



Minnesota Department of **Human Services**

## **Fast Facts:** 2011 Legislative Session

### **Overview of changes affecting human services**

The 2011 Legislature approved a budget for the Minnesota Department of Human Services (DHS) that makes strides in securing the sustainability of programs and minimizes the impact of reductions on clients. While the budget makes very real cuts that will affect people and the providers that serve them, it also includes innovations and reforms that will allow DHS to be a better purchaser and maximize state dollars, as well as a framework for reforming services for people with disabilities and seniors to achieve better outcomes.

#### **State health care programs**

- Reformed the health care purchasing process building competitive price bidding into managed care contracts and providing payment reductions and limits on future rate increases to bring down future costs.
- Established incentives for quality and efficiency with performance targets for health care providers.
- Maintained early expansion of Medical Assistance (MA) for low-income adults without children and captured federal funding for low-income adults without children receiving MinnesotaCare.
- Created the Healthy Minnesota Contribution Program with a monthly state contribution for adults without children in MinnesotaCare who have incomes above 200 percent of poverty to purchase private health coverage.
- Required people with disabilities who are eligible for MA to enroll in managed care plans for basic health services with the choice to opt out.
- Created an incentive program for hospitals to develop policies and quality programs to eliminate elective induction of labor before 39 weeks gestation.
- Established an electronic health records (EHR) incentive program and allocated state funds to administer the federal EHR incentives, which are expected to provide \$180 million to health care providers.
- Provided state matching funds to leverage federal funding to develop and implement a streamlined system for determining eligibility for publicly funded health care programs.
- Reduced payments for many services and providers, including inpatient hospital services, nonemergency transportation, physician and professional services and basic care
- Maintained funding for medical education and research costs (MERC) through the transfer of MA managed care payments at a reduced level. A total of almost \$24 million per year in state and federal funding will be available in FY 2012-13, and \$37 million per year in FY 2014-15.
- Repealed hospital and nursing facility rebasing, the automatic payment increases from updating the cost-based formulas used to reimburse these two types of providers. These changes save the state money in future years.

#### **Services for people with disabilities and older Minnesotans**

- Directed reform of Medical Assistance to achieve better outcomes for people with disabilities, seniors and other enrollees. Federal approval will be sought so the state can make changes to achieve

better outcomes in the areas of community integration and independence, improved health, reduced reliance on institutional care, attainment of housing and employment and reduced use of services that are less effective.

- Reduced rates for many providers by 1.5 percent for the 2012-13 biennium. This will change to a 1 percent rate reduction in the 2014-15 biennium. The rate reduction applies to all long-term care providers except nursing facilities and some customized and congregate living services.
- Maintained more home and community-based services for people with disabilities and the elderly through cost decreases, including:
  - Limiting the Developmental Disabilities (DD) Waiver to six new allocations per month through the 2012-13 biennium. This restriction is loosened after two years, by allowing 15 new allocations per month beginning in fiscal year 2014.
  - Limiting the Community Alternatives for Disabled Individuals (CADI) Waiver to 60 new allocations per month during the 2012-13 biennium. This is loosened after two years, by allowing 85 new allocations per month beginning in FY2014.
  - A 10 percent rate reduction for lower need individuals on the DD and the CADI waivers living in corporate foster care settings.
  - A 5 percent component rate reduction for individuals on the Elderly Waiver and Alternative Care program in customized living settings.
  - Reducing day training and habilitation rates by 1 percent.
  - A 20 percent payment reduction to personal care assistants who provide Medical Assistance-funded care to a relative.
  - Requiring that people interested in entering a registered housing with services setting, such as assisted living, be offered a long-term care consultation before signing a lease.

### **Services for children and families**

- Fully funded (with \$6.2 million) expected growth in Adoption Assistance and Relative Custody Assistance for approximately 7,000 families to meet the special needs of children under state guardianship who have been adopted.
- Reduced county allocations by \$22 million for the Children and Community Services Act, which was renamed the Vulnerable Children and Adults Act, impacting 50,000 people; reduced the Minnesota Family Investment Program Consolidated Fund by \$20 million, impacting 6,400 people per month receiving employment services and work supports.
- Eliminated \$6.7 million in Child Support Incentive Grants to counties and increased the Child Support Cost Recovery Fee from 1 percent to 2 percent of the monthly court-ordered child support and maintenance obligation for about 76,000 families, providing \$1.6 million in revenue.
- Improved quality of child care in unregulated settings by increasing training requirements for legal, nonlicensed child care providers and improved integrity of the overall Child Care Assistance Program for all providers and participants.
- Reduced maximum rates paid under the Child Care Assistance Program to all providers by 2.5 percent and limits payment to legal nonlicensed child care providers to 68 percent of the maximum child care rate for FY 2012-2013.
- Maintained General Assistance for most recipients; changed eligibility requirements, affecting 1,500 recipients on average per month, and updated other provisions to save \$3.3 million.
- Combined Emergency General Assistance and Emergency Minnesota Supplemental Aid reducing total funding by \$4.5 million
- Provided \$1.9 million for bonding for construction or renovation of early childhood learning and child protection facilities.

### **Mental health and chemical dependency services**

- Maintained services for more adults and children with mental illness by lessening the reduction in spending for adult and children's mental health grants. The enacted budget permanently reduces state mental health grants by \$13.5 million, or approximately 7 percent (compared to the 11.8 percent permanent reductions first advanced by the Legislature). For the 2012-13 biennium, there are additional one-time reductions totaling less than \$1 million.
- Increased counties' share of chemical dependency treatment costs from 16.14 percent to 22.95 percent.
- Tightened access to residential treatment programs by increasing the assessment score that must be attained before a person is approved for those types of programs.
- Funded housing and other supports for people with mental illness and other complex conditions with \$1.5 million from a state-operated services special revenue account.

### **Minnesota Sex Offender Program**

- Approved a \$7 million renovation of the Shantz Building on the St. Peter campus, creating more capacity for the growing Minnesota Sex Offender Program (MSOP) and allowing those clients to be separated from the vulnerable adult population that State Operated Services has been serving in the same building.
- Fully funded (with \$7.8 million) the projected growth in the number of clients who will be committed to MSOP in the 2012-13 biennium.
- Increased counties' share of costs from 10 percent to 25 percent for clients committed to MSOP on or after Aug. 1, 2011.

### **Other**

- Aligned fees for licensing activities more closely with the cost of regulating these facilities; created a fee for criminal background studies.
- Consolidated information technology funding and personnel services from all state agencies in the Office of Enterprise Technology.

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