



**Delaware Health
And Social Services**


Office of the Secretary

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MEMORANDUM

TO: The Honorable Michael S. Jackson
Director, Office of Management and Budget

The Honorable Michael L. Morton
Controller General

FROM: Kara Odom Walker, MD, MPH, MSHS 
Secretary, Department of Health & Social Services

DATE: June 18, 2020

SUBJECT: **FY 2020 Operating Budget Epilogue Section 182 – Rate Methodology Study**

The Department of Health and Social Services (DHSS) respectfully submits the report requested by Section 182 of the Fiscal Year 2020 Operating Budget.

Per Section 182: The Secretary of the Department of Health and Social Services shall work in partnership with the Director of the Office of Management and Budget and the Controller General on a comprehensive review of the multiple and differing methodologies used for provider rates for services delivered across the department for vulnerable and at-risk populations. Said review shall include a listing of provider rates by service, the populations served, associated federal matching funds and the most recent rate increase provided for such service. Further, the review shall include options for consideration, to the extent practical, to create a uniform and consistent methodology for addressing provider rates, to be considered annually through the budget process, in a manner that promotes access to service, addresses the workforce needs of the provider community, and establishes outcomes and metrics for the services delivered. The review and options shall be submitted to the Joint Finance Committee and the Governor by April 1 of this fiscal year.

To complete this request, DHSS, in partnership with staff at the Office of Management & Budget and the Controller General's Office, engaged the services of Burns & Associates, Inc. (B&A) to collect data and provide recommendations for how to develop more consistent and methodical rates for services provided by DHSS Divisions that contract for direct services to clients. In the attached report, B&A reviews data available, the methodologies used by DHSS to develop rates for services and provides nine (9) recommendations for DHSS to engage in a more comprehensive rate setting process.

We acknowledge that this is a very complex topic, and this report is very thorough. We will work with staff at OMB & CGO to schedule a webinar with the B&A vendor to review the report and findings. In addition, we will take public comment at DHSS_TownHall@delaware.gov.

If you have any questions, please let me know. Thank You.

**"TO IMPROVE THE QUALITY OF LIFE FOR DELAWARE'S CITIZENS BY PROMOTING HEALTH AND WELL-BEING,
FOSTERING SELF-SUFFICIENCY, AND PROTECTING VULNERABLE POPULATIONS."**

Attachment.

KOW:mls

Pc: Molly Magarik, Deputy Secretary, DHSS
Lisa Bond, Director, DMS
Michele Stant, Deputy Director, DMS
Christine Dolan, DHSS Budget Manager, DMS
Christina Hudson, Director, Budget, Planning & Administration, OMB
Emily Thomas, Senior Fiscal and Policy Analyst, OMB
Victoria Brennan, Senior Legislative Analyst, CGO