

2017 Legislative Session

Overview of changes affecting human services

The 2018-19 state budget includes a \$463 million reduction in anticipated spending for health and human services. Some key investments and reforms were made, especially in care for people with disabilities, substance use disorders and state operated services. Other decisions resulted in missed opportunities to improve the lives of Minnesotans and weakened the state's long-term ability to provide health care and other services.

Independent living: Strengthen core services to provide choice

\$22.9 million investment in SFY 2018-19, which includes measures to:

- Expand income supports to help people move from group settings and live independently in the community, including housing transition and support services: *\$2.7 million*
- Reform the Disability Waiver Rate Setting program, including providing new disability employment services focusing on employment exploration, development and support; these will be added to waiver services after federal approval: *\$4.95 million savings*
- Expand the Return to Community Program to enable seniors to move back to their homes after a stay in long-term care and help those at risk of admission or readmission: *\$1.1 million*
- Reform deaf, deafblind and hard of hearing services by continuing mental health services, providing new services for people who are deafblind and providing flexibility for statewide services: *\$2.1 million*
- Increase wages and training for personal care providers delivering services to elderly and disabled clients. This will help address the shortage of personal care services: *\$24.0 million*

Direct Care and Treatment: Provide resources to ensure quality and safety

\$114 million investment, which includes measures to:

- Increase staffing at the Minnesota Security Hospital to improve client care and staff safety and bring staff levels in line with national standards: *\$22.86 million*
- Fund Phase II of construction at the Security Hospital to provide a safer, more therapeutic environment: *\$70.2 million in bonding*
- Enhance and stabilize financing for Minnesota State Operated Community Services: *\$10.29 million*
- Upgrade security systems at Anoka-Metro Regional Treatment Center: *\$2.25 million in bonding*
- Build a new mental health hospital for children and teens to serve more children in a safer and more therapeutic environment; fund current operations until the new hospital opens: *\$8.4 million in bonding and operating funds*

Behavioral health: Streamline and simplify access for Minnesotans

\$8.8 million investment, which includes measures to:

- Reform substance use disorder treatment, including streamlined access to treatment and an expanded continuum of care: *\$569,000 savings*
- Increase substance abuse provider rates: *\$2.4 million*
- Fund intensive residential mental health services for children: *\$4.8 million*
- Provide adult mental health innovation grants allowing counties to invest in local mental health infrastructure: *\$2.2 million*

Better government: Improve oversight, accessibility and stability

\$48.2 million investment, which includes measures to:

- Provide an operating adjustment for the agency's policy areas, including Deaf and Hard of Hearing Services and Direct Care and Treatment, to enable DHS to cover increasing labor costs while maintaining services for Minnesotans: *\$31.3 million*
- Upgrade and modernize aging computer systems that are necessary to effectively implement human services programs statewide: *\$17.3 million*
- Strengthen health and child care program fraud and abuse investigations: *\$464,000 net savings*

Health care: Strengthen Integrated Health Partnerships

\$7.1 million net investment, which includes measures to:

- Build on significant progress toward accountability, cost savings and better health outcomes through the Integrated Health Partnerships initiative. Legislation supports improvements in communication between providers, patients and community support programs. *\$9.4 million net savings*
- Meet federal compliance for managed care and access to care rules: *\$12.4 million*
- Increase reimbursement rates for dental care provided to children and young adults by 23.8 percent under Medical Assistance; increase reimbursement for MinnesotaCare by 54 percent: *\$4.1 million*
- The Legislature did not approve a proposal to dramatically increase dental access and approved another proposal that will further discourage dentists from accepting Medical Assistance clients.

Children and families: Improve federal compliance, stability in child care

\$12.05 million investment, which includes measures to:

- Improve the Child Care Assistance Program, including extending the eligibility timeline redetermination timeframe from six months to 12 months to provide children with more consistent care: *\$18.6 million*
- Strengthen Child Care Assistance Program integrity measures: *\$15.3 million net savings*
- Improve child protection and practice standards to support better outcomes for children: *\$1.4 million*
- Comply with federal health, safety and licensing requirements for child care, including annual child care center inspections and fingerprint-based background studies for child care providers: *\$6.35 million*
- Provide emergency shelter and housing supports for sexually exploited youth and those at risk of sexual exploitation: *\$1 million*
- The Legislature did not approve proposals that would have increased rates to child care providers, stabilizing services for Minnesota families.

Financial impact: Challenges ahead

Changes were made that destabilize human services budgets in the future, including measures to:

- Shift Medical Assistance spending from the General Fund to the Health Care Access Fund (HCAF), while taking no action to extend the provider tax, the main source of revenue for the HCAF: *\$389 million shift*
- Reduce the managed care trend from the forecast by 0.5 percent, which is not supported by historical and national trends: *\$17.5 million savings*
- Delay managed care capitation payments for May 2019 and 2021. This one-time shift from one fiscal year to the next was previously implemented during a recession, not a surplus: *\$173.3 million savings*
- Use one-time funds, including Child Care Development Block Grant Funds: *\$34.5 million savings*