
JOINT FINANCE COMMITTEE HEARING FISCAL YEAR 2019 BUDGET



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CABINET SECRETARY

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
February 20, 2018
Legislative Hall, Joint Finance Committee Hearing Room

Good Morning, Senator McDowell, Representative Smith, members of the Joint Finance Committee and members of the public. I am Dr. Kara Odom Walker, Cabinet Secretary for the Department of Health and Social Services. With me today is Deputy Secretary Molly Magarik and my leadership team. I am proud of the opportunity to work alongside my division leadership.

Over the next three days, you will hear from members of my leadership team. They represent this department, our personnel and, most importantly, our constituents.

Thank you for the opportunity to speak with you today and present our accomplishments and Fiscal Year (FY) 2019 Governor's Recommended Budget.



A little more than a year ago, I had the honor of being sworn in as Cabinet Secretary. I knew the challenges would be many, but I inherited a strong Department from my predecessor and a staff that is up to meeting the needs of the people we serve.

While DHSS is one of the largest agencies in state government, we understand that our work has a profound and personal impact on the hundreds of thousands of people we serve each day. That's why through the work of our 11 divisions and the Office of the Secretary, our Department is committed to a person-centered 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.



When I arrived, I was fortunate to have Governor Carney's Action Plan to help us focus our work and address the state's highest priorities.

The five circles represent key priorities called out in that action plan. In those strategic priorities, the dollar sign represents the work DHSS is doing in terms of the health care spending benchmark, where we expect to transform the way health care is delivered and paid for in our state, while improving health outcomes for Delawareans. More on that in a minute.

The apple represents the work we do to address healthy living, reduce health disparities, improve health outcomes and lower costs for all Delawareans through efforts to address access to care, cultural competency, chronic conditions, healthy eating and obesity.

The drawing of the mind stands for our priority in addressing the addiction crisis and mental health. In 2016, we lost 308 people in Delaware to overdoses, with a similar or even higher number expected for 2017. Each of those 308 lives – someone's son or daughter, mother or father, sister or brother – is represented by one of the 308 T-shirts stacked near me. It is rare to meet someone in our state who has not been impacted by the loss of someone due to the opioid crisis. Even more, each lost life leaves a ripple effect throughout a workplace, a neighborhood and especially in an individual family. We come here today seeking additional funding from the General Assembly to expand our services and supports and to reduce the horrific toll that addiction is taking on families across our state.

The gun represents violence in the City of Wilmington, where 32 people lost their lives to guns in 2017, reaching even higher levels than in previous years. This is a public health threat that creates trauma throughout communities. Each of those lives is represented by the stuffed animals near me. Beyond those precious and often young lives lost, the gun violence leaves too many people suffering from trauma and too many people feeling as if there is no hope. The Governor's Family Services Cabinet Council is working to change both that reality and that perception by providing more employment and training opportunities, embracing ways to share data across systems and integrating and coordinating services for vulnerable individuals and their families by going to them. You will hear more about this priority, too.

Finally, one of Governor Carney's priorities is to help incarcerated and transitioning citizens succeed in finding jobs, support them in reestablishing themselves in the community and provide them with free personal financial coaching.

In the next few slides, I will share accomplishments, future directions and our overall budget request.

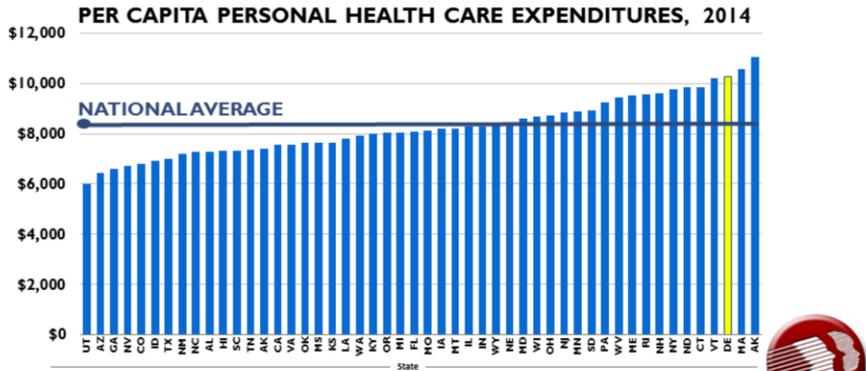
ACCOMPLISHMENTS: HEALTH CARE SPENDING AND QUALITY BENCHMARKS



Up and down the state, we have discussed the impact of health care costs. On September 7th, Governor Carney signed House Joint Resolution 7 into law, authorizing me as Department of Health and Social Services Secretary to establish a health care spending benchmark for Delaware. During this past year, DHSS convened a series of summits with stakeholders in the fall to explore the following areas: establishing the benchmark, provider and hospital leadership, legal and regulatory issues, data analytics and governance/authority. The summits were open to the public and shown on Facebook Live to increase open and transparent dialogue.

Based on the findings of the summits and other research, DHSS filed two reports. The first was “The Road to Value,” outlining critical elements of a health care system organized on principles of value. And on December 15th, we shared “Report to the Delaware General Assembly on Establishing a Health Care Benchmark” on strategies to implement the benchmark, slow the growth of health care costs and improve health outcomes. Public comments were sought for both reports and continue to be welcomed.

ACCOMPLISHMENTS: HEALTH CARE SPENDING BENCHMARK



NOTE: District of Columbia is not included.
 SOURCE: Centers for Medicare & Medicaid Services, *Health Expenditures by State of Residence*. CMS, 2017.

In September, Governor Carney signed House Joint Resolution 7, authorizing DHSS to develop a health care spending benchmark that is linked to the state’s rate of economic growth. In a federal analysis released this summer, Delaware had the third-highest per capita spending for health care in the country, behind only Alaska and Massachusetts, and 27% higher than the U.S. average.

This work is not only important for DHSS’ budget, but also for the entire state budget – and for the economic future of our state. Health care costs are growing at a rate faster than our state budget and our state’s economy. The benchmark will provide greater transparency into up-to-date trends in health care spending.

DELAWARE'S TOTAL HEALTH SPENDING WILL DOUBLE FROM 2015 TO 2025

DELAWARE'S ACTUAL AND PROJECTED PERSONAL HEALTH CARE EXPENDITURES, 2007—2025
(BILLIONS OF DOLLARS)



SOURCE: Centers for Medicare & Medicaid Services, *Health Expenditures by State of Residence*, CMS, 2017.

The trend and growth rate is critical to note. The Centers for Medicare and Medicaid Services estimated that if Delaware continues at this pace, total health care spending in our state will more than double from \$9.5 billion in 2014 to \$21.5 billion in 2025. That is simply unsustainable for small businesses, our state budget and for our citizen's premiums and out-of-pocket costs.

The work is not only important for DHSS' budget, but also for the entire state budget – and for the economic future of our state. The health care spending benchmark can help us reduce that growth in spending and will allow us to provide more funding to other critical state services such as economic development, education, the environment and public safety.

DELAWARE'S TREATMENT LANDSCAPE

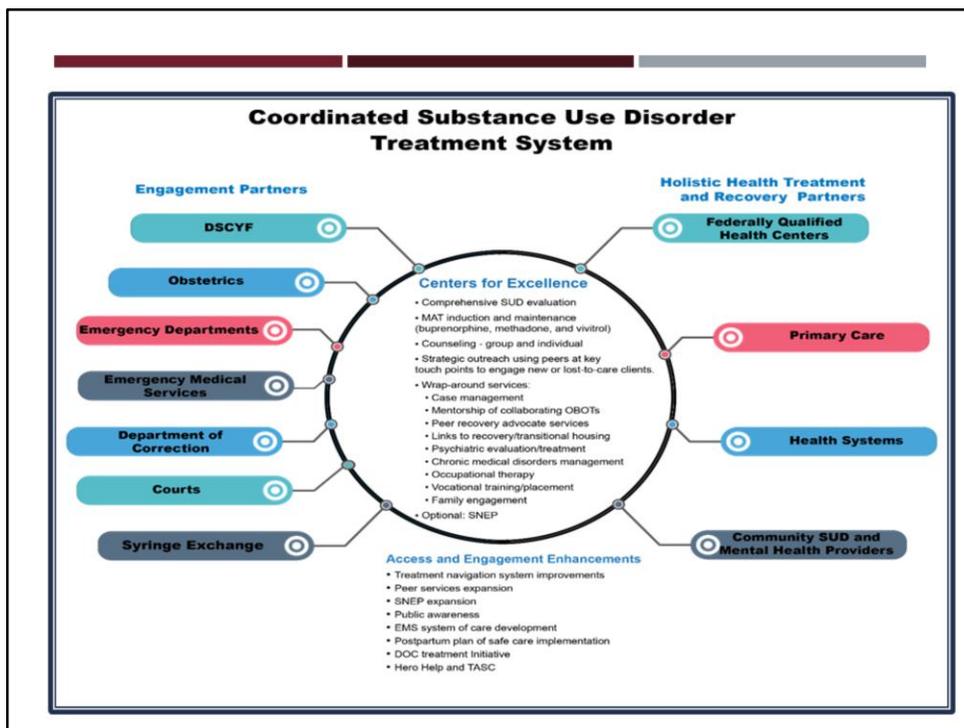
- **8,150 public treatment admissions** for addiction in 2016. Heroin was the most common primary drug listed at time of admission.
- Thousands more sought **private treatment**, in-state or out-of-state.
- In the past decade, the number of **Delawareans with Substance Use Disorder nearly doubled** from 6,000 to 11,000.
- During the same period, the number of people receiving SUD treatment increased by 500% from 1,000 to 5,000 – leaving **a gap of 6,000**.



We also must focus on our response to the opioid crisis. We have to address the growing need for those who are suffering and need treatment for addiction. In the past decade, we estimate that the number of Delawareans with Substance Use Disorder (SUD) nearly doubled from 6,000 to 11,000.

During that same period, the number of people receiving SUD treatment increased by 500% from 1,000 to 5,000 -- leaving a gap of 6,000 people not receiving treatment.

We also know more about preventing an overdose than ever before. As a brain disease, it takes 2 to 3 years for someone to fully recover, which means an individual needs a suite of services when they are ready for treatment.



Our focus is on SUD treatment and long-term recovery. We envision a treatment system that is engaging, comprehensive, coordinated, integrated, high-quality and person-centered. It will identify and reach people quickly and match them with the treatment services they require.

We have solicited plans for a Centers of Excellence model to treat addiction statewide.

It will be critical for the centers to be held accountable for the quality of their services, and to learn from a broader stakeholders group and the communities they serve. This is how we will support those in crisis and prevent overdose deaths.

VIOLENCE IN WILMINGTON: SITUATIONAL CONTEXT

- Wilmington's homicide rate was ranked high again last year.
- Teen homicides are 60% higher than adults.
- Over half of all homicides are under age 25 years old.
- Potentially 200 youth at risk for gun violence based on CDC prediction algorithm.

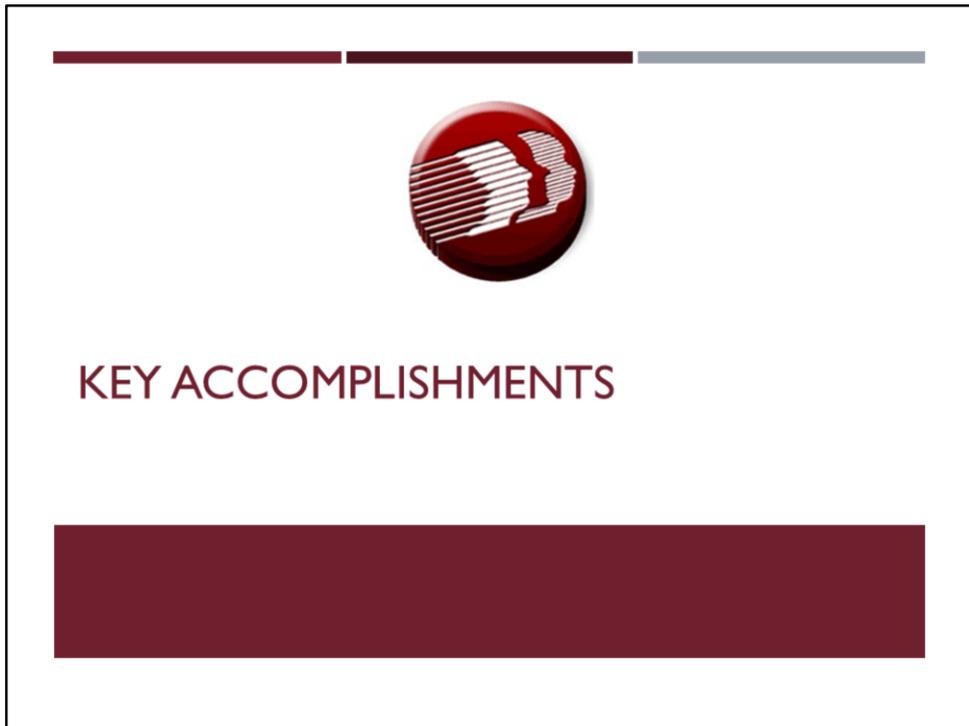
Year	Annual Total			
	Incidents	Homicide Incidents	Victims	Killed
2017	66	31	197	32
2016	127	21	145	21
2015	131	26	151	26
2014	114	23	124	23
2013	127	16	154	18
2012	96	23	118	25



Source: News Journal Tracker: <http://data.delawareonline.com/webapps/crime/>

Finally, we are working on providing services to those in Wilmington who are most at risk for involvement in violence.

As a public health issue, it is connected to social determinants of health. We need to create wrap-around services for those who are most at risk. Identification needs to occur at any point in our system. You will hear more about our efforts to embed community supports through personal connections and through having our front-line staff trained in trauma-informed care.



I will highlight a few key accomplishments of DHSS in the next few slides.

ACCOMPLISHMENT: NEW MANAGED CARE ORGANIZATION CONTRACTS UNDER MEDICAID



Quality performance measures and value-based purchasing strategies included in our Managed Care Organizations contracts.

- Embracing Governor Carney's goal to **lower costs**
- While improving **patient outcomes**



About 200,000 of the current 225,000 Medicaid clients in Delaware are served by Medicaid's two managed care organizations (MCOs), Highmark Health Options Blue Cross Blue Shield Delaware and AmeriHealth Caritas Delaware.

As of January 1, 2018, our Medicaid MCO contracts include quality performance measures that relate to the following: quality, access, utilization, long-term services and supports, provider participation, spending and/or member/provider satisfaction.

These key measures build on the Common Scorecard created in collaboration with the Statewide Innovation Model (SIM) Award and through the Delaware Center for Health Innovation's work.

In the three years of this contract, seven key measures will be monitored including management of diabetes cases, asthma management, cervical cancer screening, breast cancer screening, obesity management, timeliness of prenatal care and 30-day hospital readmission rates.

These measures also will be tied to desired performance levels, with potential penalties being imposed if performance levels are not achieved.

ACCOMPLISHMENTS: CITY OF WILMINGTON



- Created a Community Partner Support Unit to meet the needs – employment, training and social services – in Wilmington.
- Collaborated with the Division of Libraries to put social workers in 7 libraries across the state to bring services to the people.



In order to address the underlying social needs in high-poverty areas, we have worked to reorient and reorganize our social services staff to put more people in communities and fewer behind desks.

I am proud of the work of our new Community Partner Support Unit (CPSU) which provides support for Wilmington's Neighborhood Stabilization Initiative on multiple fronts. The unit supported safe havens during the summer, which served 1,802 youth, and has developed a multi-tiered identification and service referral system for intervention with youth who may be at risk for violence. The unit also hosts information sessions for the Advancement through Pardons and Expungement (APEX) program at safe haven sites.

Since December, the unit has begun monthly visits to the Latin American Community Center to process benefit applications and to answer clients' questions, and has also begun regular onsite assistance at Eastside Rising to facilitate a workforce development partnership between Eastside Rising and Delaware WONDER clients.

Finally, the unit reached agreement with the Delaware Division of Libraries for a pilot program to staff seven libraries, including Wilmington Public Library, Wilmington Library's North Wilmington Branch and the new Route 9 Library, with social workers for three hours a week to help clients with questions and to connect them to community partners and DHSS services and/or to employment and training resources as needed.

ACCOMPLISHMENT: OVERDOSE PREVENTION AND SUD TREATMENT

- **Naloxone Access:** Increased access without a prescription (SB 48).
- **Medicaid Changes:** Removed barriers to addiction treatment (SB 109).
- **Relaunched HelpsHereDE.com:** Relaunched our one-stop website for information and services related to addiction prevention, treatment and recovery.
- **Strategic Vision for the Substance Use Disorder System:** Planning, visioning, programming under way to support families, caregivers and clients.



While we have added prevention, treatment and recovery services – thanks to increased funding through the General Assembly -- we know that with 308 lives lost due to addiction, we have much more to do to address SUD in our state. We have accomplished the following:

- **Naloxone Access:** Governor Carney signed Senate Bill (SB) 48, which allows the sale of naloxone, which can reverse the effects of an opioid overdose, at pharmacies without an individual prescription. All 20 CVS pharmacies in Delaware are now providing the medication, with more pharmacies expected to follow.
- **Medicaid Changes:** Medicaid removed prior authorization for medication-assisted treatment as a way to encourage its greater adoption and removed prior authorization/concurrent authorization barriers to addiction treatment (SB 109).
- **Relaunched HelpsHereDE.com:** In May, DHSS relaunched HelpsHereDE.com, our one-stop website for information and services related to addiction prevention, treatment and recovery for the community, those struggling with addiction and medical providers.
- **Strategic Vision for SUD System:** We are planning for a robust response, including data-driven metrics and tracking of areas of need. We are creating a co-vision for the treatment response for any person who is ready to engage at the first overdose or during the third try on the road to recovery.
- **Behavioral Health Consortium:** We are also creating braided wrap-around care for all of those impacted by the opioid crisis and supporting the work of the Lieutenant Governor's Behavioral Health Consortium.

FY 2019 GOVERNOR'S RECOMMENDED BUDGET

FY 2018 Base Budget (\$ in thousands)

	GF	ASF	NSF	Total
FTEs	3,066.2	103.8	820.1	3,990.1
Dollars (\$)	\$1,178.4	\$142.8	\$1,469.8	\$2,791.1

FY 2019 Governor's Recommended Budget

(\$ in thousands)

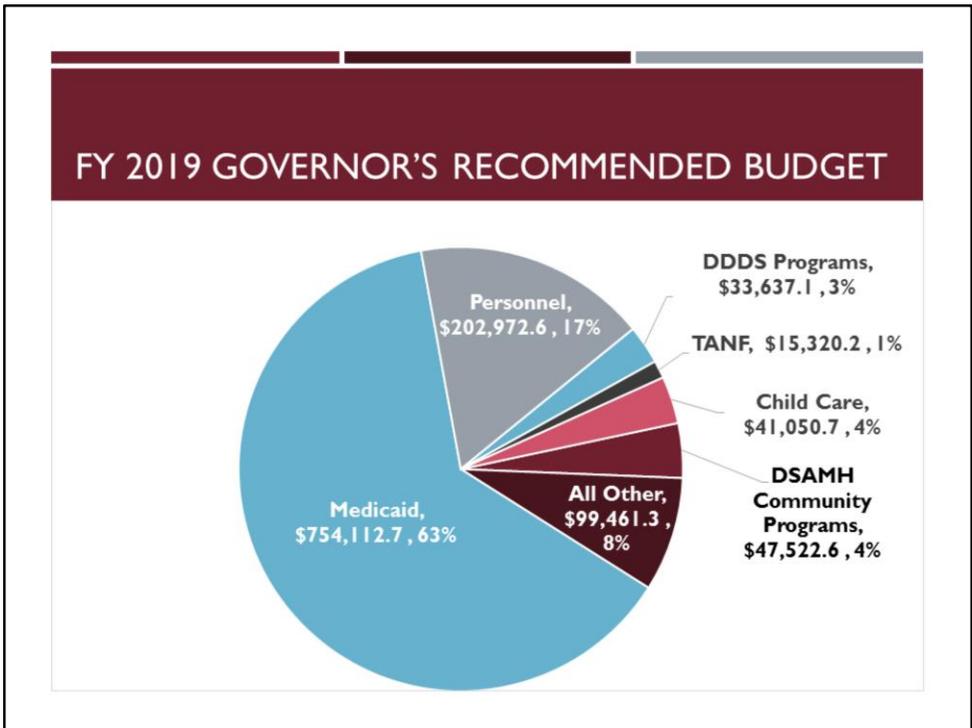
	GF	ASF	NSF	Total
FTEs	3,063.3	100.8	825.2	3,989.3
Dollars (\$)	\$1,194.1	\$141.8	\$1,469.8	\$2,805.7



NOTE: Dollars may not add due to rounding

In FY 2019, we are requesting just under \$1.2 billion in General Funds and \$141 million in Appropriated Special Fund spending authority.

The investments made in the Governor's Recommended Budget (GRB) will support key areas and programs within DHSS. This level of funding will allow us to continue our current levels of service, while continuing to meet the goals set in the Governor's Action Plan.



The FY 2019 GRB for DHSS is shown above. The total budget continues investments in key areas such as: mental health and substance abuse programming, community services for clients with developmental disabilities, and supporting other vulnerable populations through community-based services and entitlement programs.

Each Division will review their FY 2019 GRB in detail during their upcoming presentations.

LOOKING AHEAD: LEVERAGING DATA TO SUPPORT AT-RISK YOUTH AND THEIR FAMILIES

New opportunities to leverage data:

Coordinate services to better assist young people at risk for violence and their families.



A key initiative of the Family Services Cabinet Council is the implementation of the recommendation from the Centers for Disease Control and Prevention report in 2015 to leverage data to better help youth at risk for committing violence or becoming victims of violence. DHSS is part of an 18-month technical assistance grant from the University of Pennsylvania's Actionable Intelligence for Social Policy to advance an integrated data system, one of the key recommendations of the CDC report on reducing gun violence in the City of Wilmington, but also a key area of coordination and collaboration through the Family Services Cabinet Council.

Moving this recommendation forward will require leadership to overcome barriers and problem-solving on how best to address this data challenge, prepare for future challenges, and also incorporate outcomes and evidence into the future state of health and social services contracting.

LOOKING AHEAD: SUBSTANCE USE DISORDER TREATMENT STRATEGY

- **Substance Use Disorder Treatment System**
 - Engaging, comprehensive, coordinated, integrated, high-quality, and person-centered.
 - Through Centers of Excellence – to cover the entire state
- **Facilitating This Transition**
 - Request for Proposals for the technical assistance to support a Centers of Excellence model is out
 - DHSS expects the centers to open in 2018.
- **Behavioral Health Consortium**
 - Led by the Lt. Gov., with oversight of entire system.



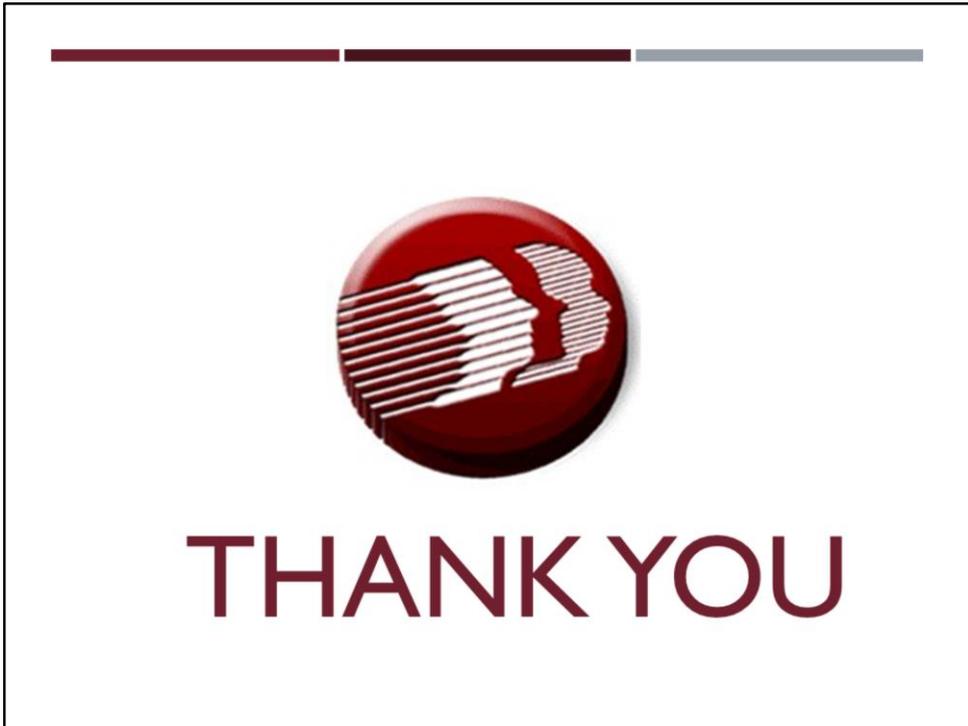
Redesign of the SUD treatment system that moves toward one that is engaging, comprehensive, coordinated, integrated, high-quality and person-centered. By embracing a Centers of Excellence (COE)-like model, DHSS will provide: comprehensive SUD evaluation; induction and maintenance of medication-assisted treatment; group and individual counseling; and strategic outreach using peers at key touch points.

These COEs will also include wrap-around supports such as: peer recovery services; case management; mentorship of collaborating health care providers, such as primary care; links to recovery/transitional housing; occupational therapy; vocational training/placement; family engagement; syringe exchange services; and financial and legal coaching.

In addition, the COEs will either provide or partner for psychiatric evaluation and treatment and the co-management of other chronic medical conditions.

A Request for Proposals (RFP) for the technical assistance to support the Centers for Excellence model has been released, and DHSS expects the centers to open in 2018.

And we appreciate that the Behavioral Health Consortium -- led by the Lieutenant Governor -- will have oversight of the entire system.



Thank you for the opportunity to share with you the challenges and opportunities facing the Department of Health and Social Services. I look forward to your questions.