



*Delaware Health and Social Services*

**Fiscal Year 2015 Budget Hearing  
Office of Management and Budget  
Legislative Hall  
Senate Chambers**

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**Tuesday, November 26, 2013  
Rita Landgraf  
Cabinet Secretary**

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*Delaware Health and Social Services*

Good Afternoon Director Visalli, Kimberly Reinagel-Nietubicz of the Controller General's Office, OMB personnel and members of the public, who represent our stakeholders and partners and the media. On behalf of the Department of Health and Social Services (DHSS), I am here today to present our Operating and Capital Budget requests for Fiscal Year 2015, and highlight the direction we wish to advance and to limit, whenever possible, the negative impact on those who rely on our Department. In addition, we continue to evaluate and transform our delivery systems to provide services in the most cost effective manner, with a primary focus on gaining positive outcomes for the population, and whenever possible to meet the needs and desires of the population served. As you know all too well, the more efficient we are from an administrative perspective, the greater impact our system will have on those who find themselves in need of our support.

In the chamber, my leadership team, inclusive of my Deputy Secretary Henry Smith is present and I ask them to stand to be publicly acknowledged. They represent this department, our personnel and most importantly our constituents. All of them standing, and those they represent, rely on the partnerships within the government, across the Cabinet, and in concert with the Legislative and Judicial Branches, and in alignment with our community partners and constituents. As you know, DHSS continues to face many challenges. Because of the talents and dedication of our personnel, we continue to meet these challenges, including preparation for the implementation of the Affordable Care Act (ACA), and providing services to an increasing number of Delawareans in a caring, time-sensitive, and professional manner with static, sometimes diminishing resources. Several slides follow that highlight a sampling of these efforts.



As you are aware, the Department of Health and Social Services fulfills its mission **To improve the quality of life for Delaware's citizens by promoting good health and well being, fostering self-sufficiency, and protecting vulnerable populations** through the work of our 12 divisions and the Office of the Secretary.

Since the recession of 2008, the growth in DHSS roles has been greatly attributed to new enrollees who were impacted by unemployment or underemployment. We were encouraged by Delaware's seasonally adjusted unemployment rate dropping to 6.8% in October, down from 7% in September and the upbeat payroll data, the state Department of Labor has received from Delaware businesses. Although the economy continues to improve, the demand for DHSS services continues to grow. The rate of growth is stabilizing, but the trending has not reached a decline mode. Therefore, the demand in funding support of DHSS programs continues to be on the incline. Even more importantly, as the ACA and Health Care Reform is implemented, more Delawareans, approximately 20,000 to 30,000 will be insured under the Medicaid program beginning in January. Those newly eligible Medicaid recipients (with incomes at 100% FPL to 138% FPL) will be 100% federally funded. Fortunately, in spite of the issues we are all acutely aware of at the national level, we are prepared for this implementation and will be able to continue to serve our constituents effectively and efficiently.

The Department remains committed to meeting the challenges that are presented by this economy while supporting Governor Markell's priority initiatives in the areas of education, job creation and a more efficient government. We remain committed to working within our means, while attempting to preserve the core services, and executing innovative, best practice measures that truly do impact those we serve in a responsible way.



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## DHSS Accomplishments



- **Health Care Reform (ACA)**
  - Medicaid Expansion and Health Insurance Marketplace
  - DHSS and Dept. of Insurance Policy Changes
  - Information Technology
  - Outreach and Marketing

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Prior to highlighting the FY 15 Budget Request, I wish to highlight the Department's focus, investments and accomplishments. This is merely a sampling, not to be viewed as an inclusive list and lays the foundation for the continued work of the administration in the area of health and social service transformation.

Our health safety net of Medicaid, – and now the Medicaid expansion and the access to health insurance – are getting stronger everyday. Unlike some states that have uninsured rates that reach as high as 25% of their total population, Delaware has an uninsured population rate of about 10 %, which represents 90,000 Delawareans. In order to meet ACA mandates, we have modernized ASSIST, our self service application for Medicaid and other benefit programs on schedule and within budget. DHSS, Department of Insurance (DOI), along with our statewide partners, and through the guidance and support of the Delaware Health Care Commission has created an informational website – *ChooseHealthDE.com* that connects with the Federal marketplace – known as *Healthcare.gov* to support individuals enrolling for insurance on the marketplace.

The Delaware based information website provides:

- up to date information relative to shopping for the 21+ products offered via the marketplace;
- information on how to access a marketplace guide or an event to learn more about the marketplace and advising individuals, not in need of subsidy or tax credit to utilize either the state based ASSIST application if their income is that of Medicaid eligibility or to window shop for plans on *ChooseHealthDE.com* ; and
- once committed to a plan to directly access the insurance carrier's website to enroll.

We believe this approach may be the most efficient way for Delawareans to access insurance and limit the volume going to *Healthcare.gov* while the upgrades continue on that site. No matter what "door" a consumer enters, they will be able to get enrolled in the appropriate coverage.

We're in the second phase of the marketing campaign – driving people to enroll. Hopefully you've seen the billboards, heard ads on Pandora, or seen TV ads on ESPN or the Discovery Channel among other cable outlets. Or you maybe have seen newspaper ads; or bar coasters, bus ads, and cash jackets – many in English and Spanish. We also have displays in barbershops, hair salons or libraries, or on the screen at the DMV. Our goal is to ensure those eligible for insurance are aware of their choices and gain access.



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## **DHSS Accomplishments**



- **State of Delaware and US DOJ Settlement**
- **Reforming Delaware's Mental Health System**

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In the first 23 months of implementation of the Settlement Agreement between the U.S. Department of Justice (USDOJ) and the State of Delaware, we are pleased to report that the State has made significant progress in reforming the mental health system and in meeting the benchmarks established in the five-year agreement signed July 6, 2011. For us, this isn't merely about meeting the objectives laid out in the agreement. Our approach is about enabling a mental health system that will meet the desires of individuals—our neighbors, friends and family members—to live their lives with identified services and supports. While we have made progress, there are many challenges still to overcome in building the system, and in embedding inclusion and the benefits of diversity as core values in our State.

To us, it is about providing services to individuals who have persistent mental health issues so they can live in the home of their choosing, have meaningful employment and participate and thrive as members of our communities.

The robust community system we are building focuses on a recovery-based, trauma-informed system of care that can achieve better outcomes for persons living with mental illness. We are building a system that respects and protects individuals' independence, interdependence and sense of community. In the first 23 months, we have identified an estimated 7,000 Delawareans who are in the Settlement Agreement's target population. Beyond the mental health system, the level of reform that Delaware is addressing for individuals with serious and persistent mental illness (SPMI) is seen by us as the prototype for all individuals with disabilities and the aging population in need of supports.



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## **DHSS Accomplishments**



- State of Delaware and US DOJ Settlement
- Reforming Delaware's Mental Health System

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The Division of Substance Abuse and Mental Health (DSAMH) continues to create and enhance community-based mental health programs. The Delaware Psychiatric Center (DPC) continues to transform to an acute mental health hospital for stabilization—just as a general hospital would be for individuals with a physical health crisis. DSAMH also has expanded the crisis hotline to 24/7; added mobile crisis teams that can respond across the state within an hour; opened a new crisis walk-in center in Ellendale; and developed crisis stabilization beds throughout the state in typical apartment settings. In addition, DSAMH has expanded consumer drop-in centers and peer-to-peer counseling. As of July 1, 2012, Medicaid is reimbursing for telemedicine services, which is expanding resources, including psychiatric services to underserved rural areas. DSAMH is one of several partners in the State Rental Assistance Program (SRAP), which subsidizes low-income Delawareans who need affordable housing and supportive services to live safely and independently in the community. And by July 1, 2014, the State will have met its benchmark to provide supported employment to 300 additional individuals per year.

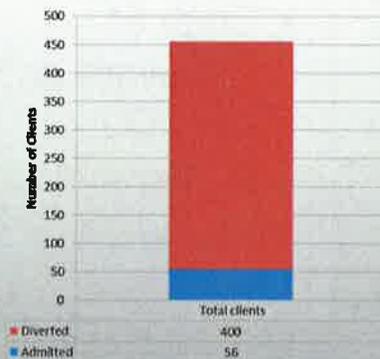
In addition to building a robust community-based system of care, the Department supported the reform of Delaware's emergency mental health detention law and is engaging in a public policy review of the State's civil and criminal mental health laws. On July 24, 2012, Gov. Jack Markell signed legislation providing for credentialed mental health screeners who will work closely with emergency doctors, psychiatrists and others to conduct emergency evaluations of individuals, preventing unnecessary encounters with law enforcement and avoiding needless trips to emergency rooms and psychiatric hospitals. The screeners, who are expert in community-based treatment options, will divert individuals in crisis to the most appropriate level of care. In addition, the House Joint Resolution 17 Study Group has spent much of the first five months of 2013 reviewing Delaware's mental health laws and procedures. The Study Group will issue a final report on its recommended changes in January 2014.

The first 23 months of the Settlement Agreement have been filled with important steps forward in reforming Delaware's mental health system. We thank the consumers, families and advocates for helping to inform our implementation. We will need their continued assistance going forward. And we thank all of the other stakeholders who have worked with passion, dedication and commitment to carry out these changes with us.

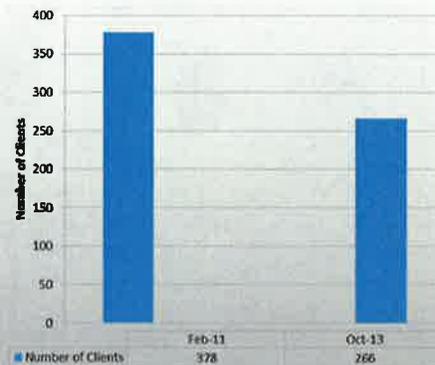


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**DHSS Accomplishments**  
**Transforming Service Delivery**

**LTC Admissions/Diversions**  
February 2011- October 2013



**LTC Census**  
February 2011 vs. October 2013



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Our Care Transitions Program, under the leadership of the Division of Services to Aging and Adults with Physical Disabilities continues to assess individuals and ensure appropriate levels of care and wrap around services. The program extends community living for individuals who are in the community or in acute care hospitals and are seeking admission to one of the state long-term care facilities, and creates a flexible spending pool to facilitate access to community based services and products. We are also focused on identifying and supporting individuals now living in nursing homes who want to return to their community and are assisting them to do so.

The charts above highlight our success in reducing reliance on facility based care, with enhanced capacity in the community. This enhanced community capacity allows for more individual choice and for services to be delivered in the most natural setting. Since February 2011 when the Diversion Program was initiated, we have been able to provide community support to 400 individuals out of the 456 referrals for long-term care. This is an 88% diversion rate. During the same time, there was a 30% decline in the average monthly census at DHSS' three (3) long-term care facilities, from 378 to 266.

We could not make these options a reality without the assistance of our stakeholders, inclusive of individuals and their families; advocates; professionals in long-term care and the acute care hospitals; housing; and community organizations.



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## ***DHSS Accomplishments Employing People With Disabilities***

- To promote an open atmosphere statewide in which our employees feel comfortable in disclosing their disability.
- To provide education and support on accommodating people with disabilities and the benefits of doing so.
- To provide individuals with disabilities with the same opportunities and environment to succeed as everyone else. [One thing that separates people with disabilities from the rest of society is financial security, and the only thing that can reduce that gap is providing individuals with disabilities with the same opportunities and environment to succeed as everyone else.]

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In July 2012, Governor Markell signed the Employment First Act, requiring state agencies to consider, as their first option, competitive employment for persons with disabilities. As Governor Markell has stated, "Advancing employment opportunities for individuals with disabilities is the right thing to do as a society, it's the smart thing for government to do and it makes good business sense." Governor Markell made this a priority with the National Governors Association (NGA) and this initiative continues nationwide. As Cabinet Secretary for DHSS - the largest state agency employer and provider of services for people with disabilities - and a long time advocate for people with disabilities, I have a three-prong vision...

- To promote an open atmosphere statewide in which our employees feel comfortable in disclosing their disability.
- To provide education and support on accommodating people with disabilities and the benefits of doing so.
- To provide individuals with disabilities with the same opportunities and environment to succeed as everyone else. [One thing that separates people with disabilities from the rest of society is financial security, and the only thing that can reduce that gap is providing individuals with disabilities with the same opportunities and environment to succeed as everyone else.]

DHSS should be the leading agency in these endeavors.



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## **Why This Focus Is Critical:**

- **Highest unemployment/underemployment rate of any minority population;**
- **Individuals with disabilities face a high level of poverty; and**
- **Individuals with disabilities are an untapped, under-tapped resource.**

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Twenty percent of people with disabilities either are employed or are seeking employment compared to 69% of the population without disabilities. The employment rate for college graduates with disabilities is 50.6% compared to 89.9% for college graduates without disabilities. Unemployment and underemployment are the primary reasons for individuals living in poverty.

In 2011, the poverty rate of individuals with disabilities ages 18 to 64 years living in the community was 28.6%, while the poverty rate of individuals without disabilities, ages 16 to 64 years living in the community was 13.7%—a poverty gap of 15.0 percentage points.

Approximately 4.9% of the Delaware labor market is comprised of individuals with disabilities. In DHSS, approximately 2.5% of Merit employees self-identified as disabled.



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## **DHSS Accomplishments** **Government Efficiency**

- **Alignment of Budget to Fund Core Services**
- **Workforce Alignment to Core Services**

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Another priority of the Governor is efficiency in Government. DHSS has implemented many efficiencies throughout the organization and continues to explore additional areas to gain enhanced efficiency. I wish to touch upon a few of these efforts. We have:

- Aligned our budget to fund core services.

Identified mandated services which are inclusive of federal mandates (identifying if it is a core entitlement or one that is optional for the state); state code mandated services (legally must be provided by code or advocate to change the code) and court mandates by past litigation (what is our exposure if we do not provide and cost to defend) as well as identifying trends across the country, since all states are facing the same economic reality. We identified services within the mission categories of: Promoting Health and Well Being; Increasing Self-Sufficiency; Protecting Vulnerable Populations and Increasing Efficiencies; regardless of which Division administers the service.

- Aligned our staffing to core services. This includes redeploying vacant positions from within our institutions to community based services. This work is on-going, but let me summarize the work in this area.

We are working with the divisions as they prepare for and implement re-allocations, which may affect employees' job assignments, job functions and work locations. Examples of this re-alignment include the USDOJ settlement, our LTC facility census reduction and Diamond State Health Program Plus (our LTC managed care Medicaid initiative), and clinic functions being transferred to community-based organizations. It is imperative that DHSS, not only continue efforts to ensure that we budget based on priorities, but that we ensure our personnel is in direct alignment with those priorities. In other words, that the staffing is in complement with the Departments goal's. In order to facilitate this and ensure the alignment, we have developed a department-wide comprehensive staffing workgroup, led by the Deputy Directors of each division to identify and recommend how we as a department can better align our greatest resource, our personnel with our strategic focus and advancement. DHSS is in the process of **Workforce Alignment and Succession Planning** – our Human Resources personnel are working with division management and DHSS leadership on Core Services, and Succession/Workforce Planning, providing on a regular basis retirement eligibility and attrition reports to assist divisions in planning for the future. In addition, our Human Resources unit has implemented a pilot training program to help employees advance in their career. This includes career building courses, resume building, and interviewing skills training.



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## ***DHSS Accomplishments Government Efficiency (cont'd)***

- Information Technology efficiencies
- Tele-medicine and Tele-health
- Accessing Federal Grants for Core Services
- Leveraging Federal Medicaid Funds
- Executive Order 18 - Energy Efficiencies
- Facility Maintenance Work Order System

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- Modernized or created computer systems for more efficient operations (ASSIST, DECSS, Background Check System, DHIN electronic Immunization updates).
- Created a DSS Customer Call Center.
- Created an informational website *ChooseHealthDE.com* to assist Delawareans in understanding the ACA as it relates to insurance and the marketplace. This website will also be leveraged to provide updates and information relative to the innovation work occurring to transform the health delivery system for better health outcomes at a reasonable cost.
- Utilized Tele-medicine and Tele-health throughout the Department.
- Accessed grants to fund core services or to develop efficiencies (examples include OCME Federal DNA Backlog grant, DSS grant to streamline office practices).
- Initiated Medicaid State Plan Amendments and waivers to enhance state funding for existing services (Pathways, Promise).
- Carried out Executive Order 18 - Energy Efficiencies (examples include Adams SSC to Natural Gas; replaced inefficient interior and exterior lighting; installed occupancy sensors; windows replacement Holloway Campus; standalone boiler for DPC Kitchen and Laundry).
- Created a new work order system to better track and provide information on maintenance requests, history of repairs, etc. This can be used as planning tool.



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## Moving Forward

- Build Upon Our Successes
  - Affordable Care Act mandates
  - US DOJ Settlement
  - LTC Transition
- DHSS Mission
- Best Practices
- Process Quality Initiative



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Moving forward, we will continue to focus our efforts on building upon our successes and ensuring that our services and our budget advance the DHSS mission.

Our fundamental sense of purpose must always be to:

*facilitate and empower individuals and communities to gain healthy outcomes, both in physical wellness and emotional well being; to gain economic self sufficiency, which will eliminate or limit long term reliance on government, and to protect and support those citizens most vulnerable due to advanced age, disabilities, and produce positive outcomes for the individuals we serve*

Therefore, our primary focus, through our intervention shall be inclusive and responsive to best practices and continue to evaluate and re-engineer for enhanced performance. We are thankful for the Administration's support in helping us to create a Process Quality Unit in FY 14; this unit will be a vital part of ensuring that we continue to improve processes in the Department.



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## Moving Forward Emerging Issues

- Addictions Services
- We know that untreated, or poorly treated, substance use disorders cause suffering, illness, loss of human potential, damaged families, weakened communities, and extraordinary costs to the state and the nation.

### U.S. COSTS

✓ Cancer (15% tobacco)	\$128B
✓ Diabetes	\$245B
✓ Heart Disease & Stroke (30% tobacco and drugs)	\$444B
✓ <b>Substance Abuse</b>	<b>\$559B</b>

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A fast growing emerging issue is that of addiction. Addiction is a “Brain Disease” – as noted above the cost to human potential and life is exorbitant, far exceeding the cost of cancer, diabetes and heart disease. Both the Division of Substance Abuse and Mental Health and the Division of Public Health view this as one of the most pressing issues impacting Delaware. From a population health perspective, we see substance usage disorder as an epidemic, in need of enhanced focus on prevention and education. From a treatment modality perspective, Delaware has an antiquated, fragmented system in need of greater access, modernization and enhancement.

Substance Abuse/Addiction cause observable brain changes that are well researched to date. These, in turn, drive behavior changes over time. Substance Use Disorders are characterized by 1) loss of control over use; 2) compulsion to use; and 3) continued use despite negative personal effects. We know that genetics can determine who is at risk for addiction and that environment introduces the “vector” (substance) and can be a catalyst in addiction. Studies have proven that addiction most often begins in childhood.

Finally, treating addictive disease is like treating any other chronic disease, such as hypertension, and Type 2 (adult onset) diabetes.

- Requires personal knowledge/education;
- Requires lifestyle (behavioral) changes;
- Requires external support systems;
- Requires “access to treatment” where treatment is provided by “competent professionals” and “people with lived experience;”
- Requires an understanding of chronic disease management, including service intensification when relapses occur.

\*\*\* Research has demonstrated that “addiction treatment adherence” is no worse than any other chronic disease!

We are moving forward to enhance our continuum of care. This includes requesting proposals for changing the detoxification services to a best practice model, as well as enhancing the residential treatment and outpatient service delivery system.

We are working to include addictions services as Medicaid covered services to enhance the current service array, and have requested funding in the FY 15 budget for enhancements. Additionally, the Division of Public Health is working to help combat prescription drug abuse with the Prescription Drug Action Committee, and we are requesting additional funding for this initiative.



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## Continued Focus

- **Community Based Services**
  - DSAMH
  - DDDS
  - DSAAPD
- **Coalition of Caring**



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We continue to provide Community Based Services as evidenced in the decrease in our long-term care population. As you will see later in my presentation, we are requesting funds to continue our efforts in promoting community based services, supports and options throughout the Department.

- To meet our 5 year strategic plan for individuals with serious and persistent mental illness as indentified within the USDOJ Settlement Agreement.
- To increase the availability of housing vouchers – that bridge the financial gap relative to the affordability of housing for individuals in poverty and fixed incomes.
- To expand family support services to family caregivers of children and adult children with developmental disabilities.
- To expand personal attendant services to adults with physical disabilities.
- To expand Community Based Services overall.

We are also working with the Coalition of Caring, a newly formed coalition, to focus on the need to support homeless Delawareans, with an initial pilot in the City of Wilmington. The focus will be an integrated approach to service delivery access inclusive of access to existing services that meet individualized needs and enhanced services both of a crisis nature and those that would promote longer term healthier outcomes.



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## Continued Focus



- Delaware's Health Care Innovation Work
- Staff and Client Security
- Continued Efficiencies
- Physical Plant

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Delaware's State Health Care Innovation Plan focuses on the transformation of Delaware's health care delivery system to address prevention and wellness, access to care with a focus on evidence based quality outcomes in alignment with payment, and to enhance consumer engagement and experience. Delaware begins transformation with many strengths inclusive of better coverage, better cancer screening and treatment programs for the uninsured. However, Delaware remains unhealthy with a high rate of obesity and diabetes, an addictions epidemic, and infant mortality rates that remain higher than the nation. Delaware's health care quality generally ranks average, but Delaware spends 25% more per capita than the national average, while 22% of the state budget is spent on healthcare. The state transformation work engages a multi-stakeholder approach across a variety of disciplines, inclusive of both state and federal government, organizations, health systems, payers and consumers. At DHSS this is a most critical issue for us as the administrator of the Medicaid program, as the population health body and as a health provider for many Delawareans. The work in transformation will be captured in the re-design of programs across the DHSS landscape, some of which are highlighted in our FY15 budget request.

Staff and client security issues - these past years we have an enhanced awareness relative to the safety and security of both our personnel and those who visit with us. We have established a workgroup, with representatives from divisions to review and update our safety plan, security measures within given buildings and devise a more comprehensive approach to safety. Our budget request does identify some immediate needs in order to make our environment a safer one.

Continued efficiencies encompass computer upgrades inclusive of:

- Eligibility Modernization; Medicaid Management Information System; Adoption of Electronic Health Records within our care settings; and
- Telemedicine and video conferencing.

Staffing efficiencies - we continue to look to redeploy our vacant positions, especially from institutions.

- A recent example is using filled dental positions at DPC to serve DSAMH community clients, as well as DPC clients.

Physical Plant improvements are on-going and include:

- MCI (Minor Capital Improvements), M&R (Maintenance and Restoration), Roofs, HVAC, and Electrical Systems.
- Continued adaptive reuse efforts to use existing space efficiently and effectively.



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## **EMPLOYMENT FOCUS**

- **Scanning Project**
- **Culinary School on DHSS Campus**
- **DPC Greenhouse expansion**
- **Pathways To Employment**
- **Financial Empowerment – Stand By Me**



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DHSS is committed to enhancing the lives of individuals with disabilities. DHSS has an enhanced emphasis on employment and is working closely with many stakeholders both within the state government structure, businesses and community organization to elevate the employment of individuals with disabilities. You have recently heard that Del Tech Community College is creating a program on advancing employment of individuals with disabilities as part of their workforce development strategy. Santino Ceccatti with the Public Defender's office is actively engaged with the Delaware Bar Association to advance employment of persons with disabilities within the legal profession. In addition, the Health Care Association, a hospital membership organization has requested information and support in enhancing their practices relative to hiring individuals with disabilities and several Delaware businesses both large and small are already models in this area and are offering to mentor other businesses in our state. Below are just a few samples as to how DHSS is specifically exploring and advancing several initiatives that provide employment opportunities.

- DSS Scanning project-employing four (4) young adults with autism, soon expanding to the Division of Child Support Enforcement and the Division of Substance Abuse and Mental Health
- Creating a Culinary School on the DHSS Campus - a RFP will be released, in partnership with the Dept. of Labor, to establish a school to educate individuals with disabilities, who are interested in this as a career option.
- We are working to enhance and expand the DPC Greenhouse and Campus garden, as a career exploration program and for employment for individuals with disabilities, including emancipated youth.
- We are creating a cross disability Medicaid State Plan Amendment to leverage federal funding to support Employment First services, with an emphasis on the youth and young adult population and inclusive of services that focus on financial literacy and empowerment. In addition, we will be exploring increasing the salary range for the Medicaid for Workers with Disabilities Program, also known as the Medicaid Buy-In program.



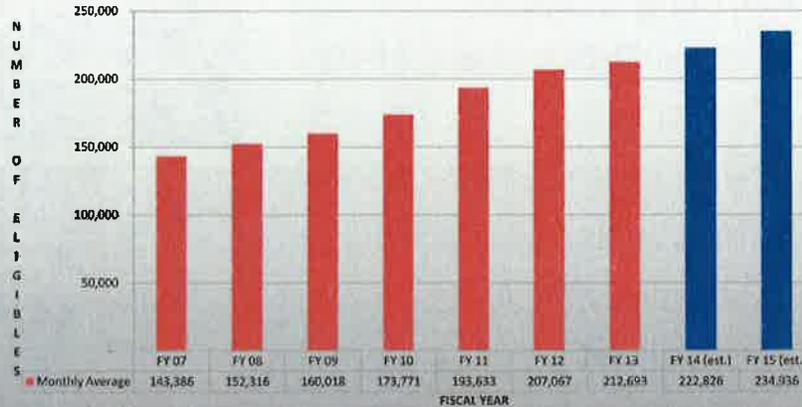
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# Medicaid Growth

DELAWARE HEALTH AND SOCIAL SERVICES

Medicaid Eligible Clients FY 07- FY 15

Includes Affordable Care Act Growth in FY 14 & FY 15



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It comes as no surprise that the largest program within the Department’s budget is Medicaid. Medicaid is the federal/state health insurance program for those impoverished, including children, the elderly, and individuals with disabilities. The state currently has 215,450 Delawareans enrolled in Medicaid. In fact, Medicaid services are 60% of the Department’s General Fund budget and 18% of the State’s General Fund budget. Although the Medicaid caseload continues to rise, the growth rate has stabilized at the current eligibility rule prior to the ACA expansion. Delaware is currently serving individuals up to 100% of FPL (represents annual income of ~ \$11,490 for an individual); the ACA increases eligibility to 138% (represents annual income of ~ \$15,856 for an individual) of FPL beginning in January 2014.

With the implementation of the Federal ACA, we expect the Medicaid caseload to increase by 20,000 - 30,000 clients by the end of FY 14. The cost of these newly eligible individuals, however, will be supported with 100% federal funds, and is not reflected in the chart above nor in our FY 15 budget request. As highlighted earlier, Health Care Reform is a major focus of our department now and going forward. The Department is committed to meeting demand through improved processes, focusing on quality outcomes and through the use of technology.



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## Food Supplement Program Growth



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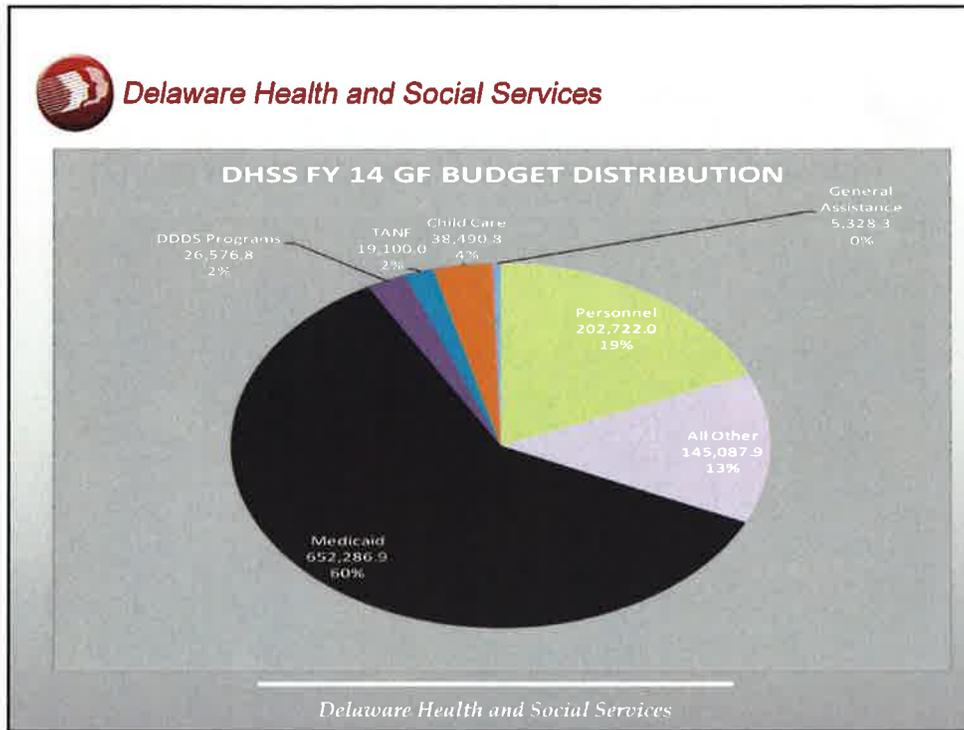
The Food Supplement Program, officially known as the Supplemental Nutritional Assistance Program or SNAP (formerly known as the Food Stamps program), can serve people up to 200% of poverty (~ \$22,980 annual income for an individual). Over 16% or 154,000 of Delawareans receive Food Supplement benefits and the caseload continues to rise.

Sunday's News Journal article, "Hunger Hits Home", is a grim reminder that any loss for those with very little disposable income will have an impact on food security. Most of the budget associated with meeting food security needs is provided through the federal government, and in particular through the Food Supplement Program. Now more than ever, there is the need for Delawareans to rally around organizations that support those who are challenged with food insecurity. These organizations include the Delaware Aging Network, which is supported by the Division of Services for Aging and Adults With Physical Disabilities; AARP; and the Delaware Food Bank, another organization which receives support from DHSS. Support from DHSS for the Food Bank has grown from slightly over \$100.0 to more than \$345.0 over the past year, and we are determined to sustain this growth in support.

Other community-based organizations, faith-based organizations, and charitable organizations that help feed those in need are deserving of our support. As we prepare for Thanksgiving – in a country that has so much to be thankful for – we cannot sit back as a government or as a society and, in good conscience, allow people to go hungry. We cannot.



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The presentation thus far as been geared towards establishing the framework for the emerging issues and focus of the Department.

I now would like to review our current FY 14 budget and the allocations of these resources across our programs. As you can see by this pie chart, Medicaid is 60% of the overall DHSS budget, Personnel represents 19%, and all other programs within the Department represent 21%. Now, let us share with you our FY 15 budget request.



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## **Budget Process**

*(in thousands)*

- FY 14 GF Budget \$1,089,592.7
  
- Requested New Dollars \$ 54,837.3
  - FY 15 Door Openers
  - Resources needed for increased volume, annualizations
  
- FY 15 Total GF Request **\$1,144,430.0**  
[4.8% Increase over FY 14]

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Our current General Fund budget is almost \$1.1 billion.

Our FY 15 GF Budget Request includes \$54.8 million in new dollars which represents a 4.8% increase over FY 14. This amounts to \$1.144 billion in General Funds requested for FY 15. The following slides will provide greater insight into our request.



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***FY 15 GF Budget Request - \$1,144,430.0***

***Door Openers - \$44,537.9***

***DMMA – Medicaid \$31,638.2***

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Our FY 15 Budget request reflects the State's economic realities. Our FY 15 request is \$54.8 million, of which \$31.6 million is for Medicaid. Growth in the State Medicaid budget is influenced by several factors. As noted earlier, there are currently 215,450 people on Medicaid.

These factors include:

**Volume:** Although the rate of growth is stabilizing, the average monthly number of Medicaid eligibles continues to increase due to the slow economic recovery and the loss of employer sponsored coverage for adults and families.

**Cost of Services:** Cost of services is impacted by reimbursement rates (including MCO capitation rates which are how most Delaware Medicaid services are covered), the health of the enrolled population, changes in medical practice, as well as other factors. The Department continues to apply some provider rate freezes to fee-for-service claims that were implemented in April of 2009. [Nursing Facility rates were increased through revenue generated by an industry-wide provider fee, and primary care physician rates were increased to 100% of Medicare using federal funds.] We also continue to explore alternative strategies to contain costs through improved care coordination, value-based purchasing, and enhanced program integrity initiatives. This is why the transformation work that I mentioned previously is so very critical.

**Federal Medical Assistance Percentage (FMAP):** The FMAP is calculated based on a 3 year average of state per capita personal income compared to the national average. The change in the FMAP calculation resulted in the need for \$24 million additional state funds. The federal matching rate has played a significant role in the state budget over the past several years. The FMAP for FY 15 is estimated at 53.63%, a decline from over 55% the previous two years. We will receive 100% Federal funding for the expected 20,000 -30,000 newly eligible ACA clients, and we will receive an enhanced match for some of our other clients.



*Delaware Health and Social Services*

**FY 15 GF Budget Request - \$1,144,430.0**

**Door Openers (Cont'd)**

USDOJ/DPC Settlement \$4,740.0

- Housing Vouchers
- Targeted Case Management
- Supported Employment
- Assertive Community Treatment
- Peer Supports
- Crisis Services

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*Delaware Health and Social Services*

The FY 15 Budget request also includes:

**\$4.7 million for meeting the benchmarks established in the 5 year USDOJ Settlement** - In order to advance our mental health reform, the State must prevent unnecessary institutionalization by offering agreed upon community-based services to the target population. The target population is a subset of individuals with SPMI who are at the highest risk of unnecessary institutionalization. The agreed upon plan requires Delaware to support individuals moving from Delaware Psychiatric Center (DPC) into the community and for added and enhanced community supports and services that will support their stabilization within their community. The FY 15 request provides funding to continue our efforts in the provision of:

- Housing Vouchers
- Targeted Case Management
- Supported Employment
- Assertive Community Treatment
- Peer Supports
- Crisis Services



*Delaware Health and Social Services*

***FY 15 GF Budget Request - \$1,144,430.0***

***Door Openers (Cont'd)***

<i>DPH - Office of Animal Welfare (FYF)</i>	<i>\$ 300.0</i>
<i>DDDS - FY 14 Placements (FYF)</i>	<i>\$2,283.7</i>
<i>DDDS - New Community Placements/ Special School Grads</i>	<i>\$3,295.4</i>
<i>DHSS - FY 14 Salary Policy Cont.</i>	<i>\$2,280.6</i>

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*Delaware Health and Social Services*

For FY 15, the Department will also need:

- \$300.0 for Full Year Funding (FYF) for the newly created Office of Animal Welfare;
- \$2,300.0 for FYF for FY 14 DDDS Placements;
- \$3,300.0 in DDDS' budget to support 75 new Community Residential Placements and 175 Special School Graduates entering the adult service system;

and

- \$2,300.0 for FY 14 DHSS Salary Policy Contingency.



*Delaware Health and Social Services*

## **FY 15 GF Budget Request - \$1,144,430.0**

### **Enhancements**

Detoxification Program Enhancement (DSAMH)	\$2,000.0
Co-occurring Targeted Case Management (DSAMH)	\$ 500.0
PC Replacement & Network/License Charges (DMS)	\$1,369.6
Eligibility Modernization Operating Costs (DSS)	\$ 224.7
Prescription Drug Abuse Prevention Education (DPH)	\$ 100.0
<b>Office Security Initiatives (DMS &amp; DSS)</b>	<b>\$ 541.1</b>
Delaware Community Cooperative Agreement (DPH)	\$ 300.0
Family Support Services (DDDS)	\$1,308.1
Personal Attendant and other Community Services (DSAAPD)	\$1,820.8
Other	\$ 616.5

*Delaware Health and Social Services*

Our FY 15 Budget request also includes approximately \$8.8 million for enhancements:

- \$2,000.0 is requested to enhance the Division of Substance Abuse and Mental Health’s Detoxification program. Services are being added to the Medicaid State Plan to leverage federal funding.
- \$500.0 is requested to add co-occurring (individuals living with serious persistent mental illness and substance usage/addictions) and forensic Targeted Case Management teams to DSAMH’s array of community services.
- \$1,369.6 is requested to initiate a 5 year replacement schedule for the Department’s 4,100 personal computers, as well as funding for network and licensing increases.
- \$224.7 is requested for maintenance of the new DSS Eligibility Modernization system.
- \$100.0 is required to initiate a drug abuse prevention education program in the schools.
- \$541.1 is requested to increase the safety of our employees and clients through various security initiatives.
- \$300.0 is requested for the Delaware Community Cooperative Agreement Program (DCCA). The cost of unhealthy lifestyles both in lives and dollars is enormous – being the leading cause of preventable death and health care costs. Public Health’s Health Promotion Bureau (HPB) will implement a statewide healthy lifestyles program.
- \$1,308.1 is requested to enhance family support services for DDDS clients. Increased funding would enable more individuals to remain in their natural family and with caregivers rather than apply for more expensive community residential or institutional services.
- \$1,220.0 is requested to provide an array of Community Services for 215 seniors or adults with physical disabilities who are at risk for nursing home placement. These clients are currently on a waiting list for services.
- \$600.8 is requested to provide Personal Attendant Services for 35 adults with physical disabilities that will allow participants to maintain maximum independence in the community. These clients are currently on a waiting list for services.
- Another \$616.5 is requested for several items, including offsetting the loss of Family Planning Federal Funds in DPH; loss of sequestered funds in the DSAAPD that support community based services such as nutrition services, personal care, respite, legal services and adult day care; increase in the number of bed hold days at Mary Campbell and Stockley Centers; and full year funding for medical marijuana office.



*Delaware Health and Social Services*

***FY 15 GF Budget Request - \$1,144,430.0***  
***Inflation/Volume***

<b><i>Lease Escalators (DMS)</i></b>	<b><i>\$ 94.7</i></b>
<b><i>Emergency and Transitional Housing (DSSC)</i></b>	<b><i>\$145.8</i></b>
<b><i>Printing and Postage Increase (DCSE)</i></b>	<b><i>\$ 10.5</i></b>
<b><i>Administrative Officer Hearings (DLTCRP)</i></b>	<b><i>\$ 48.3</i></b>
<b><i>Lab Supplies (OCME)</i></b>	<b><i>\$100.0</i></b>

*Delaware Health and Social Services*

Our FY 15 Budget request also includes \$399.0 for inflation/volume increases:

- \$94.7 is required to fund lease escalators Department-wide. There are 46 facilities/properties leased by DHSS, and 23 of these will experience increases in FY 15.
- \$145.8 is requested to support placements in the DSSC's Emergency Shelter and Housing program, in light of declining donations to our non-profit partners and decreasing federal funds.
- \$10.5 is required in DCSE due to increases in printing and postage related to the enhanced functionality of the DECSS system to locate absent parents, as well as an anticipated increase in postage costs.
- \$48.3 is requested to support Administrative Officer Hearings in the DLTCRP. We are anticipating that appeals will increase with the implementation of the Criminal Background Check database.
- \$100.0 is requested for the OCME supply line. Testing demand has increased within the OCME labs, and a structural deficit exists. As an example of increases, DNA cases have gone up 132% since 2009.



Delaware Health and Social Services

**FY 15 GF Budget Request - \$1,144,430.0**

**One-Time**

Security Badge Systems (DMS/DSS)	\$475.0
Install Panic Buttons (DSS)	\$125.0
Upgrade PCs and Tablets (DLTCRP)	\$ 28.8
Scanning of Back Files (DCSE)	\$ 54.0
Info Tech (IT) Planning (DSAAPD)	\$400.0
EMR Expansion (DPH)	\$603.0
Video Conference Equipment (DLTCRP)	\$ 30.0

*Delaware Health and Social Services*

Our FY 15 Budget request also includes approximately \$1.7 million for one-time items related to office security and Information Technology (IT):

- \$475.0 is requested to add Badge Access systems to all DSS locations and other field offices within the Department.
- \$125.0 is requested to install panic buttons in DSS offices to enhance the security of the Division’s employees and clients.
- \$28.8 is required to upgrade the tablets and PCs of DLTCRP Residents Protection’s field surveyors.
- \$54.0 is for scanning back files into DECSS. DECSS has been designed with modern document handling functionality and the back files represent a deficit in the information available on-line. The manual case files need to be scanned into the new system to create complete case records.
- \$400.0 is requested for the DSAAPD to begin planning for an integrated system for its clients in a growing community-based system. This system must interface with its LTC system, as well as other systems within DHSS.
- \$603.0 is requested to enhance DPH Electronic Medical Records (EMR) systems.
- \$30.0 is requested to purchase video conference equipment for the DLTCRP. This will allow video conferencing of appeal hearings when an individual cannot attend in person, as well as video conferencing between LTCRP’s two sites.



Delaware Health and Social Services

**FY 15 GF Budget Request – \$1,144,430.0**

**Base Reductions**

- DDDS Medicaid Billing Change Annualization (\$978.5)

**Structural Changes & Realignment of Resources** \$382.0

- Transfer Traumatic Brain Injury Fund to Homeland Security
- Dept. of Correction Substance Abuse Assessment funding to DSAMH
- Provider Rate increases to correct appropriations
- Sickle Cell program from Office of the Secretary to DPH

Delaware Health and Social Services

Other items included in the DHSS budget request include base reductions, structural changes, and realignment of resources. The net of these changes is a decrease to the DHSS budget of about \$600.0.

A base reduction is requested in DDDS to annualize a change made in FY 14, allowing DDDS providers to directly bill Medicaid for services instead of billing DDDS and then DDDS billing Medicaid. The budget effect of this efficiency is to decrease DDDS' budget with a like decrease in revenue to the State.

For our structural changes, we are asking to move the funding for the Traumatic Brain Injury Fund to the State Council for Persons with Disabilities in the Department of Safety and Homeland Security where the funds are being spent. Additionally, the Department of Correction (DOC) is requesting to move the Substance Abuse Assessment funds to the DSAMH. Currently, the DOC transfers these funds to DSAMH; this will eliminate the transfer process.

To realign resources, we would like to move the Sickle Cell program from the OSEC to the DPH.



Delaware Health and Social Services

## FY 15 Capital Budget Request

### Project Name

• Maintenance & Restoration	\$ 3,750.0
• Minor Capital Improvements	\$ 7,250.0
• Roof Repair/Replacement	\$ 3,400.0
• DHCI Emergency Generator & EPBH Electrical System Replacement	\$ 1,798.0
• IT Projects	\$35,405.0

Delaware Health and Social Services

Our FY15 Capital Budget Request reflects the most urgent capital needs of the Department. They include:

**Maintenance & Restoration** (\$3,750.0) - This is our number one priority. These funds are needed to help maintain the standards necessary for state and federal licensure and to eliminate the need to rely solely on Minor Capital Improvement and Equipment (MCI) funding for unexpected maintenance and repairs. This funding is used to maintain 133 buildings at current conditions and provides for the repair of life/safety systems, emergency and other critical building components and additional unanticipated needs.

**Minor Capital Improvement & Equipment** (\$7,250.0) - These funds prevent further deterioration of buildings and grounds and allow us to continue to stabilize the Department's backlog of deferred maintenance.

**Roof Replacement** (\$3,400.0) - These funds are needed to continue to repair or replace aging roofs within the Department.

**IT Projects** (\$35,405.0) – As noted earlier, DHSS has been making significant improvements to its Management Information Systems. Funding is requested for several projects currently underway including:

- Replacement of the Child Support System;
- Replacement of the Medicaid Management Information System; and
- Eligibility Modernization which will provide integrated eligibility/enrollment functionality for Medicaid and CHIP (with the new Health Insurance Marketplace), as well as maintain integration among Medicaid and other benefit programs including TANF, SNAP and Purchase of Care-Child Care. Part II will include modernization of the Child Care Management Information System (CCMIS) [Provider information and payments]; ARM\$ system [Benefit recovery]; and PERM [Payment Error Rate Measurement system] for Quality Control.



Delaware Health and Social Services

## **FY 15 Capital Budget Request (cont'd)**

### **Project Name**

• Sussex Building-DPC	\$ 719.3
• Telephone Systems	\$1,593.7
• HVAC Replacement Program	\$1,800.0
• Drinking Water	\$1,700.0
• Critical Equipment Replacement Prog.	\$ 250.0

Delaware Health and Social Services

We have some additional capital priorities. These include:

**Sussex Building – Delaware Psychiatric Center (DPC) Renovation (\$719.3)** - Renovate S-2 to provide greater segregation for two distinct populations and to convert S-3 to office space.

**Telephone Systems – Department-wide (\$1,600.0)** - Funding is required to continue to upgrade all DHSS sites to the existing Avaya system.

**HVAC Replacement Program (\$1,800.0)** - Funding is requested to replace the HVAC system at the Springer Building on the DHSS Holloway Campus. The current system is antiquated and subject to constant breakdowns.

**Drinking Water State Revolving Fund (\$1,700.0)** - This request is the required 20% state match to provide low interest loans for improving drinking water systems. Funds would be used for the third phase of a Wilmington project as well as for work in Sussex County's Herring Creek.

**Critical Equipment Replacement Program (\$250.0)** - Funding is requested to replace critical equipment for daily operations including scientific equipment for the OCME and Facility Operations equipment.



Delaware Health and Social Services

## Important Partnerships

### CROSS CABINET INITIATIVES

- Delaware State Housing Authority – SRAP
- Early Childhood Education
- I-ADAPT - Individual Assessment and Discharge Planning Teams
- Health Care Reform
- Behavioral Health – Education and Prevention – Treatment and Recovery



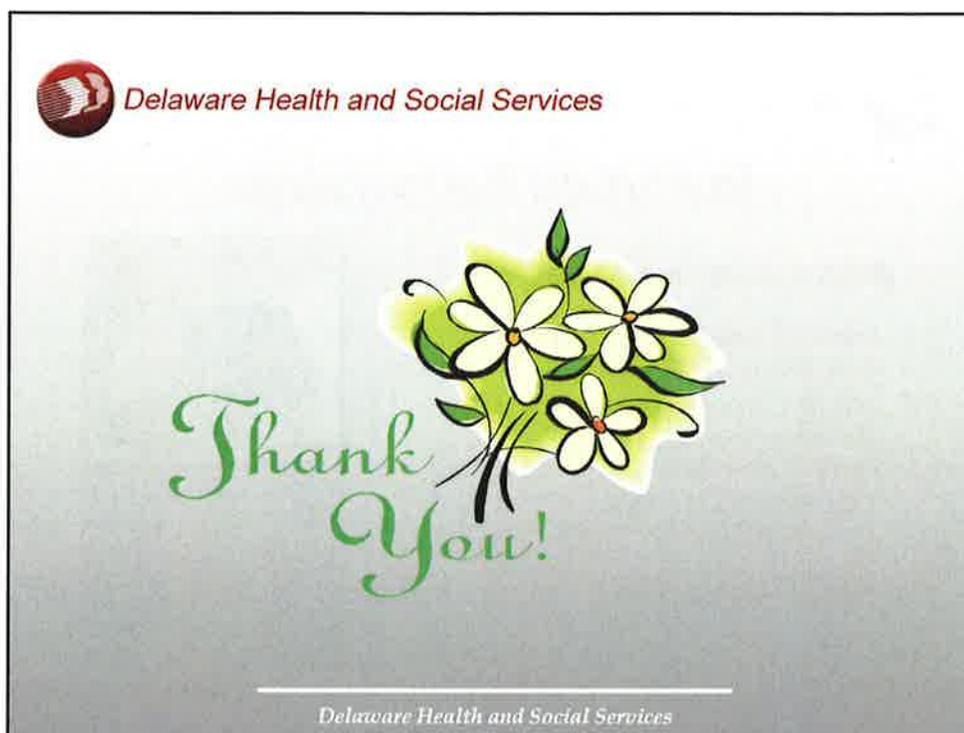
### COMMUNITY PARTNERS

Delaware Health and Social Services

The Department could not begin to meet the needs of Delawareans or arrive at effective public policy initiatives without the support of our multitude of partners within the Cabinet and those from our community. We are fortunate to have experts in the industry that provide hours of support and expertise to our task forces, advisory councils and consortiums. We rely on the countless number of volunteers and hours dedicated to providing direct service to those in need, who are facilitating better outcomes and ensuring basic needs are being met.

In order for DHSS to serve our clientele and lead them to enhanced self-sufficiency and better health outcomes, we continue to partner with community service providers. In fact, DHSS has over 1,200 contracts worth hundreds of millions of dollars. The success of our mission is dependent upon the engagement of many community organizations dedicated to a common purpose.

As mentioned throughout the presentation, we will continue to align our limited resources to the strategic focus of the Department and leverage the resources as best as possible. We need to engage all our partners in the roll out and cascade our focus throughout the organization in order to effectively execute and advance during these times of transition. The state cannot achieve this goal without the support and collaboration of all, our customers; our providers; our community developers; our education system; our health care system; our funders; our legislators; our advocates; and our workforce.



Thank you for the opportunity to share with you the accomplishments, challenges and opportunities facing the Department of Health and Social Services. We look forward to the years ahead, and collectively working towards brighter tomorrows. We invite you to share your thoughts, recommendations and concerns with us as we move forward.

I and members of my team will be happy to answer any questions.