



Delaware Health and Social Services

Fiscal Year 2017 JFC Hearing

Legislative Hall

Joint Finance Committee Hearing Room

February 23-24, 2016

Rita Landgraf

Cabinet Secretary

Good afternoon Senator McDowell; Representative Smith; members of the Joint Finance Committee; Controller General Morton and your team; OMB Director Visalli and your OMB personnel; 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 support and discuss the Governor's Recommended Budget (GRB) for FY '17, and to briefly highlight some of the key initiatives you will be learning more about throughout our time together.

With me today is my Deputy Secretary, Henry Smith, and my Director of Management Services, Kevin Kelley. You will also be hearing from members of my Division leadership throughout these next two days.



Delaware Health and Social Services

Overview of Format for DHSS Presentations

- Secretary's Overview**

- Focus, Emerging Issues and DHSS FY '17 GRB at a Glance

- Division Presentations**

- Maintaining FY '16 Funding Levels
 - New Funding Recommended
 - All will receive our customary power point presentations with more details relative to division focus, and these will be on our website.

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In order to facilitate a more efficient use of time and budgetary focus, I will provide the customary overview with the broad focus on the Department's mission, emerging issues and the overall FY '17 GRB at a glance. The Divisions will follow with their specific budget overviews. The following divisions with new dollars being recommended will provide you with details relative to the need of Delawareans and the expansion of services. Those divisions are:

- Office of the Secretary/Division of Management Services (Administration)
- Division of Medicaid & Medical Assistance (DMMA)
- Division of Social Services (DSS)
- Division of Substance Abuse and Mental Health (DSAMH)
- Division of Developmental Disabilities Services (DDDS)

Those Divisions maintaining funding at FY '16 levels will be briefer in comments, but we welcome your questions, comments and engaging in open dialogue. All of the DHSS Divisions have prepared their customary PowerPoint presentations which highlight the accomplishments and focus of their continued work, and these will be distributed as back up materials for you.

All of our presentations will also appear on the DHSS website after the hearings for more in-depth public review.



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 11 divisions and the Office of the Secretary.

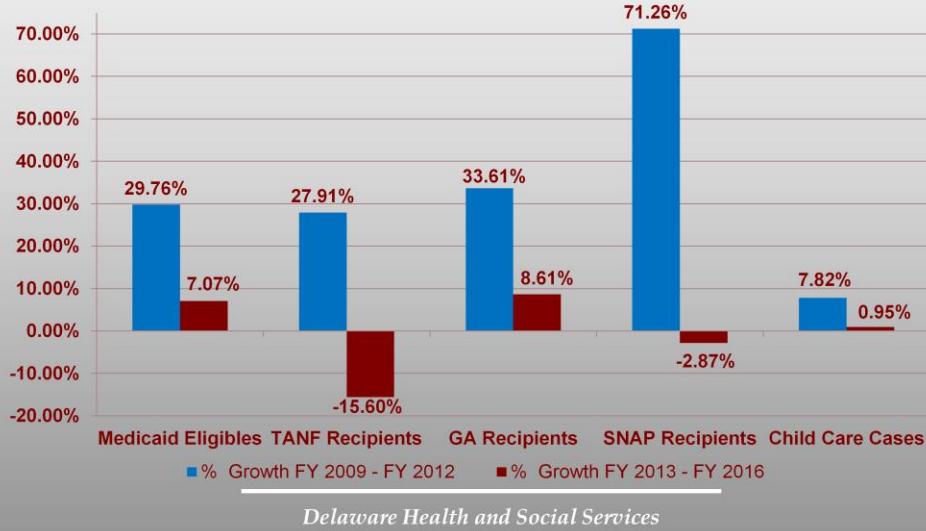
The Markell Administration/DHSS legacy will include:

- Less reliance on institution/facility-based services and more community-based services for seniors, people with disabilities, and individuals with behavioral health challenges, assuring that people get access to the right level of care.
- A mental health care system that has achieved critical reforms, while better supporting people with serious and persistent mental illness as they live in their own homes in the community.
- Momentum for ongoing change in the way health care is delivered and paid for in our State, tying payments to an increase in positive outcomes.
- An urgent and growing response to the addiction epidemic, which continues to take too many lives and impact too many families.
- Enhanced opportunities for people with disabilities to live, work, and participate as active members of the community.
- Support for more individuals and families to move out of poverty by empowering them to improve their own financial security.
- A strong safety net for tens of thousands of individuals and families who continue to face economic challenges.



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DHSS Client Growth FY 2009-FY 2012 vs. FY 2013 - FY 2016



Since the recession of 2008, the growth in DHSS rolls has been greatly attributed to new enrollees who were impacted by unemployment or underemployment. We are encouraged that Delaware's economy continues to improve, and the demand for DHSS services growth rate is stabilizing, and the trending is beginning to decline.

The Department remains committed to meeting the challenges and creating opportunities to advance our worthy mission. We continue to work within our means, while attempting to preserve the core services. We accomplish this by executing innovative, best practice measures that promote and increase healthier outcomes and experiences, while remaining fiscally responsible.

All of this work compels me to reflect upon, and to be cognizant of, its impact on our employees, the people who must do the labor-intensive work that rests in their hands. And they have performed admirably, even while at the same time seeing a reduction in staff by more than 670 positions, a 13 percent decrease; and an average daily vacancy of more than 500 positions. Our staff believes, as I do, that providing needed government services and being good stewards of taxpayer money are not mutually exclusive goals.

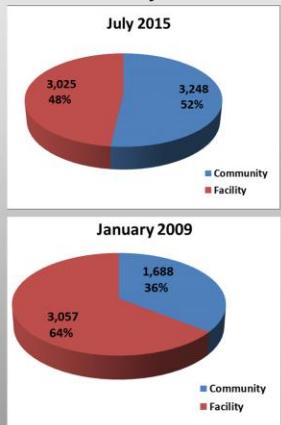
Prior to addressing the FY '17 Budget Request, I wish to quickly highlight the Department's focus, investments and accomplishments. This is merely a sampling, not to be viewed as an inclusive list, and lays the important foundation for the continued work of the administration in the area of health and social service transformation.



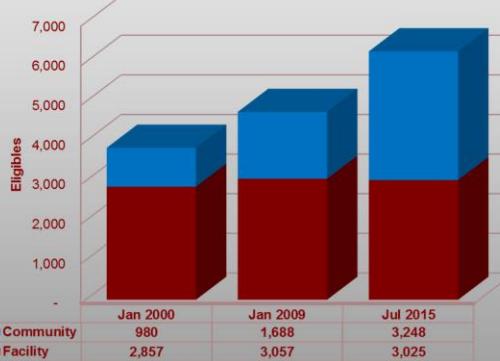
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Focus on Community

Increase in Medicaid-Eligible Delawareans Receiving Home and Community-Based Care



Individuals Receiving Medicaid Long-Term Services and Supports



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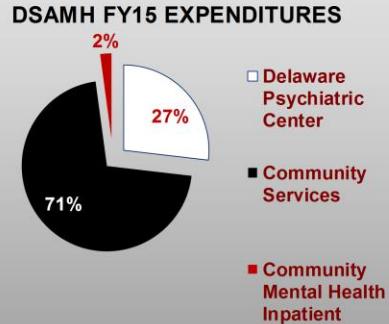
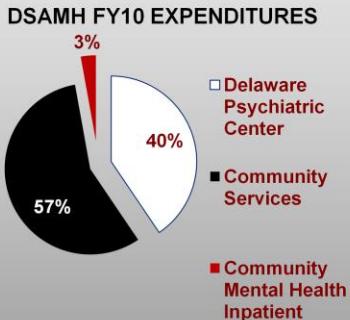
As I review our focus on community, you will see that the Medicaid-eligible Delawareans receiving home and community-based services increased from 1,688 in January 2009 to 3,248 in July 2015, a 92 percent increase. Another 187 Delawareans are receiving services at the LIFE Center on the Riverfront through Program for All-Inclusive Care for the Elderly (PACE), which began in 2013. And 249 individuals have transitioned from facility-based care to community settings through the Money Follows the Person program, which began in 2008. In order to support the effort to build community, the Department also:

- Launched Delaware Aging & Disability Resource Center (www.DelawareADRC.com) in September 2011.
- Moved Medicaid long-term care population from fee-for-service to managed care in April 2012, increasing the menu of services for individuals over the previous fee-for-service model.
- Used housing vouchers through the Delaware State Housing Authority's State Rental Assistance Program (SRAP) to support the transition of 507 individuals from DHSS' five facilities to the community.

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; and housing and community organizations.



Mental Health Transformation



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From day one of the Markell Administration, DHSS has worked to improve conditions at the Delaware Psychiatric Center (DPC) and transform how mental health services are provided in the community. A pivotal benchmark in that commitment came in July 2011, when the State of Delaware entered into a Settlement Agreement with the U.S. Department of Justice, which resolved a three-year investigation of DPC beginning in 2007. The State recognizes that the transformation continues to be a fluid process and that the foundation has been constructed to continue to build upon.

In 2008, only 3,700 people were being served in the community, and too many people with serious and persistent mental illness were institutionalized, homeless, forgotten, or their families were doing the best they could to patch together support for them. By 2015, more than 6,100 Delawareans – an increase of almost 65 percent – are being served in the community with a wide array of services.

Our Transformation includes:

- Creation of Assertive Community Treatment (ACT) teams.
- Reduced by 80 percent the number of institutional bed days for a group of 2,503 Delawareans with serious and persistent mental illness.
- Opened Recovery Response Center (RRC) to support people experiencing a behavioral health crisis.
- Funded over 749 housing units, for individuals with serious and persistent mental illness so they can lead stable lives in the community.
- Developed statewide crisis apartments that provide 24/7 supervision.
- Updated Delaware's civil mental health laws for the first time in 50 years.
- Expanded Mobile Crisis Services statewide to 24/7.
- Won approval in January 2015 to implement PROMISE (Promoting Optimal Mental Health for Individuals through Supports and Empowerment). This is a Medicaid Managed Care Organization benefit package, which enables state funds to be matched with federal funds.
- Created the position of peer support specialist, someone with a shared life experience, to support individuals in recovery as they navigate the health care system and live in the community.



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Urgent Response – Addiction



- Department of State established Prescription Drug Monitoring Program.
- Gov. Markell established the Prescription Drug Action Committee.
- Division of Medicaid placed new requirements on opioid medications.
- Gov. Markell signed the 911/Good Samaritan Law.

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Urgent Response to Addiction Epidemic

The number of Delawareans impacted by addiction has been rising for two decades, mirroring the rapidly rising increase in prescriptions for opioid pain medications. Thousands of people are facing addiction, impacting their families, the treatment and criminal justice systems, and costing hundreds of people their lives from overdoses.

In 2012, the following occurred:

- The Delaware Department of State established the Prescription Drug Monitoring Program with the requirement of 24-hour pharmacy reporting;
- The Prescription Drug Action Committee was created and charged with developing a plan to combat the abuse and misuse associated with prescription painkillers, which the Director of the Division of Public Health (DPH) co-chairs; and
- Medicaid required prescribing providers to get preauthorization for long-action opioid medications for patients and placed annual limits for short-acting opioid medications. The new requirement affected an estimated 3,500 Medicaid clients.



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Urgent Response – Addiction



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After 2012, the following occurred:

- In 2013, Gov. Markell signed the 911/Good Samaritan Law, which encourages people to call 911 to report an overdose without risking arrest for low-level drug crimes.
- In 2014, Gov. Markell signed two bills – one expanding the use of the overdose-reversing drug naloxone in the community and one allowing it to be used by law enforcement agencies. In September 2015, we had our first report of someone reversing a friend's overdose. Officers in various locations throughout the State are carrying the medication, and have used it to save people's lives.
- In June 2014, DHSS began to address both capacity and levels of care redesign issues. The JFC/General Assembly added \$1 million in new resources to DHSS' budget for increased treatment services through DSAMH and increased prevention services through DPH.
- In October 2014, DHSS launched www.HelpIsHereDE.com - a one-stop website for information about prevention, treatment and recovery services.
- In our current FY '16 Budget, the Governor, JFC and the General Assembly added \$4.45 million in new funding for withdrawal management, residential and outpatient treatment, and recovery living services. With the new resources, DHSS will increase and reform our treatment system to ebb and flow with an individual's needs, embracing the American Society of Addiction Medicine model. When individuals in active use are ready for treatment, DHSS must have the capacity to support them at that time.

Our united focus is to Educate and Prevent this horrific disease, work in concert with law enforcement and the criminal justice system to reform programs that may lead to diversion away from the criminal justice system and into treatment and, if incarceration is warranted, to facilitate treatment within that setting. And to add treatment capacity and levels of care that promote and support a successful community based recovery plan.



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Support throughout the Lifespan

- Birth to Three
- Early Childhood
- Elementary & Middle School
- High School & Transition
 - Adulthood
 - Retirement



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DHSS provides supports to Delawareans in a multitude of ways, some of which may be time limited, but many Delawareans may rely on our support throughout the lifetime. Supporting persons with an intellectual disability and/or autism spectrum disorder and their families is work that spans a lifetime. It changes as the person ages and the family dynamics change. It is not static but evolves as abilities grow and needs change. One way of looking at the dynamics of change for families and persons with developmental disabilities is to think about developmental or life stages.

The infant may require intense and comprehensive therapies. The parents are commonly thrust into a new and foreign world of medical interventions and intensive therapies. The primary state agency providing supports is Public Health and our Birth to Three program located within the Division of Management Services.

The child and the parents face new challenges in the world of special education. These are critical years for education and learning social skills. Although local school systems are the primary provider of supports, DDDS is often asked to provide respite services.

The student learns from academic programs, but they also begin the transition to adulthood by exploring adult roles, including employment, and refining social skills. School continues to play a major role in supporting the student to learn his/her new skills and adult roles.

DDDS provides supports to individuals and families, including assistance with transition through Early Start to Employment and Pathways to Employment, and other residential, day and employment supports. These services are largely funded by Medicaid under the State Plan. A contracted DDDS Family Support Specialist helps the family to navigate the service delivery system.



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Delaware's Health Care Innovation Work



- **34,000:** Delawareans who have gained access to care through the Marketplace and Medicaid expansion since 2014.
- **84%:** Delawareans eligible for tax subsidies on the Health Insurance Marketplace.
- **\$35 million:** Amount of federal grant Delaware received to change the way health care is delivered and paid for.

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We know that one of the biggest cost drivers for state budgets, businesses and citizens is the cost of health care. In the 1990's the discussion was largely geared around the cost of uncompensated care which was passed onto those covered by insurance. Since 2014, under the Affordable Care Act (ACA), the State has administered a state/federal partnership marketplace and, Delaware had the third-lowest uninsured rate in the country at 5.4 percent, according to the Centers for Disease Control and Prevention. That rate among ages 0-64 was down 5.3 percentage points from 10.7 percent in 2013. Having access to health insurance does promote access to care but does not drive down the cost of care. Delaware's health care costs are 25 percent above the national average, with \$8 billion spent annually on health care and over 20 percent of the State's budget devoted to health care costs. Those expenditures have not resulted in a high rate of positive outcomes. Delaware's rate for such diseases as diabetes, obesity and cancer are above the U.S. average, and the health of many Delawareans remains at or below average on many measures.

To address health care costs - beginning in 2013, more than 100 stakeholders, including those representing hospitals, providers, insurers, educational institutions, patients, and government, came together to develop Delaware's health innovation plan.

Based on that plan, Delaware was awarded a four-year, \$35 million grant from the Centers for Medicare and Medicaid Innovation (CMMI) to transform the State's health care delivery system by using a total investment of \$130 million over four years.

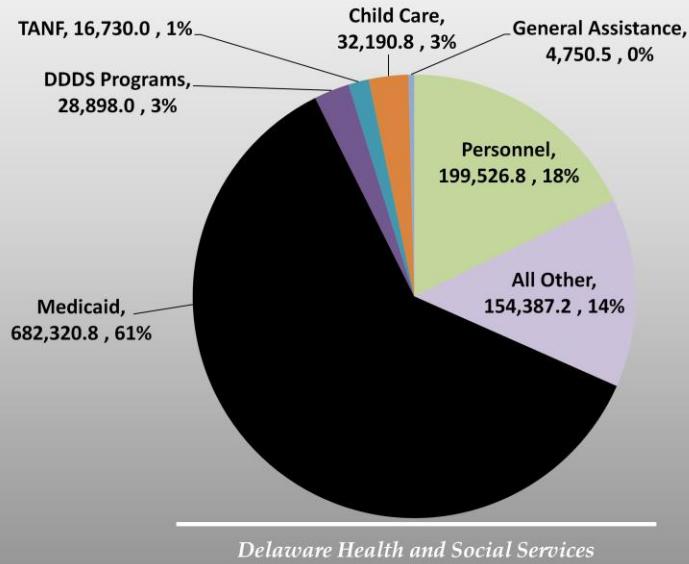
In 2015, the Delaware Center for Health Innovation (DCHI), a not-for-profit organization, was created to carry out the innovation work. The DCHI Board created six committees: Clinical, Workforce and Education, Payment, Health Information Technology, Healthy Neighborhoods, and Patient/Consumer Advisory. Two multi-payer, value-based payment models will be offered statewide: Pay-4-Value and Total Cost of Care.

Delaware's goals by 2018 are to become one of the five healthiest states in the U.S.; to achieve top performance for quality and patient experience; and **to bring health care spending growth more closely in line with the growth of the economy.**



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DHSS FY '16 GF BUDGET DISTRIBUTION



My presentation thus far has been geared towards establishing the framework for the continued focus of the Department.

I now would like to review our current FY '16 budget and allocation of these resources across our programs. As you can see from this pie chart, Medicaid is 61 percent of the overall DHSS budget, Personnel represents 18 percent, and all other programs within the Department represent 21 percent.

Now, let us share with you our FY '17 GRB.



Delaware Health and Social Services

FY 2017 Governor's Recommended Budget

	<u>FTEs</u>	<u>Amount</u>
General Fund	3,231.2	\$1,172,404.8
Appropriated Special Funds	106.2	\$130,185.0
Non-Appropriated Special Funds	827.7	\$1,172,862.3

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Our Department's FY 17 GRB includes:

- \$1,172,404.8 GF
- \$130,185.0 ASF; and
- \$1,172,862.3 NSF.



Delaware Health and Social Services

FY 2017 Governor's Recommended Budget

	<u>Amount</u>
Autism Supports	\$500.0
Provider Increase	\$1,695.9
Substance Use Disorder Services	\$2,890.0
Medicaid Growth	\$40,100.0
DDDS Placements (New and FY 16 Annualization)	\$4,959.7
IT Maintenance and Operations	\$2,912.5
Birth to Three Program Growth	\$392.0
General Assistance Program Growth	\$539.2

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Our Division Directors will be providing detail on the agency budgets. Some highlights from the FY '17 GRB include:

- \$500.0 for Autism Supports. These funds will provide partial support for the implementation of the Delaware Network for Excellence in Autism as it is envisioned in Senate Bill 93.
- \$1,695.9 for a provider increase throughout the department.
- \$2,890.0 for substance use disorder services, including a new substance use disorder Assertive Community Treatment team and Day Program, which will be described in more detail during the agency presentation.
- \$40,100.0 for Medicaid inflation and volume growth. DMMA Director Steve Groff will provide an updated budget request for Medicaid funding in his presentation on Wednesday.
- \$4,959.7 for the annualization of FY 16 placements and new placements for FY 17 for DDDS Special School Graduates and community placements.
- \$2,912.5 to support maintenance and operations on the new Delaware Medicaid Enterprise System and Delaware Eligibility Modernization System.
- \$392.0 to allow for continued growth in our Birth to Three Program. And,
- \$539.2 to reflect growth in the General Assistance program and maintain the monthly benefit at \$81/month.



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FY 2017 Governor's Recommended Budget

	<u>Amount</u>
Delaware Healthy Children Program	(\$1,462.2)
School Based Health Centers	(\$500.0)
DSAMH Contractual Services	(\$200.0)
DSAAPD Reduction in Institutional Needs	(\$1,400.0)
Emily P. Bissell Closure	(\$2,823.0)

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Along with the highlights, our Department has continued to look for reductions and efficiencies as we provide our services. The following items in the FY '17 GRB show that continued effort:

- (\$1,462.2) in the Delaware Health Children Program due to an increase in the Federal Matching Assistance Percentage (FMAP). This reduction can be achieved with no reduction in services.
- (\$500.0) reduction to the School Based Health Centers program reflects a portion of the revenue being collected and retained by the providers for center operations.
- (\$200.0) in DSAMH contractual services to reflect a re-negotiated medical services administration contract.
- (\$1,400.0) in DSAAPD to reflect a reduction in institutional needs as our census has decreased. And,
- (\$2,823.0) in savings has been identified due to the closure of Emily P. Bissell Hospital. Later this afternoon, DSAAPD Director Lisa Bond will provide details of the Bissell closure in her presentation.

All of these reductions will be discussed in more detail in the agency presentations.



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Important Partnerships

CROSS CABINET INITIATIVES

- Delaware State Housing Authority – State Rental Assistance Program (SRAP)
- Early Childhood Education
- I-ADAPT-Individual Assessment & Discharge Planning Teams
- Health Care Reform and Transformation
- Behavioral Health – Education & Prevention / Treatment & Recovery
- Financial Empowerment & Security
- Employment of Persons with Disabilities

COMMUNITY PARTNERS

CAREGIVERS

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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 and caregivers. 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.

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.



Delaware Health and Social Services

"Do all the good you can. By all the means you can. In all the ways you can. In all the places you can. At all the times you can. To all the people you can. As long as ever you can."

~ John Wesley



Delaware Health and Social Services

In this final year of the Markell Administration, I am pushing ahead hard, knowing that much can be accomplished. I, along with the people of DHSS, share a strong commitment and determination to fulfill and advance our mission. With the Governor, I have set the Department's priorities, and we will make every day count to improve the quality of life for Delaware's residents by promoting health and well-being, fostering self-sufficiency, and protecting vulnerable populations.

Thank you for the opportunity to serve the people of Delaware in this most important role, share with you the accomplishments, challenges and opportunities. We look forward to the final months ahead of this administration, and collectively working towards brighter tomorrows. I personally thank you for your leadership and support over these two terms.

It has been my greatest honor.