	1	1	1	1
Total Financing	2,442	2,355	2,237	3,522	3,758	3,560	3,885

FTE BY EMPLOYMENT TYPE:							
FULL TIME	25.8	27.6	25.0	25.0	25.0	25.0	25.0
PART-TIME, SEASONAL, LABOR SER	1.5	0.7	1.5	0.3	0.3	0.1	0.1
Total Full-Time Equivalent	27.3	28.3	26.5	25.3	25.3	25.1	25.1

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **MEDICAL PRACTICE BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	3,486	3,486	0	0	3,486	3,486	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	4	9	0	0	4	9	0	0
2000-01 SAL. & BEN. BASE	32	65	0	0	32	65	0	0
SUBTOTAL BASE ADJUSTMENTS	36	74	0	0	36	74	0	0
BASE BUDGET	3,522	3,560	0	0	3,522	3,560	0	0

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2000-01 Biennial Budget

AGENCY: Medical Practices, Board of
ACTIVITY: Board of Medical Practice Operations

AGENCY DESCRIPTION:

The Board of Medical Practice (BMP) protects the public by ensuring that all physicians (MD), doctors of osteopathic medicine (DO), physical therapists (PT), physician assistants (PA), respiratory care practitioners (RCP), athletic trainers (AT), acupuncturists (AP), and professional corporations (PC) meet the necessary qualifications and standards to competently practice their profession in Minnesota. The board 1) licenses MD, DO, and AP applicants, and registers PT, PA, RCP, AT, and PC applicants; 2) annually renews licenses and registrations; 3) receives complaints alleging violations of statutes and investigates allegations, conducts hearings, takes disciplinary action as indicated, and enforces board orders; and 4) enforces continuing medical education requirements.

PERFORMANCE SUMMARY:

New licenses and registrations issued:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
Physicians & Surgeons	900	885	994	970
Physical Therapists	183	205	200	203
Physician Assistants	44	58	55	70
Respiratory Care Practitioners	122	113	97	103
Athletic Trainers	117	120	39	74
Acupuncturists	-0-	10	30	50

Numbers of health care professionals regulated:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
Physicians & Surgeons	14,072	14,217	14,424	14,765
Physical Therapists	2,619	2,691	2,786	2,877
Physician Assistants	305	350	377	397
Respiratory Care Practitioners	972	1,048	1,081	1,143
Athletic Trainers	171	282	299	301
Acupuncturists	-0-	10	40	82

Numbers of complaints regarding regulated health care professionals:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
# of complaints received	1,180	1,039	938	907
% change from previous year	11	(13)	(10)	(3)

Number of contested cases prosecuted with the Office of Administrative Hearings:

<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>
3	5	8	13

While the board has continued to grow in the number of health care professionals regulated, the number of complaints against its regulated professions has decreased. In terms of the cost of regulation, however, the decreased numbers of complaints are offset by the increase in contested case hearings, which are the costliest of the board's complaint activities.

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$2,003	\$1,844	\$2,084	\$1,950	\$1,988
Office of Admin Hearings:	73	151	85	85	85
Attorney General:	1,142	1,416	1,416	1,416	1,416
Computer System	-0-	-0-	-0-	236	325
Total Direct Costs:	\$3,218	\$3,411	\$3,585	\$3,687	\$3,814
Indirect Costs:					
Statewide Indirect:	40	57	66	70	70
Medical Practice Workshop:	4	0	2	1	1
Administrative Services Unit:	59	61	65	61	63
Health Professionals Services:	122	103	124	113	117
HIV/HBV Health Department:	25	23	48	48	48
Total Indirect Costs:	\$250	\$244	\$305	\$293	299
Total Direct & Indirect Costs:	3,468	3,655	3,890	3,980	4,113
Revenue:					
Non-dedicated:	3,350	3,518	3,410	3,969	4,049
Dedicated-Special:	5	-0-	1	1	1
Total Revenue:	\$3,355	\$3,518	\$3,411	\$3,970	\$4,050
Surplus (Shortfall):	(113)	(137)	(479)	(10)	(63)
Accumulated Ending Surplus (Shortfall) or carryover:	\$768	\$631	\$152	\$142	\$79

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$561,000, which includes funding for development of a new computer system to meet the expanding needs of the board and the board's client base. Fees will be adjusted to accommodate these changes.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MEDICAL PRACTICE BOARD
Program: MEDICAL PRACTICE, BOARD OF
Activity: MEDICAL PRACTICE OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,029	1,064	1,248	1,258	1,303	1,291	1,336	327	14.1%
OPERATING EXPENSES	1,089	988	989	848	1,039	853	1,133	195	9.9%
TRANSFERS	0	0	0	1,416	1,416	1,416	1,416	2,832	
SUBTOTAL STATE OPERATIONS	2,118	2,052	2,237	3,522	3,758	3,560	3,885	3,354	78.2%
Total Expenditures	2,118	2,052	2,237	3,522	3,758	3,560	3,885	3,354	78.2%

CHANGE ITEMS:	FUND				
(B) NEW COMPUTER SYSTEM	SGS			236	325
Total Change Items				236	325

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	2,074	1,995	2,169	3,451	3,687	3,489	3,814
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	40	57	66	70	70	70	70
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	4	0	2	1	1	1	1
Total Financing	2,118	2,052	2,237	3,522	3,758	3,560	3,885

REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	5	0	1	1	1	1	1
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	3,350	3,518	3,410	3,609	3,969	3,689	4,049

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MEDICAL PRACTICE BOARD
 Program: MEDICAL PRACTICE, BOARD OF
 Activity: MEDICAL PRACTICE OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Revenues Collected	3,355	3,518	3,411	3,610	3,970	3,690	4,050
FTE BY EMPLOYMENT TYPE:							
FULL TIME	22.7	22.9	25.0	25.0	25.0	25.0	25.0
PART-TIME, SEASONAL, LABOR SER	1.3	0.7	1.5	0.3	0.3	0.1	0.1
Total Full-Time Equivalent	24.0	23.6	26.5	25.3	25.3	25.1	25.1

F.Y. 2000-2001 Information Technology New Funding

AGENCY: MEDICAL PRACTICE BOARD

PROGRAM: MEDICAL PRACTICE, BOARD OF

ACTIVITY: MEDICAL PRACTICE OPERATIONS

IT Change Item: NEW COMPUTER SYSTEM

ITEM DESCRIPTION AND PURPOSE:

This project will be designed to support and enhance the operations of the Board of Medical Practice. Designing a new computer system will improve the effectiveness of the Board staff to carry out the licensure/registration and complaint tracking of health professionals. The new computer system will also enhance the Board's ability to be more efficient in providing customer service to the public and other stakeholders.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	10	10	30	15	8	8
Personnel	45	45	45	45	45	45
Services	171	257	395	29	25	15
Software	3	6	4	3	3	3
Supplies	2	2	2	2	2	2
Training	5	5	23	5	5	5
Total	236	325	499	99	88	78

When the spending authority is granted, the board staff will work with consultants to develop a system which will provide the following benefits: 1) improved client satisfaction demonstrated in quicker responses to requests for information and timlier processing of applications, renewals, and complaints. 2) more accurate and reliable data enabling better statistical reports, record keeping, complaint tracking, management reports, public information, and internal information sharing. 3) allow for future technological transitions 4) cost savings through better public information access, decreased processing time and speed of resolution and 5) timely and proactive client and constituent communications. In order to finance the development of the new system, the board will initiate rule writing to raise physicians license renewals fees.

RATIONALE:

The board's current proprietary system is inadequate to meet it's expanding needs and the needs of its client base. Much of the board's licensing and complaint tracking activities must be handled manually and there is a very low level of confidence on the quality of the statistical data that board staff are able to retrieve from the current system.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X			
Operations		X	X	X	X	X
Modification			X	X	X	
Retirement						

During the first year the design - planning modual will be the focus. The development of the computer system will take place during FY2001 and FY 2002. Our goal is to have parts of the project in operation during the end of FY 2002. During FY 2002 and FY 2003 development will continue. We are hoping to start modifications and upgrades during FY 2002 and continuous for the next 3 years. We are hoping to totally retire our old system by FY 2004.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: MEDICAL PRACTICE BOARD
IT Change Item: New Computer System
(Continuation)

OFFICE OF TECHNOLOGY ANALYSIS:

The Board is new to the information resource management approach. The Board will be required to address information resource management practices in conjunction with receipt of funding.

OT Master Plan: Goal 2-Efficient and effective government. This project would increase data accuracy and response time, provide a license, complaint, and fee tracking system, and enable systems to be adaptable to future upgrades.
Recommendation: Proceed with replacement of existing computer systems and software programs. OT supports this project, but suggests research and analysis to find common licensing applications among the health licensing boards.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$561,000 for the development of a new computer system.

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2000-01 Biennial Budget

AGENCY: Medical Practices, Board of
ACTIVITY: Health Professionals Services Program

AGENCY DESCRIPTION:

The Board of Medical Practice served as the administering board for this program through 1998. At that time, the participating boards selected the Board of Examiners for Nursing Home Administrators as the administering board. See that budget for program description and performance summary.

REVENUES:

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$324	\$303	\$-0-	\$-0-	\$-0-
Total Direct Costs:	\$324	\$303	\$-0-	\$-0-	\$-0-
Revenue:					
Non-dedicated:	\$324	\$303	\$-0-	\$-0-	\$-0-
Total Revenue:	\$324	\$303	\$-0-	\$-0-	\$-0-
Surplus (Shortfall):	-0-	-0-	-0-	-0-	-0-
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

The pro-rata share of program expenses have been borne by the boards as follows:

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Chiropractic	\$3	\$4	\$-0-	\$-0-	\$-0-
Dentistry	8	7	-0-	-0-	-0-
Marriage & Family Therapy	1	1	-0-	-0-	-0-
Medical Practice	122	103	-0-	-0-	-0-
Nursing	174	169	-0-	-0-	-0-
Pharmacy	14	13	-0-	-0-	-0-
Podiatry	1	2	-0-	-0-	-0-
Social Work	1	4	-0-	-0-	-0-
Veterinary Medicine	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	\$324	\$303	\$-0-	\$-0-	\$-0-

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MEDICAL PRACTICE BOARD
 Program: MEDICAL PRACTICE, BOARD OF
 Activity: HEALTH PROFESSIONALS SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	155	226	0	0	0	0	0	(226)	-100.0%
OPERATING EXPENSES	169	77	0	0	0	0	0	(77)	-100.0%
SUBTOTAL STATE OPERATIONS	324	303	0	0	0	0	0	(303)	-100.0%
Total Expenditures	324	303	0	0	0	0	0	(303)	-100.0%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	324	303	0	0	0	0	0		
Total Financing	324	303	0	0	0	0	0		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	3.1	4.7	0.0	0.0	0.0	0.0	0.0		
PART-TIME, SEASONAL, LABOR SER	0.2	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	3.3	4.7	0.0	0.0	0.0	0.0	0.0		

2000-01 Biennial Budget

AGENCY: Nursing, Board of

AGENCY DESCRIPTION:

The Board of Nursing is a regulatory agency of the state of Minnesota whose mission is to protect the public's health and safety by providing reasonable assurance that the persons who practice nursing are competent, ethical practitioners with the necessary knowledge and skills appropriate to their title and role. The primary governing statutes are found in M.S. 148.171-148.285, 214, and 319B.

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;
- Developing and applying rules governing nursing practice;
- 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;
- Recording number of certified nurse midwives;
- 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 firms.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Credentiailling					
New Licenses Granted	4,367	4,395	4,425	4,450	4,500
Registrations in Effect	77,960	79,119	80,000	81,000	82,000
Public Health Registrations Granted	424	395	400	425	450
Prescribing Authority					
Nurse Practitioners	828	927	975	1000	1100
Clinical Nurse Specialists	49	65	75	80	85
Nurse Midwives	88	101	115	120	125
Complaints					
Written Jurisdictional Com-plaints Received	861	742	750	800	850
Board Actions	226	260	275	300	325

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$1,782	\$1,599	\$2,104	\$2,002	\$2,045
Discipline & Licensing System:	424	-0-	470	200	200
Total Direct Costs:	\$2,206	\$1,599	\$2,574	\$2,202	\$2,245
Indirect Costs:					
Statewide Indirect:	\$34	\$21	\$29	\$32	\$32
Attorney General:	491	619	575	650	650
Administrative Services Unit:	50	54	51	58	59
Health Professionals Services:	174	169	218	202	207
HIV/HBV Health Department:	84	77	79	79	79
Total Indirect Costs:	\$833	\$940	\$952	\$1,021	\$1,027
Total Direct & Indirect Costs:	3,039	2,539	3,526	3,223	3,272
Revenue:					
Non-dedicated:	<u>\$2,624</u>	<u>\$2,695</u>	<u>\$3,000</u>	<u>\$3,300</u>	<u>\$3,300</u>
Total Revenue:	2,624	2,695	3,000	3,300	3,300
Surplus (Shortfall):	(415)	156	(526)	77	28
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$319	\$475	\$(51)	\$26	\$54

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$580,000, which includes funding to complete the development of a computerized licensure and discipline system in progress, to hire consultants to review and advise the board on complaints requiring specialized expertise, and to transfer the costs of a legal assistant to work directly at the board office rather than on the Attorney General's staff in order to process complaints more rapidly. The transfer of 1 legal assistant position from the Attorney General's staff to the Board of Nursing has been agreed to by the two agencies. Fees will be adjusted to accommodate these changes.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING BOARD
Program: NURSING, BOARD OF
Activity: NURSING, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,168	1,194	1,527	1,466	1,516	1,504	1,554	349	12.8%
OPERATING EXPENSES	1,072	426	1,076	478	718	483	723	(61)	-4.1%
SUBTOTAL STATE OPERATIONS	2,240	1,620	2,603	1,944	2,234	1,987	2,277	288	6.8%
Total Expenditures	2,240	1,620	2,603	1,944	2,234	1,987	2,277	288	6.8%

CHANGE ITEMS:	FUND				
(B) CONSULTANT SERVICES	SGS			40	40
(B) DISCIPLINE/LICENSING COMPUTER SYSTEM	SGS			200	200
(B) LEGAL ASSISTANT SERVICES	SGS			50	50
Total Change Items				290	290

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	2,206	1,599	2,574	1,912	2,202	1,955	2,245
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	34	21	29	32	32	32	32
Total Financing	2,240	1,620	2,603	1,944	2,234	1,987	2,277

REVENUE COLLECTED:							
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	2,624	2,695	3,000	3,000	3,300	3,000	3,300
Total Revenues Collected	2,624	2,695	3,000	3,000	3,300	3,000	3,300

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING BOARD
 Program: NURSING, BOARD OF
 Activity: NURSING, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	27.3	26.1	32.0	32.0	33.0	32.0	33.0
PART-TIME, SEASONAL, LABOR SER	0.8	1.7	2.3	1.1	1.1	1.0	1.0
OVERTIME PAY	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	28.1	28.1	34.3	33.1	34.1	33.0	34.0

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **NURSING BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	1,903	1,903	0	0	1,903	1,903	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	5	10	0	0	5	10	0	0
2000-01 SAL. & BEN. BASE	36	74	0	0	36	74	0	0
SUBTOTAL BASE ADJUSTMENTS	41	84	0	0	41	84	0	0
BASE BUDGET	1,944	1,987	0	0	1,944	1,987	0	0

F.Y. 2000-2001 Information Technology New Funding

AGENCY: NURSING BOARD

PROGRAM: NURSING, BOARD OF

ACTIVITY: NURSING, BOARD OF

IT Change Item: DISCIPLINE/LICENSING COMPUTER SYSTEM

RATIONALE:

Continued funding is needed to bring this project to completion. The Licensure portion of the project (conversion from a minicomputer to a network system) consumed more time than anticipated due to focus on development and implementation rather than planning and design. The planning and design phase of the Disciplinary portion has taken much time. The completed system will provide for case management and extensive report capabilities.

ITEM DESCRIPTION AND PURPOSE:

This is the final phase of a project to convert the Board's licensing system to a network (completed) and design, develop and implement a computerized discipline system which includes case management and extensive reporting capabilities.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	10	10	0	0	0	0
Personnel	0	0	0	0	0	0
Services	170	150	0	0	0	0
Software	10	10	0	0	0	0
Supplies	10	10	0	0	0	0
Training	0	20	0	0	0	0
Total	200	200	0	0	0	0

All expenditures will be covered by fees from licensees of the board. Funding will pay mainly for consultants and staff training.

The final system will provide a complete disciplinary case database, a capacity to enter and retrieve information and prepare reports currently not possible to create manually, facility website development, and form a framework for increased public access to data.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X					
Operations		X				
Modification		X				
Retirement						

This is a continuation of a computer project that started during FY 1996. During FY 2000 our goal is to complete the development of the discipline part of the computer system. Our goal is to have a computer system that is totally operational during FY2001. This would allow us to retire our old system and manual tracking information by the end of FY 2001.

OFFICE OF TECHNOLOGY ANALYSIS:

The Board is new to the information resource management approach. The Board will be required to address information resource management practices in conjunction with receipt of funding.

OT Master Plan: Goal 2-Efficient and effective government. This project would provide an improved case management and discipline system, more extensive reporting capabilities and web-site development. Recommendation: Proceed with project. OT supports this project, but suggests research and analysis to find common case management applications among the health-related boards.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$400 thousand for the final phase of development of a computerized licensure and discipline system.

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2000-01 Biennial Budget

AGENCY: Nursing Home Administrators, Board of

AGENCY DESCRIPTION:

The Board of Examiners for Nursing Home Administrators (BENHA) has 2 budget activities. One is the operating activity of BENHA, and the other is the Health Professionals Services Program (HPSP).

In addition to its statutory responsibilities in M.S. 144A.19-144.A.29 (the licensure and regulation of persons practicing as nursing home administrators), BENHA was selected to be the administering board for HPSP under M.S. 214.31 beginning in F.Y. 1999. In that capacity, BENHA serves as the fiscal agent for the program and provides administrative support. From its inception through F.Y. 1998, the HPSP was administered by the Board of Medical Practice.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING HOME ADMIN BOARD

Program: NURSING HOME ADMIN, BOARD OF

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
NURSING HOME ADMIN OPERATIONS	208	151	230	200	200	206	206	25	6.6%
HEALTH PROFESSIONAL SERVICES	0	0	394	368	368	380	380	354	89.8%
Total Expenditures	208	151	624	568	568	586	586	379	48.9%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	200	141	604	548	548	566	566		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	8	10	9	9	9	9	9		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	0	11	11	11	11	11		
Total Financing	208	151	624	568	568	586	586		

FTE BY EMPLOYMENT TYPE:									
FULL TIME	1.5	1.5	6.5	6.5	6.5	6.5	6.5		
PART-TIME, SEASONAL, LABOR SER	0.5	0.5	0.5	0.5	0.5	0.5	0.5		
Total Full-Time Equivalent	2.0	2.0	7.0	7.0	7.0	7.0	7.0		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: NURSING HOME ADMIN B

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	587	587	0	0	587	587	0	0
BASE ADJUSTMENTS								
FUND CHANGE/CONSOLIDATION	<7>	<7>	0	0	<7>	<7>	0	0
ONE-TIME APPROPRIATIONS	<30>	<30>	0	0	<30>	<30>	0	0
DOC. SPACE RENTAL/LEASE	0	1	0	0	0	1	0	0
SMALL AGENCY OPERATIONAL EXPE	6	12	0	0	6	12	0	0
2000-01 SAL. & BEN. BASE	12	23	0	0	12	23	0	0
SUBTOTAL BASE ADJUSTMENTS	<19>	<1>	0	0	<19>	<1>	0	0
BASE BUDGET	568	586	0	0	568	586	0	0

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2000-01 Biennial Budget

AGENCY: Nursing Home Administrators, Board of
ACTIVITY: Nursing Home Administrators Operations

AGENCY DESCRIPTION:

The mission of the Board of Examiners for Nursing Home Administrators is to promote the public's interest in quality care and effective services for residents of nursing facilities by ensuring that licensed administrators are qualified to perform their administrative duties.

The board accomplishes its mission by:

- setting and administering educational and examination standards for licensure;
- reviewing and approving educational programs designed to meet licensure requirements;
- administering a continuing education and license renewal program to maintain competency of licensed administrators;
- reviewing complaints of substandard care or other alleged violations of statutes and rules; and
- providing information and consultation and/or mandating compliance with regulations by holding educational and disciplinary conferences with licensees and taking legal action to suspend or revoke the licenses of administrators who fail to meet standards.

PERFORMANCE SUMMARY:

New rules with major changes became effective 5-5-97. The revised rules are more focused and clearer than previous rules, making them easier for staff to administer efficiently while eliminating unnecessary or duplicative items which had proven burdensome for applicants and licensees. Customer satisfaction surveys conducted by the board have shown a high level of satisfaction with the revised rules.

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Licenses issued (new and renewals)	904	935	925	925	925
Application files opened	120	64	67	75	75
Exams administered	150	167	170	170	170
Complaints acted on	34	40	75	75	75

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$200</u>	<u>\$141</u>	<u>\$210</u>	<u>\$180</u>	<u>\$186</u>
Total Direct Costs:	\$200	\$141	\$210	\$180	\$186
Indirect Costs:					
Statewide Indirect:	8	10	9	9	9
National Exam Fees:	-0-	-0-	11	11	11
Attorney General:	15	19	44	25	25
Administrative Services Unit:	1	1	5	5	5
Total Indirect Costs:	<u>24</u>	<u>30</u>	<u>69</u>	<u>50</u>	<u>50</u>
Total Direct & Indirect Costs:	\$224	\$171	\$279	\$230	\$236
Revenue:					
Non-dedicated:	232	232	230	223	224
Dedicated-Special:	-0-	-0-	<u>11</u>	<u>11</u>	<u>11</u>
Total Revenue:	\$232	\$232	\$241	\$234	\$235
Surplus (Shortfall):	8	61	(38)	4	(1)
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$15	\$76	\$38	\$42	\$41

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING HOME ADMIN BOARD
 Program: NURSING HOME ADMIN, BOARD OF
 Activity: NURSING HOME ADMIN OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	154	104	124	128	128	131	131	31	13.6%
OPERATING EXPENSES	54	47	106	72	72	75	75	(6)	-3.9%
SUBTOTAL STATE OPERATIONS	208	151	230	200	200	206	206	25	6.6%
Total Expenditures	208	151	230	200	200	206	206	25	6.6%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	200	141	210	180	180	186	186		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	8	10	9	9	9	9	9		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	0	11	11	11	11	11		
Total Financing	208	151	230	200	200	206	206		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	0	0	11	11	11	11	11		
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	232	232	230	223	223	224	224		
Total Revenues Collected	232	232	241	234	234	235	235		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING HOME ADMIN BOARD
 Program: NURSING HOME ADMIN, BOARD OF
 Activity: NURSING HOME ADMIN OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	1.5	1.5	1.5	1.5	1.5	1.5	1.5
PART-TIME, SEASONAL, LABOR SER	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Full-Time Equivalent	2.0	2.0	2.0	2.0	2.0	2.0	2.0

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2000-01 Biennial Budget

AGENCY: Nursing Home Administrators, Board of
ACTIVITY: Health Professionals Services Program

AGENCY DESCRIPTION:

The Board of Examiners for Nursing Home Administrators (BENHA) serves as the administering board for the Health Professionals Services Program (HPSP). This program is a confidential program approved in the 1994 legislative session to monitor the treatment and continuing care of regulated health professionals who may be unable to practice with reasonable skill and safety if their illnesses are not appropriately managed. Program staff monitor licensees of the participating health-related licensing boards for compliance with treatment plan activities and practice limitations due to physical, mental, or psychological conditions, including chemical abuse and/or dependency. The program, established in M.S. 214.31-214.37, provides a non-disciplinary tool for health licensing boards to deal with impaired regulated health professionals who recognize their illnesses and the need for continuing care and/or practice limitations. Current participants in the program include the Boards of Medical Practice, Nursing, Pharmacy, Dentistry, Podiatric Medicine, Chiropractic, Marriage and Family Therapy, Social Work, and Veterinary Medicine. However, all of the 13 health-related licensing boards are statutorily eligible to participate.

PERFORMANCE SUMMARY:

Since the program was begun in 1994, it has seen a steady rise in the number of cases requiring monitoring. These have come from referrals by participating boards and from an increasing number and percentage of self-referrals, indicating a positive acceptance of the safety and public protection benefits of the program among licensees. With 4 years of operation now complete, the program is also experiencing its first case closures, indicating a degree of success for the program and permitting a leveling off of case volume which may give the program some degree of stability over the next biennium.

REVENUES:

This activity generates no revenue. The total appropriation to BENHA for each fiscal year of operation is shared by the participating boards. The participating boards repay the appropriation through fees collected from licensees, applicants, and other users. Payment is calculated in relation to the number of licensees of

each participating board using the program. The fee structure has been developed and agreed to by the participating boards in an interagency agreement.

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$-0-	\$-0-	\$394	\$368	\$380
Total Direct Costs:	\$-0-	\$-0-	\$394	\$368	\$380
Revenue:					
Non-dedicated:	-0-	-0-	394	368	380
Total Revenue:	\$-0-	\$-0-	\$394	\$368	4380
Surplus (Shortfall):	-0-	-0-	-0-	-0-	-0-
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

The boards agree that the pro-rata share of program expenses shall be borne by the boards as follows:

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Chiropractic	\$-0-	\$-0-	\$6	\$6	\$6
Dentistry	-0-	-0-	11	11	12
Marriage & Family Therapy	-0-	-0-	1	1	1
Medical Practice	-0-	-0-	124	113	117
Nursing	-0-	-0-	218	202	207
Pharmacy	-0-	-0-	18	17	17
Podiatry	-0-	-0-	4	4	4
Social Work	-0-	-0-	8	10	12
Veterinary Medicine	-0-	-0-	4	4	4
Total	\$-0-	\$-0-	\$394	\$368	\$380

EXPLANATION OF AGENCY'S BUDGET PLAN:

With caseloads beginning to level out, the number of staff required and the cost of operation of the program is also expected to remain stable during the coming biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NURSING HOME ADMIN BOARD
 Program: NURSING HOME ADMIN, BOARD OF
 Activity: HEALTH PROFESSIONAL SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	0	0	268	293	293	304	304	329	122.8%
OPERATING EXPENSES	0	0	126	75	75	76	76	25	19.8%
SUBTOTAL STATE OPERATIONS	0	0	394	368	368	380	380	354	89.8%
Total Expenditures	0	0	394	368	368	380	380	354	89.8%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	0	0	394	368	368	380	380		
Total Financing	0	0	394	368	368	380	380		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	0.0	0.0	5.0	5.0	5.0	5.0	5.0		
Total Full-Time Equivalent	0.0	0.0	5.0	5.0	5.0	5.0	5.0		

2000-01 Biennial Budget

AGENCY: Optometry, Board of

AGENCY DESCRIPTION:

The Board of Optometry serves to protect the residents of Minnesota by assuring that all practitioners meet state services and competency standards, as set forth in the Minnesota Optometry 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 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 competence required in Minnesota.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Applicants for licensure					
By examination	53	50	45	45	45
By reciprocity	1	2	1	1	1
Licenses granted					
By examination	53	50	45	45	45
By reciprocity	1	2	1	1	1
License renewals	740	784	790	796	802
Licenses canceled	40	40	40	40	40
Continuing education programs reviewed	80	91	45	25	20
Complaints processed	9	9	10	10	10
Telephone inquiries (no-complaint filed)	140	138	145	150	150

REVENUES:

This agency generates non-dedicated revenues 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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$74</u>	<u>\$70</u>	<u>\$97</u>	<u>\$87</u>	<u>\$90</u>
Total Direct Costs:	\$74	\$70	\$97	\$87	\$90
Indirect Costs:					
Statewide Indirect:	7	11	11	12	12
Attorney General:	4	3	15	15	17
Administrative Services Unit:	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total Indirect Costs:	\$13	\$16	\$29	\$30	\$32
Total Direct & Indirect Costs:	87	86	126	117	122
Revenue:					
Non-dedicated:	<u>97</u>	<u>99</u>	<u>93</u>	<u>95</u>	<u>95</u>
Total Revenue:	\$97	\$99	\$93	\$95	\$95
Surplus (Shortfall):	10	13	(33)	(22)	(27)
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$83	\$96	\$63	\$41	\$14

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: OPTOMETRY BOARD
Program: OPTOMETRY, BOARD OF
Activity: OPTOMETRY, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	41	44	51	52	52	54	54	11	11.6%
OPERATING EXPENSES	40	37	57	47	47	48	48	1	1.1%
SUBTOTAL STATE OPERATIONS	81	81	108	99	99	102	102	12	6.3%
Total Expenditures	81	81	108	99	99	102	102	12	6.3%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	74	70	97	87	87	90	90		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	7	11	11	12	12	12	12		
Total Financing	81	81	108	99	99	102	102		
REVENUE COLLECTED:									
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	97	99	93	95	95	95	95		
Total Revenues Collected	97	99	93	95	95	95	95		
FTE BY EMPLOYMENT TYPE:									
PART-TIME, SEASONAL, LABOR SER	0.9	1.0	1.0	1.0	1.0	1.0	1.0		
Total Full-Time Equivalent	0.9	1.0	1.0	1.0	1.0	1.0	1.0		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **OPTOMETRY BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	97	97	0	0	97	97	0	0
BASE ADJUSTMENTS								
SMALL AGENCY OPERATIONAL EXPE	1	2	0	0	1	2	0	0
2000-01 SAL. & BEN. BASE	1	3	0	0	1	3	0	0
SUBTOTAL BASE ADJUSTMENTS	2	5	0	0	2	5	0	0
BASE BUDGET	99	102	0	0	99	102	0	0

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2000-01 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 (ASU).

ASU was created by the 1993 legislature. It serves the 13 health-related licensing boards and the Emergency Medical Services Regulatory Board in the areas of budgeting and financial analysis, financial and human resource transaction processing, purchasing and printing services, operations analysis, and research and policy analysis. As agreed by the participating boards, the Board of Pharmacy has assumed responsibility for maintenance of the budget for ASU.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$24,000 for a severance payment and \$64,000 for costs of the Administrative Services unit.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PHARMACY BOARD

Program: PHARMACY, BOARD OF

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
PHARMACY OPERATIONS	781	818	868	877	901	902	902	117	6.9%
ADMIN SCVS UNIT - HEALTH BDS	201	239	275	279	309	291	325	120	23.3%
Total Expenditures	982	1,057	1,143	1,156	1,210	1,193	1,227	237	10.8%

CHANGE ITEMS:	FUND				
(B) SEVERANCE PAYMENT	SGS			24	
(B) TELECOMMUNICATIONS-TRANSPORTATION	SGS			30	34
Total Change Items				54	34

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	970	998	1,062	1,071	1,125	1,103	1,137
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	12	32	32	35	35	35	35
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	0	27	49	50	50	55	55
Total Financing	982	1,057	1,143	1,156	1,210	1,193	1,227

FTE BY EMPLOYMENT TYPE:							
FULL TIME	13.2	14.6	15.5	15.5	15.5	15.5	15.5
PART-TIME, SEASONAL, LABOR SER	0.6	0.2	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	13.8	14.8	15.5	15.5	15.5	15.5	15.5

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: PHARMACY BOARD

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	1,125	1,130	0	0	1,125	1,130	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	3	5	0	0	3	5	0	0
SMALL AGENCY OPERATIONAL EXPE	3	8	0	0	3	8	0	0
2000-01 SAL. & BEN. BASE	25	50	0	0	25	50	0	0
SUBTOTAL BASE ADJUSTMENTS	31	63	0	0	31	63	0	0
BASE BUDGET	1,156	1,193	0	0	1,156	1,193	0	0

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2000-01 Biennial Budget

AGENCY: Pharmacy, Board of
ACTIVITY: Pharmacy Operations

AGENCY DESCRIPTION:

The Minnesota Board of Pharmacy exists: 1) 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 2) 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, technical consultation and support for pharmacy practices through the issuance of advisories on pharmacy practice issues, and through education of pharmacy practitioners.

Meeting the board's objectives for F.Y. 2000 and F.Y. 2001 and continuing the board's enforcement of the Pharmacy Practice Act, the State Controlled Substance Act, and other miscellaneous acts will involve:

- testing applicants for licensure;
- licensing successful candidates;
- renewing licenses of existing licensees;
- reviewing continuing education participation of licensees;
- licensing and inspecting pharmacies, drug wholesalers, drug manufacturers, medical gas distributors, and controlled substance researchers;
- investigating complaints;
- providing technical assistance, consultation, and training to pharmacists and other health professionals; and
- developing and applying rules governing the various aspects of pharmacy practice.

The board sets its various fees to ensure recovery of the costs of its operations.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Board candidates examined	130	141	130	150	150
Reciprocity candidates examined	85	126	90	125	125
New licenses	200	223	200	250	250
Pharmacist licensees renewed	5,106	5,254	5,250	5,275	5,300
Facility inspections	1,950	1,800	1,900	2,000	2,000
Professional education reviewed	530	552	500	550	550
Complaints processed	78	80	90	90	90
Disciplinary actions	16	7	15	15	15

“Complaints processed” excludes 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.

REVENUES:

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.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$769</u>	<u>\$786</u>	<u>\$836</u>	<u>\$866</u>	<u>\$867</u>
Total Direct Costs:	\$769	\$786	\$836	\$866	\$867
Indirect Costs:					
Statewide Indirect:	12	32	32	35	35
Attorney General:	19	26	30	30	30
Administrative Services Unit:	22	23	26	23	27
Health Professionals Services:	14	13	18	17	17
Small Agency Technology Init.				56	46
Total Indirect Costs:	<u>67</u>	<u>94</u>	<u>106</u>	<u>161</u>	<u>155</u>
Total Direct & Indirect Costs:	\$836	\$880	\$942	\$1,027	\$1,022
Revenue:					
Non-dedicated:	<u>686</u>	<u>876</u>	<u>893</u>	<u>1,021</u>	<u>1,041</u>
Total Revenue:	\$686	\$876	\$893	\$1,021	\$1,041
Surplus (Shortfall):	(150)	(4)	(49)	(6)	19
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$53	\$49	\$-0-	\$(6)	\$13

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, disciplinary and pharmacy inspection functions and will assume responsibility for regulation of pharmacy technicians.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$24,000, which includes funding for severance payment to a long time employee scheduled to retire during the biennium. The Governor also recommends the change that is included for this board in the Office of Technologies small agency initiative. Fees will be adjusted to accommodate these changes.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PHARMACY BOARD
Program: PHARMACY, BOARD OF
Activity: PHARMACY OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	550	580	638	665	689	682	682	153	12.6%
OPERATING EXPENSES	231	238	230	212	212	220	220	(36)	-7.7%
SUBTOTAL STATE OPERATIONS	781	818	868	877	901	902	902	117	6.9%
Total Expenditures	781	818	868	877	901	902	902	117	6.9%
CHANGE ITEMS:									
(B) SEVERANCE PAYMENT	SGS				24				
Total Change Items					24				
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	769	786	836	842	866	867	867		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	12	32	32	35	35	35	35		
Total Financing	781	818	868	877	901	902	902		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	0	37	39	50	50	55	55		
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	686	876	893	930	1,021	930	1,041		
Total Revenues Collected	686	913	932	980	1,071	985	1,096		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PHARMACY BOARD
 Program: PHARMACY, BOARD OF
 Activity: PHARMACY OPERATIONS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	9.8	10.1	11.0	11.0	11.0	11.0	11.0
PART-TIME, SEASONAL, LABOR SER	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	10.0	10.3	11.0	11.0	11.0	11.0	11.0

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2000-01 Biennial Budget

AGENCY: Pharmacy, Board of
ACTIVITY: Administrative Services Unit

AGENCY DESCRIPTION:

The Administrative Services Unit (ASU) provides centralized administrative services to the 13 health-related boards and the Emergency Medical Services Regulatory Board (EMSRB) in the areas of budgeting, financial analysis, financial and human resources transaction processing, purchasing and printing services, operations analysis, and research and policy analysis.

PERFORMANCE SUMMARY:

ASU conducted a customer survey of all boards using its services in 1998. Results showed a high level of satisfaction in most areas of service provision. All users are satisfied that ASU provides far better and much faster turnaround on transactions than was the case when services were performed outside the boards by a larger state agency. Survey respondents expressed interest in receiving more training in budgetary, accounting, and purchasing processes. Staff are working to respond to these requests for additional training and service within current staffing levels.

REVENUES:

This activity generates no revenue. The appropriation to the Board of Pharmacy from the special revenue fund for the activity is shared by the 13 health-related licensing boards. ASU is funded by receipts from all boards through a formula designed to approximate the share of ASU services used by each board. The 13 health-related boards repay the appropriation through fees collected from licensees, applicants, and other users. EMSRB pays for the services it receives via interagency agreement.

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$201	\$239	\$275	\$309	\$325
Total Direct Costs:	\$201	\$239	\$275	\$309	\$325
Revenue:					
Non-dedicated Special Revenue:	\$201	\$212	\$226	\$259	\$270
Dedicated-Special Revenue:	-0-	37	39	50	55
Total Revenue:	\$201	\$249	\$265	\$309	\$325
Surplus (Shortfall):	-0-	10	(10)	-0-	-0-
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$-0-	\$10	\$-0-	\$-0-	\$-0-

Based on a formula developed by the boards, the fee revenues necessary to cover costs of this appropriation would be allocated as follows:

	Dollars in Thousands				
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Chiropractic	\$10	\$11	\$10	\$10	\$11
Dentistry	19	19	19	25	24
Dietetics & Nutrition Practice	1	2	2	3	3
Emergency Medical Services	-0-	37	39	50	55
Marriage & Family Therapy	3	3	3	3	3
Medical Practice	59	61	65	61	63
Nursing	50	54	51	58	59
Nursing Home Administration	1	1	5	5	5
Optometry	2	2	3	3	3
Pharmacy	22	23	26	23	27
Podiatry	1	1	1	1	1
Psychology	12	13	13	14	14
Social Work	16	17	22	19	19
Veterinary Medicine	5	5	6	4	4
Total	\$201	\$249	\$265	\$279	\$291

The ASU expense dollars shown in these budget documents as being allocated to each board are only an approximation. Costs will actually be based on the relative sizes of the agencies' appropriated on-going expenditures for the preceding year, after subtracting expenses assignable to specific boards based on time spent by staff on projects of benefit only to those boards. Thus the exact amount of total expenses assignable to each board for the operations of the ASU will not be known until the end of each fiscal year. The approximations contained in these budget documents are based only on the relative sizes of board budgets.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The unit will continue to provide required administrative services to the health-related licensing boards and the Emergency Medical Services Regulatory Board by imposing minimal increases in the pro rata share of costs to each participating board, all of which can be covered within existing revenue projections.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$64,000, which includes funding for telecommunications connectivity to support e-mail and internet access for the boards, lease of a state vehicle for use by all boards generally and specifically in the transport of fees to be deposited in a local bank, and for the cost of mail service previously provided without charge by the Department of Health.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PHARMACY BOARD
Program: PHARMACY, BOARD OF
Activity: ADMIN SCVS UNIT - HEALTH BDS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	130	179	219	231	231	236	236	69	17.3%
OPERATING EXPENSES	69	60	56	48	78	55	89	51	44.0%
SUBTOTAL STATE OPERATIONS	199	239	275	279	309	291	325	120	23.3%
CAPITAL OUTLAY	2	0	0	0	0	0	0	0	
Total Expenditures	201	239	275	279	309	291	325	120	23.3%
CHANGE ITEMS:									
(B) TELECOMMUNICATIONS-TRANSPORTATION	SGS				30		34		
Total Change Items					30		34		
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	201	212	226	229	259	236	270		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	27	49	50	50	55	55		
Total Financing	201	239	275	279	309	291	325		
FTE BY EMPLOYMENT TYPE:									
FULL TIME	3.4	4.5	4.5	4.5	4.5	4.5	4.5		
PART-TIME, SEASONAL, LABOR SER	0.4	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	3.8	4.5	4.5	4.5	4.5	4.5	4.5		

2000-01 Biennial Budget

AGENCY: Podiatry, Board of

AGENCY DESCRIPTION:

The Board of Podiatric Medicine, in accordance with M.S. 153.01-153.26, exists to ensure that the public receives quality podiatric health care from competent podiatric health professionals. This is accomplished by licensing podiatrists whose qualifications meet the specifications established by the board. The board periodically reassesses its licensure related procedures on the basis of changes in podiatric medical education and training in an effort to improve the quality of podiatric medical services provided to the public; disciplines those licensees who violate laws pertaining to the ethical and competent practice of podiatric medicine; and administers a continuing education and license renewal program.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Total Licenses	146	142	146	147	147
New Licenses	12	6	10	10	10
Temporary Permits	17	15	13	13	13
Terminations	4	4	4	4	4
Written Complaints	7	7	8	10	10
Complaints Dismissed	9	9	8	8	8
Corrective Actions	1	-0-	1	1	2
Licensees Disciplined	-0-	1	1	1	2

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$31</u>	<u>\$32</u>	<u>\$34</u>	<u>\$41</u>	<u>\$42</u>
Total Direct Costs:	\$31	\$32	\$34	\$41	\$42
Indirect Costs:					
Statewide Indirect:	1	3	3	4	4
National Exam Fees:	-0-	-0-	9	9	9
Attorney General:	2	7	10	10	10
Administrative Services Unit:	1	1	1	1	1
Health Professionals Svcs:	1	2	4	4	4
HIV/HBV Health Department:	-0-	-0-	1	1	1
Total Indirect Costs:	<u>5</u>	<u>13</u>	<u>28</u>	<u>29</u>	<u>29</u>
Total Direct & Indirect Costs:	\$36	\$45	\$62	\$70	\$71
Revenue:					
Non-dedicated:	46	42	48	55	55
Dedicated-Special:	<u>-0-</u>	<u>-0-</u>	<u>9</u>	<u>9</u>	<u>9</u>
Total Revenue:	\$46	\$42	\$57	\$64	\$64
Surplus (Shortfall):	10	(3)	(5)	(6)	(7)
Accumulated Ending Surplus (Shortfall) or Carry forward::	\$29	\$26	\$21	\$15	\$8

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$14,000 which includes funding for fringe benefits for the board's half-time staff position, printing costs for renewal certificates and computer upgrading and maintenance. Fees will be adjusted to accommodate these changes.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: **PODIATRY BOARD**
 Program: **PODIATRY, BOARD OF**
 Activity: **PODIATRY, BOARD OF**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	4	27	24	25	30	26	31	10	19.6%
OPERATING EXPENSES	28	8	22	22	24	22	24	18	60.0%
SUBTOTAL STATE OPERATIONS	32	35	46	47	54	48	55	28	34.6%
Total Expenditures	32	35	46	47	54	48	55	28	34.6%

CHANGE ITEMS:	FUND				
(B) SALARY, PRINTING, COMPUTER MAINTENANCE	SGS			7	7
Total Change Items				7	7

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	31	32	34	34	41	35	42
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	1	3	3	4	4	4	4
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	0	0	9	9	9	9	9
Total Financing	32	35	46	47	54	48	55

REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	0	0	9	9	9	9	9
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	46	42	48	48	55	48	55
Total Revenues Collected	46	42	57	57	64	57	64

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: **PODIATRY BOARD**
 Program: **PODIATRY, BOARD OF**
 Activity: **PODIATRY, BOARD OF**

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
PART-TIME, SEASONAL, LABOR SER	0.0	0.5	0.5	0.5	0.5	0.5	0.5
Total Full-Time Equivalent	0.0	0.5	0.5	0.5	0.5	0.5	0.5

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: **PODIATRY BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	46	46	0	0	46	46	0	0
BASE ADJUSTMENTS								
2000-01 SAL. & BEN. BASE	1	2	0	0	1	2	0	0
SUBTOTAL BASE ADJUSTMENTS	1	2	0	0	1	2	0	0
BASE BUDGET	47	48	0	0	47	48	0	0

2000-01 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. 148.88-148.98 protect the public from the practice of psychology by unqualified persons and from unethical and 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 scrutinizes applicants' education and training for compliance with board requirements for licensure, 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 applicants and licensees, requires and approves continuing education for licensees, and accepts and investigates complaints from the public (including other licensees), alleging violations of the Psychology Practice Act by applicants and licensees of this board.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Total Licensees-LP*	3,361	3,619	3,700	3,800	3,912
New Licensees-LP	197	348	100	100	100
Total Licensees-LPP**	24	33	38	43	48
New Licensees-LPP	16	14	10	10	10
Applicants for Exam EPPP	737	368	200	200	200
Applicants for Exam PRE	221	468	100	200	200
Complaints Received	178	194	200	205	210
Complaints Closed	90	97	100	250	200
Licensees Disciplined	8	10	12	14	16

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$448</u>	<u>\$414</u>	<u>\$498</u>	<u>\$522</u>	<u>\$534</u>
Total Direct Costs:	\$448	\$414	\$498	\$522	\$534
Indirect Costs:					
Statewide Indirect:	8	11	24	25	25
PES Fees:	-0-	-0-	48	48	48
Attorney General:	354	238	261	261	261
Administrative Services Unit:	<u>12</u>	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>
Total Indirect Costs:	\$374	\$262	\$346	\$348	\$348
Total Direct & Indirect Costs:	822	676	844	870	882
Revenue:					
Non-dedicated:	977	902	782	844	867
Dedicated-Special:	<u>-0-</u>	<u>6</u>	<u>42</u>	<u>48</u>	<u>48</u>
Total Revenue:	\$977	\$908	\$824	\$892	\$915
Surplus (Shortfall):	155	232	(20)	22	33
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$(223)	\$9	\$(11)	\$11	\$44

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing functions and will expand its public complaint handling and disciplinary functions within its existing fee structure and rates.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$34,000 in F.Y. 1999, and F.Y. 2000-01 to fund 2 part-time positions previously funded through the Legislative Advisory Commission process and for a budget shortage due to position reallocations. The Governor also recommends a biennial increase of \$76,000 for a new position to monitor licensee compliance with board disciplinary orders and corrective action agreements.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PSYCHOLOGY BOARD
Program: PSYCHOLOGY, BOARD OF
Activity: PSYCHOLOGY, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	290	319	355	331	403	340	412	141	20.9%
OPERATING EXPENSES	166	106	215	192	192	195	195	66	20.6%
SUBTOTAL STATE OPERATIONS	456	425	570	523	595	535	607	207	20.8%
Total Expenditures	456	425	570	523	595	535	607	207	20.8%

CHANGE ITEMS:	FUND						
(B) PART-TIME POSITIONS AND SALARY DEFICIENC	SGS		34		34		34
(B) POSITION	SGS				38		38
Total Change Items			34		72		72

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	448	414	498	450	522	462	534
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	8	11	24	25	25	25	25
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	0	0	48	48	48	48	48
Total Financing	456	425	570	523	595	535	607

REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	0	6	42	48	48	48	48
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	977	902	782	844	844	867	867

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PSYCHOLOGY BOARD
 Program: PSYCHOLOGY, BOARD OF
 Activity: PSYCHOLOGY, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Revenues Collected	977	908	824	892	892	915	915
FTE BY EMPLOYMENT TYPE:							
FULL TIME	6.1	5.1	4.0	4.0	5.0	4.0	5.0
PART-TIME, SEASONAL, LABOR SER	0.8	2.3	4.5	4.5	4.5	4.5	4.5
Total Full-Time Equivalent	6.9	7.4	8.5	8.5	9.5	8.5	9.5

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: **PSYCHOLOGY BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	509	509	0	0	509	509	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	2	3	0	0	2	3	0	0
SMALL AGENCY OPERATIONAL EXPE	2	4	0	0	2	4	0	0
2000-01 SAL. & BEN. BASE	10	19	0	0	10	19	0	0
SUBTOTAL BASE ADJUSTMENTS	14	26	0	0	14	26	0	0
BASE BUDGET	523	535	0	0	523	535	0	0

2000-01 Biennial Budget

AGENCY: Veterinary Medicine, Board of

AGENCY DESCRIPTION:

The Board of Veterinary Medicine is the licensing agency for veterinarians, established under M.S. 156 to ensure that veterinary practitioners meet and maintain competency standards.

The board establishes entry level criteria for licensure and minimum standards of professional practice for continued maintenance of a license to practice veterinary medicine. The board reviews all license applications, prepares and administers the State Veterinary Jurisprudence 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 compliance, conducts license disciplinary hearings and disciplines veterinarians found to be in violation of M.S. 156. The board also develops or amends rules governing the practice of veterinary medicine in Minnesota. Fees are collected for license examinations, initial and renewal issuance of biennial veterinary licenses, and certifying veterinary corporations.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Exam applicants	148	180	150	150	150
New Licenses Issued	96	105	100	100	100
Biennial licenses renewed	1,159	1,236	1,200	1,250	1,250
Licenses dropped or lapsed	134	110	90	90	90
Complaints processed	34	47	45	45	45

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$156</u>	<u>\$173</u>	<u>\$145</u>	<u>\$148</u>	<u>\$153</u>
Total Direct Costs:	\$156	\$173	\$145	\$148	\$153
Indirect Costs:					
Statewide Indirect:	5	5	3	5	5
National Exam Fees:	-0-	-0-	38	38	38
Attorney General:	85	74	120	100	100
Administrative Services Unit:	5	5	6	4	4
Health Professionals Services:	<u>-0-</u>	<u>-0-</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total Indirect Costs:	\$95	\$84	\$171	\$151	\$151
Total Direct & Indirect Costs:	251	257	316	299	304
Revenue:					
Non-dedicated:	303	301	290	270	270
Dedicated-Special:	<u>-0-</u>	<u>-0-</u>	<u>38</u>	<u>38</u>	<u>38</u>
Total Revenue:	\$303	\$301	\$328	\$308	\$308
Surplus (Shortfall):	52	44	12	9	4
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$43	\$87	\$99	\$108	\$112

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERINARY MEDICINE BOARD
 Program: VETERINARY MEDICINE, BOARD OF
 Activity: VETERINARY MEDICINE, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	90	100	105	108	108	111	111	14	6.8%
OPERATING EXPENSES	71	78	81	83	83	85	85	9	5.7%
SUBTOTAL STATE OPERATIONS	161	178	186	191	191	196	196	23	6.3%
Total Expenditures	161	178	186	191	191	196	196	23	6.3%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	156	173	145	148	148	153	153		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	5	5	3	5	5	5	5		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	0	38	38	38	38	38		
Total Financing	161	178	186	191	191	196	196		

REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	0	0	38	38	38	38	38		
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	303	301	290	270	270	270	270		
Total Revenues Collected	303	301	328	308	308	308	308		

FTE BY EMPLOYMENT TYPE:									
PART-TIME, SEASONAL, LABOR SER	1.6	1.7	1.7	1.7	1.7	1.7	1.7		
Total Full-Time Equivalent	1.6	1.7	1.7	1.7	1.7	1.7	1.7		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: VETERINARY MEDICINE B

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	187	187	0	0	187	187	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	0	1	0	0	0	1	0	0
SMALL AGENCY OPERATIONAL EXPE	1	2	0	0	1	2	0	0
2000-01 SAL. & BEN. BASE	3	6	0	0	3	6	0	0
SUBTOTAL BASE ADJUSTMENTS	4	9	0	0	4	9	0	0
BASE BUDGET	191	196	0	0	191	196	0	0

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2000-01 Biennial Budget

AGENCY: Dietetics and Nutrition Practice, Board of

AGENCY DESCRIPTION:

Dietetics and nutrition services affect public health, safety, and welfare. Services provided are subject to regulation and control as described in M.S. 148.621-148.633.

The board closely reviews all applications for licensure, monitors required continuing education, and processes consumer complaints.

The board will assure citizens that licensed dietitians and nutritionists are qualified to provide dietetic and nutrition care services by meeting the standard of competency required in M.S. 148.624.

PERFORMANCE SUMMARY:

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Applicants for licensure	445	68	50	40	30
Licenses granted	459	68	50	40	30
Licenses renewed	566	898	908	918	928
Licenses canceled	10	50	40	30	20
Complaints	2	3	6	8	10

REVENUES:

This agency generates non-dedicated revenues 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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	<u>\$62</u>	<u>\$72</u>	<u>\$108</u>	<u>\$92</u>	<u>\$95</u>
Total Direct Costs:	\$62	\$72	\$108	\$92	\$95
Indirect Costs:					
Statewide Indirect:	1	4	8	9	9
Attorney General:	7	14	15	17	19
Administrative Services Unit:	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total Indirect Costs:	\$9	\$20	\$25	\$29	\$31
Total Direct & Indirect Costs:	71	92	133	121	126
Revenue:					
Non-dedicated:	<u>192</u>	<u>130</u>	<u>143</u>	<u>97</u>	<u>100</u>
Total Revenue:	\$192	\$130	\$143	\$97	\$100
Surplus (Shortfall):	121	38	10	(24)	(26)
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$195	\$233	\$243	\$219	\$193

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its current licensing, public complaint handling, and disciplinary functions. BDNP has issued licenses to qualified professionals in numbers much greater than originally anticipated. Because of the large number of issued licenses, BDNP was able to reduce the annual renewal fee assessed to licensees in F.Y. 1997 and F.Y. 1998.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: DIETETICS & NUTRITION PRACTICE

Program: DIETETICS & NUTRITION BD.

Activity: DIETETICS & NUTRITION BD.

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	34	40	53	54	54	55	55	16	17.2%
OPERATING EXPENSES	29	36	63	47	47	49	49	(3)	-3.0%
SUBTOTAL STATE OPERATIONS	63	76	116	101	101	104	104	13	6.8%
Total Expenditures	63	76	116	101	101	104	104	13	6.8%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	62	72	108	92	92	95	95		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	1	4	8	9	9	9	9		
Total Financing	63	76	116	101	101	104	104		
REVENUE COLLECTED:									
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	192	130	143	97	97	100	100		
Total Revenues Collected	192	130	143	97	97	100	100		
FTE BY EMPLOYMENT TYPE:									
PART-TIME, SEASONAL, LABOR SER	0.7	0.8	1.0	1.0	1.0	1.0	1.0		
Total Full-Time Equivalent	0.7	0.8	1.0	1.0	1.0	1.0	1.0		

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: DIETETICS & NUTRITION PRAC

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	99	99	0	0	99	99	0	0
BASE ADJUSTMENTS								
SMALL AGENCY OPERATIONAL EXPE	1	3	0	0	1	3	0	0
2000-01 SAL. & BEN. BASE	1	2	0	0	1	2	0	0
SUBTOTAL BASE ADJUSTMENTS	2	5	0	0	2	5	0	0
BASE BUDGET	101	104	0	0	101	104	0	0

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2000-01 Biennial Budget

AGENCY: Social Work, Board of

AGENCY DESCRIPTION:

The Minnesota Board of Social Work, in accordance with M.S. 148B, regulates social work practice in Minnesota. The board's regulatory program is intended to insure that social workers: 1) meet the necessary requirements for initial licensure; 2) obtain the supervision and continuing education necessary for licensure renewal; and 3) comply with the laws and rules that the board is empowered to enforce.

There are 4 levels of social worker licensure in Minnesota:

- Licensed Social Worker (LSW), with a baccalaureate degree in social work from a program accredited by the Council on Social Work Education (CSWE) (there are now 16 undergraduate programs in Minnesota accredited by the CSWE),
- Licensed Graduate Social Worker (LGSW), with a master's degree in social work from an accredited program (there are now 4 graduate programs in Minnesota accredited by the CSWE),
- Licensed Independent Social Worker (LISW), or Licensed Independent Clinical Social Worker (LICSW), each with a master's degree in social work, after obtaining appropriate supervised practice.

<u>DATE</u>	<u>LSW</u>	<u>LGSW</u>	<u>LISW</u>	<u>LICSW</u>	<u>TOTAL</u>
July 1995	4919	737	838	2119	8613
July 1996	5204	838	829	2131	9002
July 1997	5253	865	846	2563	9328
July 1998	5429	975	827	2551	9783

PERFORMANCE SUMMARY:

<u>Year</u>	<u>Complaints</u>	<u>Disciplinary Actions</u>	<u>Corrective Actions</u>
1995	152	13	6
1996	145	10	4
1997	127	6	5
1998	173	20	4

The board has continued to assume some investigative and drafting tasks that have been performed by Attorney General staff. Generally, assuming these tasks will result in decreased costs and quicker resolution in processing complaints. This assumption of some of these duties has been supported by the Attorney General's office.

REVENUES: 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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$589	\$645	\$658	\$641	\$658
Total Direct Costs:	\$589	\$645	\$658	\$641	\$658
Indirect Costs:					
Statewide Indirect:	9	20	23	25	25
Criminal Background Checks:	-0-	46	46	8	8
Attorney General:	114	175	175	160	160
Administrative Services Unit:	16	17	22	19	19
Health Professionals Services:	1	4	8	10	12
Small Agency Technology Initiative	-0-	-0-	-0-	33	33
Total Indirect Costs:	\$140	\$262	\$274	\$255	\$257
Total Direct & Indirect Costs:	729	907	932	896	915
Revenue:					
Non-dedicated:	741	745	783	805	957
Dedicated-Special:	-0-	47	45	8	8
Total Revenue:	\$741	\$792	\$828	\$813	\$965
Surplus (Shortfall):	12	(115)	(104)	(83)	50
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$262	\$147	\$43	\$(40)	\$10

The current biennial licensure fees for the 4 levels of licensure, which are at the low to mid-point for license fees for the health-related professions, are: LSW - \$80; LGSW - \$140; LISW - \$210; and LICSW - \$230.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its licensing, public complaint handling, and disciplinary functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial change of \$70,000, which includes funding for a position to assist in processing complaints and monitoring licensees under board disciplinary or corrective action. The Governor also recommends the change that is included for this board in the Office of Technology's small agency initiative. Fees will be adjusted to accommodate these changes.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: SOCIAL WORK BOARD
Program: SOCIAL WORK, BOARD OF
Activity: SOCIAL WORK, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	393	420	440	462	497	480	515	152	17.7%
OPERATING EXPENSES	205	291	287	177	177	176	176	(225)	-38.9%
SUBTOTAL STATE OPERATIONS	598	711	727	639	674	656	691	(73)	-5.1%
Total Expenditures	598	711	727	639	674	656	691	(73)	-5.1%

<u>CHANGE ITEMS:</u>	<u>FUND</u>				
(B) POSITION	SGS			35	35
Total Change Items				35	35

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	589	645	658	606	641	623	658
OPEN APPROPRIATIONS:							
STATE GOVERNMENT SPECIAL REVENUE	9	20	23	25	25	25	25
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	0	46	46	8	8	8	8
Total Financing	598	711	727	639	674	656	691

<u>REVENUE COLLECTED:</u>							
DEDICATED							
SPECIAL REVENUE	0	47	45	8	8	8	8
NONDEDICATED							
STATE GOVERNMENT SPECIAL REVENUE	741	745	783	805	805	817	957
Total Revenues Collected	741	792	828	813	813	825	965

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: SOCIAL WORK BOARD
 Program: SOCIAL WORK, BOARD OF
 Activity: SOCIAL WORK, BOARD OF

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	9.3	9.0	9.3	9.0	10.0	9.0	10.0
PART-TIME, SEASONAL, LABOR SER	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	9.6	9.3	9.6	9.3	10.3	9.3	10.3

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: **SOCIAL WORK BOARD**

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	621	621	0	0	621	621	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	2	3	0	0	2	3	0	0
SMALL AGENCY OPERATIONAL EXPE	2	3	0	0	2	3	0	0
2000-01 SAL. & BEN. BASE	14	29	0	0	14	29	0	0
SUBTOTAL BASE ADJUSTMENTS	18	35	0	0	18	35	0	0
BASE BUDGET	639	656	0	0	639	656	0	0

2000-01 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 who have passed the national written licensure exam and an oral examination. The board protects the public by ensuring appropriate licensure and by acting upon complaints against licensed therapists.

Over 800 professionals have been licensed under this authority. The board plans to add 2 new licensure categories in the biennium - Licensed Associate Marriage and Family Therapist (LAMFT) and Licensed Marriage and Family Therapist - Emeritus.

PERFORMANCE SUMMARY:

The board is striving to reduce its Attorney General (AG) costs by doing much of its own investigative work on complaints which are filed with the board regarding licensees and applicants.

	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
# Current licensees	680	685	690	700	700
# Licensed MFT's	25	27	36	40	40
Licensed Assoc. MFT's	0	0	100	60	60
# of complaints	20	22	22	24	26
# of disciplinary actions	12	13	13	13	14
Licenses terminated for cause	1	-0-	-0-	1	1

REVENUES:

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. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Direct Costs:					
Operational:	\$94	\$93	\$114	\$107	\$111
Total Direct Costs:	\$94	\$93	\$114	\$107	\$111
Indirect Costs:					
Statewide Indirect:	2	5	5	6	6
PES Fees:	-0-	-0-	20	20	20
Attorney General:	20	8	11	9	9
Administrative Services Unit:	3	3	3	3	3
Health Professionals Services:	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Indirect Costs:	\$26	\$17	\$40	\$39	\$39
Total Direct & Indirect Costs:	120	110	154	146	150
Revenue:					
Non-dedicated:	101	100	138	143	143
Dedicated-Special:	<u>-0-</u>	<u>-0-</u>	<u>20</u>	<u>20</u>	<u>20</u>
Total Revenue:	\$101	\$100	\$158	\$163	\$163
Surplus (Shortfall):	(19)	(10)	4	17	13
Accumulated Ending Surplus (Shortfall) or Carry forward:	\$(22)	\$(32)	\$(28)	\$(11)	\$2

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to perform its public complaint handling and disciplinary functions, will implement 2 new licensure statutes and will recover a budget shortfall that developed last biennium due to increased legal activities by modifying its fee structure and taking in increased revenues from an anticipated increase in applicant volume.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the proposed fee modifications to support ongoing programs and to implement the newly established licensure categories.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MARRIAGE & FAMILY THERAPY BD
Program: MARRIAGE AND FAMILY THERAPY, B
Activity: MARRIAGE AND FAMILY THERAPY, B

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	68	71	79	82	82	85	85	17	11.3%
OPERATING EXPENSES	28	27	60	51	51	52	52	16	18.4%
SUBTOTAL STATE OPERATIONS	96	98	139	133	133	137	137	33	13.9%
Total Expenditures	96	98	139	133	133	137	137	33	13.9%
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	94	93	114	107	107	111	111		
OPEN APPROPRIATIONS:									
STATE GOVERNMENT SPECIAL REVENUE	2	5	5	6	6	6	6		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	0	0	20	20	20	20	20		
Total Financing	96	98	139	133	133	137	137		
REVENUE COLLECTED:									
DEDICATED									
SPECIAL REVENUE	0	0	20	20	20	20	20		
NONDEDICATED									
STATE GOVERNMENT SPECIAL REVENUE	101	100	138	138	143	138	143		
Total Revenues Collected	101	100	158	158	163	158	163		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MARRIAGE & FAMILY THERAPY BD
 Program: MARRIAGE AND FAMILY THERAPY, B
 Activity: MARRIAGE AND FAMILY THERAPY, B

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME, SEASONAL, LABOR SER	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Full-Time Equivalent	1.6	1.6	1.6	1.6	1.6	1.6	1.6

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: MARRIAGE & FAMILY THERAP

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	130	130	0	0	130	130	0	0
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	0	1	0	0	0	1	0	0
SMALL AGENCY OPERATIONAL EXPE	1	2	0	0	1	2	0	0
2000-01 SAL. & BEN. BASE	2	4	0	0	2	4	0	0
SUBTOTAL BASE ADJUSTMENTS	3	7	0	0	3	7	0	0
BASE BUDGET	133	137	0	0	133	137	0	0

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2000-01 Biennial Budget

AGENCY: Emergency Medical Services Regulatory Board

AGENCY DESCRIPTION:

The Emergency Medical Services Regulatory Board (EMSRB) exists to protect and promote the public health through administering and enforcing Minnesota statutes and rules that encompass licensing ambulance services, certifying emergency medical services (EMS) personnel, approving EMS training programs, designating and funding regional programs, and administering other program support activities.

EMS constitutes a system of related services that provide acute care for injury or disease in a pre-hospital setting. The patient care providers of the EMS system include first responders, ambulance service personnel, and acute and tertiary care emergency medical facilities. Minnesota statutes assign authority for aspects of EMS to the EMSRB and to the Commissioners of Health, Public Safety, and Administration. The EMSRB, created under M.S. 144E, administers and enforces M.S. 144E.001-144E.52 and Minn. Rules 4690, and administers M.S. 169.686, Subd. 3.

The EMSRB accomplishes its mission by:

- designating and funding regional EMS programs;
- setting and enforcing education requirements and examination standards for the registration of first responders and the certification of emergency medical technicians (basic, intermediate, paramedic);
- setting and enforcing requirements for approving EMS training programs;
- investigating and resolving complaints and allegations of non-compliance with laws and regulations by ambulance services, EMS personnel, and EMS training programs; instituting corrective or disciplinary actions; inspecting ambulance services; reviewing training programs;
- administering state and federal grants for EMS programs;
- conducting EMS projects and studies with state or federal funding;
- recommending to the legislature improvements to the access, delivery, and effectiveness of the state EMS system;
- preparing a biennial work plan; and
- designating a recognition day for EMS personnel.

PERFORMANCE SUMMARY:

Basic ambulance service provides a level of care that ensures that life-threatening situations and potentially serious injuries can be recognized, patients will be protected from additional hazards, basic treatment to reduce the seriousness of emergency situations will be administered, and patients will be transported to an appropriate medical facility for treatment. Advanced ambulance service provides advanced airway management, defibrillation, and administration of intravenous fluids and medications, in addition to basic services. The increased availability of advanced life support (ALS) interventions at the emergency scene is a major goal of the EMSRB. Approximately 30% of all ambulance services provide ALS.

	F.Y. 1997	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Approved Training Programs					
First Responder	88	92	93	94	95
EMT	66	66	65	65	65
EMT-Intermediate	18	19	20	20	20
Paramedic	11	11	10	10	10
Certified Personnel					
First Responders	14,000	15,000	16,000	16,000	16,000
EMTs	8,500	9,000	10,000	11,000	12,000
EMT-Is	400	450	500	500	500
Paramedics	1,600	1,700	1,800	1,850	1,900
Licensed Ambulance Services					
Basic Life Support	225	224	222	220	222
Advances Life Support	64	65	68	70	72
Air Medical	11	11	10	10	10

REVENUES:

Revenues are collected through charges for ambulance services licenses (\$96 biennial fee) and additional ambulance charges (\$48 per vehicle) with license renewal. Approximately \$44,000 is recovered from these fees. A 1999 legislative proposal, if passed, will result in increased revenues through increases in ambulance license renewal and vehicle fees, and first-time charges for personnel certifications and training program approvals. Fines for some levels of deficiencies will also increase revenues. Since almost 65% of ambulance personnel in Minnesota are volunteers, the fees charged by the board do not enable complete cost recovery.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The agency plan includes base level funding from the Trunk Highway Fund of \$1,708,000 in F.Y. 2000 and \$1,737,000 in F.Y. 2001 and General Fund appropriation of \$586,000 each year. Of the amount requested from the Trunk

2000-01 Biennial Budget

AGENCY: Emergency Medical Services Regulatory Board
(Continuation)

Highway Fund, \$610,000 each year is for grants to regional EMS programs and the balance is for EMS operations. The General Fund appropriation is for grants to regional EMS programs and for training reimbursements to volunteer ambulance personnel.

In addition to directly appropriated funds, the agency receives funding from two other sources: 1) Funding for longevity awards for EMS retirees is provided from a standing appropriation. Current projections indicate potential expenditures of \$437,000 in F.Y. 2000 and \$618,000 in F.Y. 2001; and 2) a portion of fines for seat-belt violations, estimated at \$844,000 for each year, is allocated by statute for distribution to regional EMS programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget and a biennial increase of \$780,000 to develop and maintain an EMS data reporting system.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: EMERGENCY MEDICAL SVCS REG BD

Program: EMERGENCY MEDICAL SERVICES BD

Activity: EMERGENCY MEDICAL SERVICES BD

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	721	732	883	932	1,023	958	1,050	458	28.4%
OPERATING EXPENSES	632	486	578	321	510	325	733	179	16.8%
OTHER EXPENSES	0	40	269	360	360	540	540	591	191.3%
SUBTOTAL STATE OPERATIONS	1,353	1,258	1,730	1,613	1,893	1,823	2,323	1,228	41.1%
PAYMENTS TO INDIVIDUALS	401	449	449	449	449	449	449	0	.0%
LOCAL ASSISTANCE	1,601	1,934	1,801	1,765	1,765	1,765	1,765	(205)	-5.5%
Total Expenditures	3,355	3,641	3,980	3,827	4,107	4,037	4,537	1,023	13.4%
<u>CHANGE ITEMS:</u>									
(B) DATA COLLECTION AND ANALYSIS					280		500		
Total Change Items					280		500		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	612	842	662	586	866	586	1,086		
TRUNK HIGHWAY	1,535	1,556	1,774	1,708	1,708	1,737	1,737		
OPEN APPROPRIATIONS:									
GENERAL	70	112	343	437	437	618	618		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	714	792	844	844	844	844	844		
FEDERAL	423	339	355	250	250	250	250		
GIFT	1	0	2	2	2	2	2		
Total Financing	3,355	3,641	3,980	3,827	4,107	4,037	4,537		
<u>REVENUE COLLECTED:</u>									

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: EMERGENCY MEDICAL SVCS REG BD

Program: EMERGENCY MEDICAL SERVICES BD

Activity: EMERGENCY MEDICAL SERVICES BD

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	20	134	200	200	200	200	200
SPECIAL REVENUE	0	0	2	2	2	2	2
FEDERAL	423	339	355	250	250	250	250
GIFT	1	0	2	2	2	2	2
NONDEDICATED							
TRUNK HIGHWAY	25	40	44	44	44	44	44
Total Revenues Collected	469	513	603	498	498	498	498
FTE BY EMPLOYMENT TYPE:							
FULL TIME	14.6	14.9	17.0	17.0	17.0	17.0	17.0
PART-TIME, SEASONAL, LABOR SER	1.3	0.8	0.8	0.8	0.8	0.8	0.8
Total Full-Time Equivalent	15.9	15.7	17.8	17.8	17.8	17.8	17.8

State of Minnesota
 2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
 (Dollars in Thousands)

Agency: EMERGENCY MEDICAL SVCS R

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	3,795	3,976	1,021	1,202	2,524	2,524	250	250
BASE ADJUSTMENTS								
DOC. SPACE RENTAL/LEASE	2	4	0	0	2	4	0	0
SMALL AGENCY OPERATIONAL EXPE	9	16	1	1	8	15	0	0
2000-01 SAL. & BEN. BASE	21	41	1	1	20	40	0	0
SUBTOTAL BASE ADJUSTMENTS	32	61	2	2	30	59	0	0
BASE BUDGET	3,827	4,037	1,023	1,204	2,554	2,583	250	250

F.Y. 2000-2001 Information Technology New Funding

AGENCY: EMERGENCY MEDICAL SVCS REG BD

PROGRAM: EMERGENCY MEDICAL SERVICES BD

ACTIVITY: EMERGENCY MEDICAL SERVICES BD

IT Change Item: DATA COLLECTION AND ANALYSIS

ITEM DESCRIPTION AND PURPOSE:

The Emergency Medical Services Regulatory Board (EMSRB), together with the eight emergency medical services (EMS) regional systems, plans to define a minimum statewide data set, require collection from all licensed EMS providers, and use the resulting data to develop an evaluation process for the policy development and direction for EMS in Minnesota. The following new activities are planned to begin FY2000: 1) develop a minimum statewide data set for emergency medical services 2) develop and implement a process for collecting, analyzing, and reporting data which addresses varying resources and abilities of providers and which requires timely reporting by all participants; and 3) analyze and report data in a timely manner to support local and statewide system improvement.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	50	230	10	10	10	10
Personnel	92	92	92	92	92	92
Services	75	75	20	20	20	20
Software	25	25	0	0	0	0
Supplies	18	28	18	18	18	18
Training	20	50	10	10	0	0
Total	280	500	150	150	140	140

The new funding will develop and maintain an EMS data reporting system which provides quality assurance information to the local and regional level for system improvements, acts as a baseline for evaluation and improvement of the statewide EMS system, links to other emergency care-related data to evaluate the continuum of patient care, and supports research for emergency care and system improvements. The 8 regional systems, with additional computer technology, will coordinate data collection efforts with local providers for improved quality management of the EMS system. The end result will be saving lives and reducing morbidity for all citizens.

The funding will be for additional staff and system development costs. System development costs will be a combination of a contracted vendor (program design/implementation), equipment (to receive and analyze data), and administrative support (communications, training). Additional staff will be needed to develop, maintain, and manage the new system. Staff will be increased by 1.5 FTE's. New positions will continue following system development.

RATIONALE:

The EMSRB has current authority (M.S. 144E.17 and M.R. 4690.7700) to collect data from ambulance services. This project will collect and analyze that data so that we can use the information to improve patient care, plan the utilization of resources, and continually assess the EMS system.

A comprehensive data system is a tool for the development of effective procedures to save people's lives. The Minnesota EMS system has no comprehensive centralized data collection mechanism in place. Most evaluation and quality improvement activities occur at local levels. While the ambulance services are required to complete a form approved by the state on each ambulance call, compilation and evaluation of these documents are extremely limited at the state level at this time. Many large providers have internal evaluation procedures to monitor their system operations.

A comprehensive evaluation program is needed to effectively plan and implement the statewide system. That evaluation program is dependent on the collection and analysis of data that is standard, defined, and universally reported. The statewide EMS system should be able to state definitively what impact has been made on the patients served by the system. EMS system managers must be able to evaluate resource utilization, scope of service, patient outcome, and the effectiveness of operational policies, procedures, and protocols. An effective EMS system evaluates itself against pre-established standards and objectives, so that improvements in service, particularly direct patient care, can occur. These requirements are part of an ongoing quality assurance (QA) system to review system performance.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: Emergency Medical Svcs. Reg. Bd.
 IT Change Item: Data Collection and Analysis
 (Continuation)

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X			
Operations		X	X	X	X	X
Modification		X	X	X		
Retirement						

In the development phase, the plan includes identifying a standard, uniform data set; ensuring data linkages with other government data systems; and determining outcome criteria. Software will be developed in FY2000 and FY2001 to support the collection, analysis, and reporting of the data. Pilot sites in all regions of the state will evaluate and modify the software and processes during FY2001 and FY2002. Operations will begin with pilot projections in FY2001 and continue with training for regional system staff and the 300 ambulance services in the state. The operations phase is ongoing after full implementation of data collection and reporting back to the regional and local level. Operations also include linkage of data for analysis and research. The modification phase begins in FY2001 with the results of the pilot projects and continues through the development phase. In FY2002 and FY2003, additional changes will result from the use of the system as it is implemented.

OFFICE OF TECHNOLOGY ANALYSIS:

The Board is new to the information resource management approach. The Board will be required to address information resource management practices in conjunction with receipt of funding. The board desires to play a leadership role in collecting, storing and disseminating medical emergency activity data.

OT Master Plan: Goal 2-Efficient and effective government. This collaborative project would create an EMS database to track logistics and medical information regarding emergency ambulance service calls. Recommendation: Proceed with caution. Board has little experience developing large, complex systems. OT supports this project if the board establishes a governance structure and executive leadership team, creates a project definition, information plan, models and a technical skills and budget assessment.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding to develop and maintain an EMS data reporting system.

1998

1999

2000

2001

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY
(Dollars in Thousands)

AGENCY: HEALTH DEPT

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

State Government Special Revenue	18,603	19,082	20,909	20,694	21,347	20,722	21,421
Total Non-Dedicated Receipts	18,603	19,082	20,909	20,694	21,347	20,722	21,421

DEDICATED RECEIPTS:

State Government Special Revenue	0	275	0	0	0	0	0
Special Revenue	3,176	3,142	376	376	376	376	376
Total Dedicated Receipts	3,176	3,417	376	376	376	376	376

FUND TOTALS

State Government Special Revenue	18,603	19,357	20,909	20,694	21,347	20,722	21,421
Special Revenue	3,176	3,142	376	376	376	376	376
Agency Departmental Earnings Total	21,779	22,499	21,285	21,070	21,723	21,098	21,797

In fiscal years 1997 and 1998, \$2.743 and \$2.782 million of lab reimbursements were incorrectly deposited as departmental earnings receipts.

2017

2017

2017

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Changes to budget implementation language submitted February 25, 1999

HEALTH AND HUMAN SERVICES

Veterans Homes Board

Budget Page Item Title

Revisor's Bill #

C-418 **Asset Preservation**

rider

Of the General fund appropriation, \$1,190,000 in each fiscal year is for asset preservation and facility repair and shall become a part of the agency's base funding for the next biennium. The appropriations for the fiscal year 2000-01 biennium are available in either year of the biennium and may be used for the abatement and repair of the Luverne home.

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Minnesota. Office of the
Governor.
Proposed biennial budget

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