

FISCAL YEAR 2022 BUDGET HEARING



DEPARTMENT OF HEALTH & SOCIAL SERVICES

MOLLY K. MAGARIK
CABINET SECRETARY

Department of Health and Social Services
November 12, 2020
WebEx

Good Afternoon Director Jackson, Office of Management & Budget (OMB) personnel, Victoria Brennan of the Controller General's Office, members of the public who represent our stakeholders and community 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 (FY) 2022.

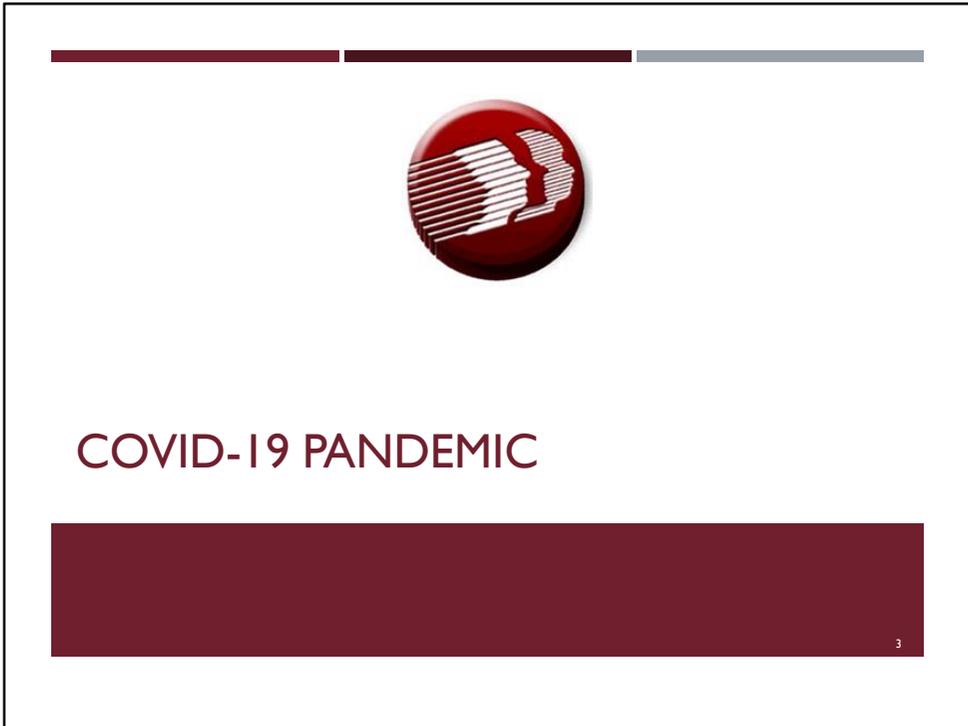
Joining me in this virtual presentation are several members of my leadership team, including Deputy Secretaries Tanisha Merced and Lisa Bond. They represent this department, our personnel and, most importantly, our constituents.

DEPARTMENT OF HEALTH & SOCIAL SERVICES



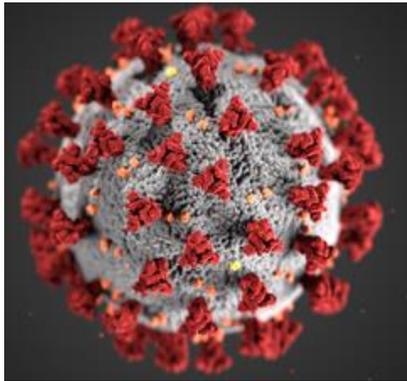
While DHSS is one of the largest agencies in state government, we never forget that the work we do has a profound and personal impact on the hundreds of thousands of people we serve each day. Through our 11 divisions and the Office of the Secretary, we have learned during this COVID-19 pandemic just how many lives are touched by our work – from newborns born to worried parents, to families needing benefits they have never sought before, to vulnerable seniors needing support in the community or in long-term care facilities. As a Department, we are committed even more 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.



First, I want to spend a few minutes detailing the current state of the COVID-19 pandemic in Delaware and the response by DHSS.

COVID-19 LANDSCAPE



- Governor Carney announced Delaware's first positive case for COVID-19 on March 11, 2020,
- The next day, Governor Carney announced a State of Emergency.
- On March 26, 2020, the Division of Public Health announced the state's first COVID-19-related death.
- Those at highest risk today: long-term care residents, seniors – especially those 85 and older, and people with co-morbidities



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Eight months ago yesterday, Governor Carney announced our first positive case for COVID-19 in Delaware. Back in March, we had no idea what would lie ahead and how the pandemic would impact the people of Delaware, the United States and the world.

Today, we know more about this disease, including how it spreads, the mitigation measures that work to reduce its spread and the therapeutics that can reduce the severity of the illness.

Unfortunately, we are still more than a month away from the first doses of COVID-19 vaccine reaching our state. In the meantime, we must respond to a resurgence of the virus that is spreading across our state, threatening those at highest risk: residents of long-term care facilities, seniors, especially those 85 and older, and people with co-morbidities, including heart disease, COPD, obesity, diabetes, kidney disease, cancer and sickle cell disease.

It is critical that Delawareans take these steps to slow the spread of COVID-19:

- Wear a face mask in public;
- Maintain social distancing;
- Avoid gatherings, large or small, outside of your immediate family;
- Wash your hands often and use hand sanitizer;
- Stay home when you are sick;
- Get tested, whether you have symptoms or no;
- Download the COVID Alert DE exposure notification app; and
- To reduce the potential of crowded emergency rooms, get a flu shot.

WHERE WE STAND TODAY

As of Nov. 11, we have reported:

- 724 deaths
- 27,342 positive cases
 - New Castle County: 14,675
 - Kent County: 3,874
 - Sussex County: 8,700
 - County Not Yet Known: 93
- 126 current hospitalizations
- 343,283 people who have tested negative



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Here's where we stand today:

DHSS' RESPONSE

Since March 2020, DHSS has:

- Added 184 contact tracers and case investigators (FTEs and contract workers) in order to talk with people who have tested positive and to identify and reach their close contacts.
- Worked with DEMA to stand up a variety of testing options – permanent locations, pop-up, community and school sites, mandatory long-term care staff testing, hospital-based testing, and at-home test kits.
- Collaborated with long-term care facilities to manage outbreaks and infection control, and to support families in connecting with loved ones.
- Launched a smartphone exposure notification app called COVID Alert DE.
- Preparing for COVID-19 vaccine distribution.



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At DHSS, our response to COVID-19 has been swift, ongoing and dedicated to preserving the public's health and to protecting as many lives as possible. I can't say enough about the tireless work that Dr. Karyl Rattay and her team at the Division of Public Health are doing.

That work includes:

- Adding 63 contact tracers and case investigators in order to talk with people who have tested positive and their close contacts about their next steps, including isolating and quarantining;
- Working with DEMA to stand up a variety of testing options – permanent locations, pop-up, community and school sites, mandatory long-term care staff testing, hospital-based testing and at-home test kits;
- Collaborating with long-term care facilities to manage outbreaks, infection control and support to families in connecting with loved ones;
- Launching an exposure notification smartphone app called COVID Alert DE; and
- Preparing for COVID-19 vaccine distribution.

DHSS RESPONSE BEYOND PUBLIC HEALTH



Our divisions have changed the way they work and responded to an increasing need for services including online and virtual appointments. A few examples:

- **Behavioral health supports** increased, including Delaware Hope Line, public-facing treatment referral portal, bridge clinics and more.
- **Outreach to people who are homeless** through Divisions of State Service Centers and Substance Abuse and Mental Health.
- Community Partner Support Unit in Division of Social Services has **delivered more than 160,000 meals statewide.**
- **Emergency food benefits** and **Pandemic EBT benefits.**
- Extension of **adult dental benefits** to Medicaid clients and all co-pays waived during pandemic.
- **Food and social supports** for vulnerable seniors.
- **Supporting service recipients** with intellectual/developmental disabilities.



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Like other state agencies, we've also had to alter the way we deliver services across all of our divisions. DHSS employees – from our 24/7 facilities, to our community-based services – are doing an extraordinary job of meeting the increased demand from the people we serve.

On this slide, I've detailed a few examples:

- **Behavioral health supports** increased, including Delaware Hope Line, public-facing treatment referral portal, bridge clinics and more.
- **Outreach to people who are homeless** through the Divisions of State Service Centers and Substance Abuse and Mental Health.
- Our Community Partner Support Unit in the Division of Social Services has **delivered more than 160,000 meals statewide.**
- Our Division of Social Services is managing **emergency food benefits** and **Pandemic EBT benefits** for individuals and families.
- Our Division of Medicaid and Medical Assistance extended **adult dental benefits** to Medicaid clients beginning in October, and through Executive Order, has waived all co-pays during the pandemic.
- In our Division of Services for Aging and Adults with Physical Disabilities, **food and social supports are being provided daily** for vulnerable seniors.
- And our Division of Developmental Disabilities Services is working hard with their providers to keep service recipients who live in the community or at the Stockley Center healthy and safe.

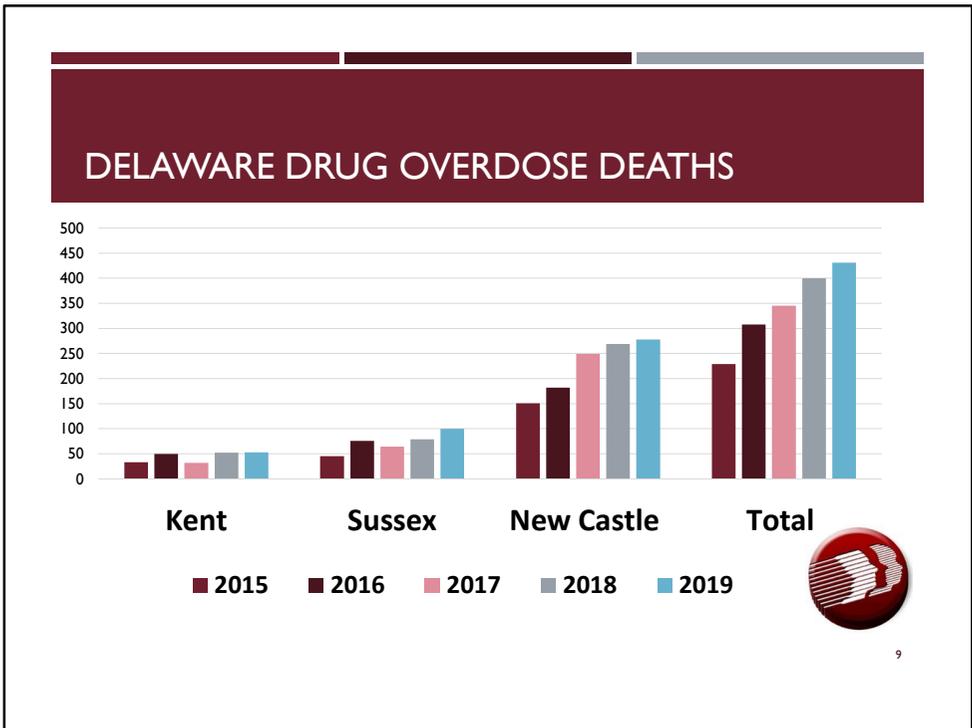


BEHAVIORAL HEALTH



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Now, I want to shift to spend a few minutes talking in more detail about our behavioral health response during the pandemic as we, unfortunately, saw an increase in overdose deaths.



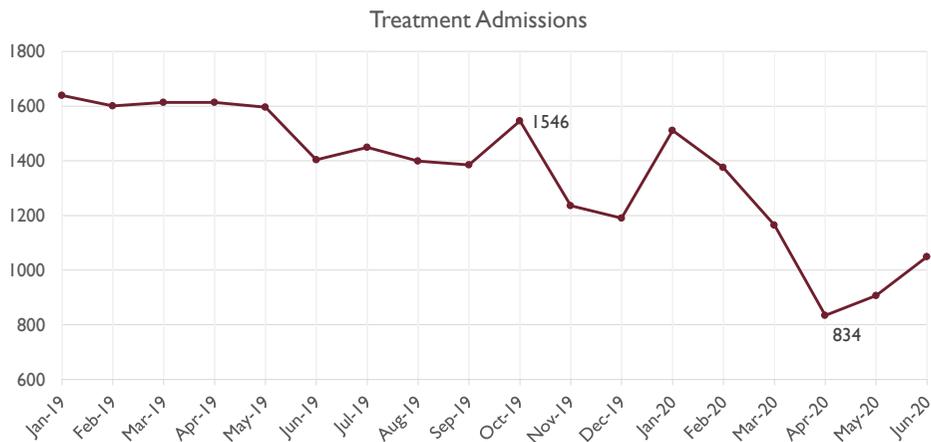
First, a little context about overdose deaths in our state.

In the last four years, we have seen drug overdose deaths climb in Delaware from 229 in 2015 to 431 overdose deaths in 2019, according to the Delaware Division of Forensic Science’s annual report.

That is an 88 percent increase in drug overdose deaths in just four years. The increase is due largely to the introduction of the synthetic opioid Fentanyl in our area.

That being said, last year was the first year we saw a slowing of the increase in deaths, which suggested progress. But all of that was interrupted when COVID-19 reached our state in March.

TREATMENT ADMISSIONS: JANUARY 2019 - JUNE 2020



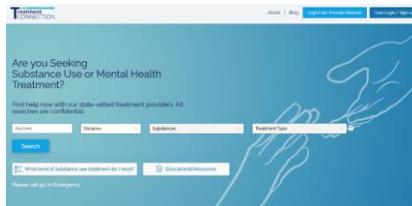
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On this slide, you can see the dramatic impact of COVID-19 in terms of treatment admissions. By April 2020, admissions had dropped by almost half year-over-year, before beginning to rebound in May and June.

In May of this year, we had the highest number of overdose deaths so far this year (55); the highest number of naloxone patients (246); and the highest number of naloxone administrations (361).

DHSS RESPONSE

- **Treatment:** Public-facing treatment referral portal; DSAMH public Bridge Clinics; Mobile Bridge Clinic; coverage of all FDA-approved types of medication for medication-assisted treatment (MAT) in Medicaid; Medicaid opened all services to telehealth at equivalent reimbursement rates.
- **Naloxone:** Began a leave-behind program with first responders; community car-side distribution events; no co-pay for Medicaid clients; mail-order naloxone coming soon.
- **Outreach:** Community events; virtual support groups via HelpsHereDE.com; 24/7 Delaware Hope Line at 1-833-9-HOPEDE.



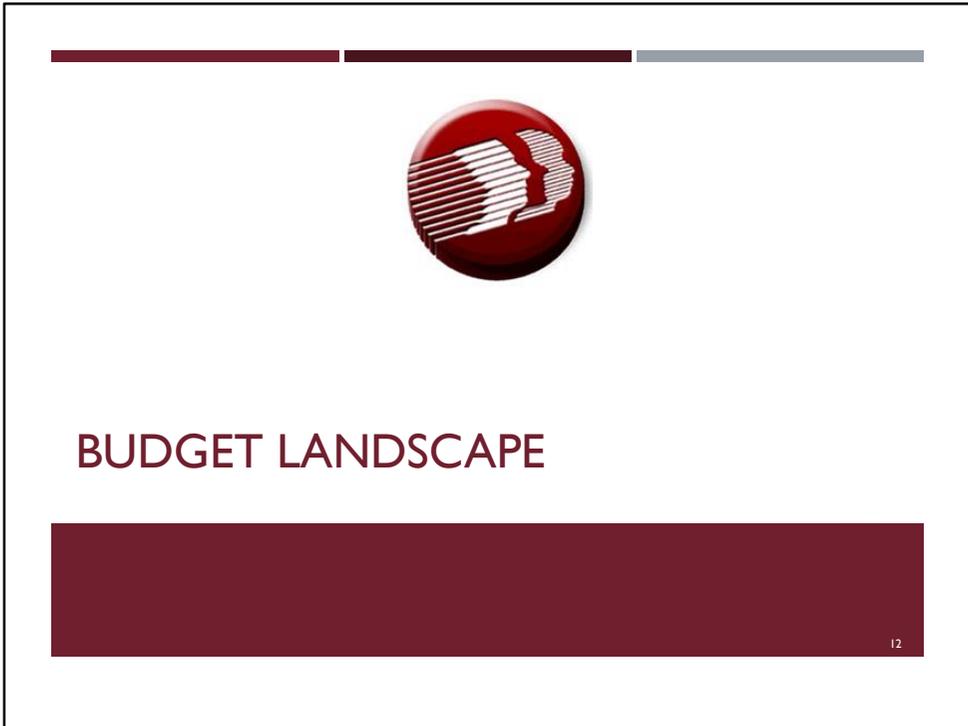
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Across DHSS, we have responded to those heartbreaking numbers - which represent sons and daughters, mothers and fathers, sister and brothers, colleagues, friends and neighbors – across many fronts.

In September, our Division of Substance Abuse and Mental Health (DSAMH) launched the public-facing treatment referral portal called **Treatment Connection**. The site allows individuals or their families to see the availability of treatment services in real time and to make referrals for themselves or their loved ones. DSAMH also has increased telehealth services at our three Bridge Clinics – one in each county. In our Division of Medicaid and Medical Assistance, we are covering both FDA-approved forms of medication-assisted treatment and substance use disorder treatment services provided via telehealth.

In terms of harm reduction, our Division of Public Health started a leave-behind **naloxone** program with first responders – a critical connection to people in crisis. DPH is also holding car-side naloxone point-of-distribution events across the state, and a mail-order naloxone program is coming soon.

Finally, we know it is critical to provide multiple points of **outreach** for individuals suffering from substance use disorder. During the pandemic, we launched the 24/7 Delaware Hope Line for anyone who is suffering from anxiety, depression, loneliness or a behavioral health crisis. Virtual support groups are available and are listed on HelpsHereDE.com, and Drive-Thru Food Pantries and Wellness Resources events are bringing support to people in their communities.



Now, let me move to a review of the DHSS budget and what is impacting it.

PROVIDER RATE METHODOLOGY STUDY

Rate Methodology Study – Phase II



Roadmap for Recommendations

Childcare Studies:

- Market Rate Study
- Cost of Care Study



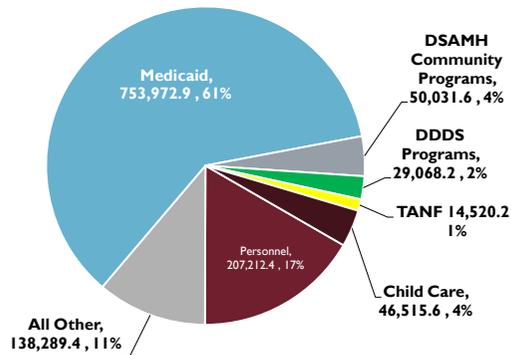
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DHSS is continuing to work on the rate methodology work with our vendor Burns & Associates (B&A). This year, we have engaged B&A to develop a roadmap for how to implement the recommendations they provided in the first study. We are working closely with the vendor to implement recommendation #1 which is to provide a “roadmap” to assign the periodicity of rate methodology updates, including looking at Medicare methodologies, value-based opportunities, resources needed to do this work, and communication strategies. This work is still focusing on the how rates are determined and ensuring that as rates are reviewed there is transparency for our community and legislative partners. B&A is currently meeting with various divisions to review their existing rate setting units & policies to fill out pieces of the roadmap. The intent is to have an initial set of recommendations available for public review and feedback in February 2021.

DHSS has also begun working with an economist on two Childcare Studies. The Market Rate Study (MRS), captures the fees charged by childcare centers by county, facility type, and age of the child. This year as required in recent State legislation, we are endeavoring to get rates from all licensed providers in Delaware. The Childcare Cost of Care Study (CCS) is designed to get at the actual cost to operate a facility at the various stars levels, age of children served, and provider configurations (Centers, Small, and Large family Childcares). Childcare Provider interviews with approximately 300 providers will begin later this month. Our data set will include data from 100 providers interviewed by the Department of Education for a similar study they completed last year. We expect to have both the MRS and the CCS done by February 2021.

FY 2021 BUDGET

DHSS FY 2021 General Fund Budget \$1,239,610.3



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The pie chart above shows our budget for the current year, FY 2021 – which is just about \$1.2 billion General Fund (GF) dollars.

With the support of OMB and the General Assembly, the DHSS GF budget increased by .04 percent in FY 2021. These funds allowed us to continue services to clients in several key areas including, but not limited to, Developmental Disabilities, Medicaid, Birth to Three, and subsidized Child Care (Purchase of Care). They also allowed us to address critical operating and systems needs throughout the department

We thank all involved for their continued support.

FY 2022 BUDGET REQUEST



	General Funds	Appropriated Special Funds
FY 2021 Budget	\$1,239,610.3	\$146,434.1
FY 2022 Request	\$1,285,107.0	\$148,129.1
% Change	+3.7%	+1.2%

FY 2022 Funding Requests	\$\$
FY 2022 Door Openers	
Personnel Contingency	\$970.1
Medicaid	\$35,499.4
CHIP	\$6,362.5
SRAP Housing Assistance Growth	\$528.0
DSAMH DMES Development - OT	\$120.0
Community Services Placements	\$1,177.4
Special School Graduates	\$839.3



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For FY 2022, we are requesting over \$1.2 billion General Fund dollars and \$148 million in Appropriated Special Fund (ASF) authority.

As part of the FY 2022 budget, DHSS is requesting \$45.5 million in Door Openers and \$1.7 million in ASF authority.

These requests will address the demands on programs and ensure that DHSS provides efficient, effective, and modern services to our clients.

FY 2022 BUDGET REQUEST: CORE SERVICES GROWTH - \$45,496.7

- Salary Contingency
- Medicaid
- Delaware Healthy Children Program (CHIP)
- State Rental Assistance Program (SRAP) Housing Assistance Growth
- Division of Substance Abuse & Mental Health Delaware Medicaid Enterprise System (DMES) Development – One-Time
- Developmental Disabilities Services – Services for Community Placements & Special School Graduates



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DHSS is requesting \$45.5 million in Door Opener requests. This figure represents continued growth in our core, mandatory programs.

Of this amount \$41.9 million is related to changes in the Medicaid and Delaware Healthy Children Program (also known as CHIP), which I will address next.

The remaining \$3.6 million includes:

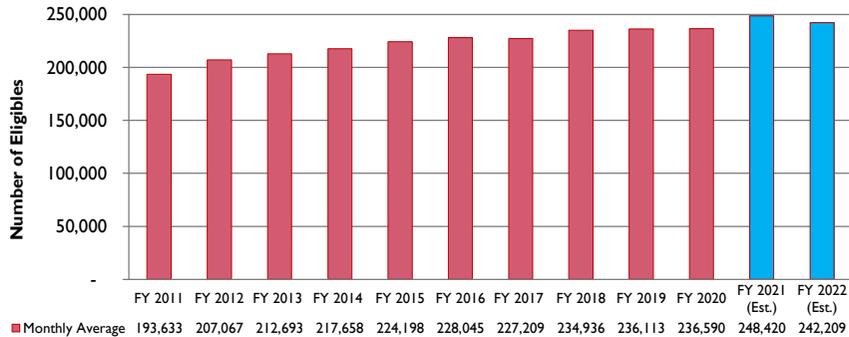
- \$970.1 in salary contingency to support FY 2021 salary changes
- \$528.0 for Community Housing Supports for DMMA, DSAMH, Group Violence Intervention (GVI), DDDS and DSAAPD clients..
- \$2 million to support full-year funding for FY 2021 services and new services in FY 22 for special school graduates and community placements in the Division of Developmental Disabilities Services (DDDS).
- \$120.0 One Time (OT) funds will provide the required state match to DSAMH for modifications to the Delaware Medicaid Enterprise System (DMES).

In addition ASF Spending Authority Requests:

- \$1 million for DHCQ Background Check Center.
- \$695.0 for DSAMH Opioid Impact Fund.

**FY 2022 BUDGET REQUEST:
 MEDICAID & DELAWARE HEALTHY CHILDREN
 PROGRAM GROWTH - \$41,861.9**

**Medicaid Eligible Clients FY 11 - FY 22
 Includes Affordable Care Act Growth in FY 15 - FY 22**



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The FY 2022 budget request for growth in the Medicaid & Delaware Healthy Children Programs is \$41.9 million. Growth in the state Medicaid budget is influenced by several factors – volume, utilization, and the share of federal funds.

Volume: Due to current Pandemic, Medicaid has seen the growth of 8.5% since March 2020. There are currently almost 255,000 people eligible for Medicaid in Delaware, which under normal circumstances would be 235,000. We are expecting this trend will continue and may see slight decline starting in calendar year 2021.

Utilization: The cost of services is impacted by reimbursement rates, including managed care capitation rates, which are how most Delaware Medicaid services are covered; the health of the enrolled population and Delaware demographics; changes in medical practices; as well as other factors.

Federal Funds: In FY 22, the state is receiving a 0.02% decrease in the Federal Matching Assistance Percentage (FMAP) when the FMAP returns to normal, which is driving our request.. However, under the Public Health Emergency the 6.2% increase of FMAP has saved the State over \$83 million in general funds.

Also in FY 22, we are requesting \$6.4 million to support the Delaware Healthy Children Program, Delaware’s Children’s Health Insurance Program (CHIP). The 2018 renewal of CHIP reduced federal matching funds by 23 percent from Federal Fiscal Year (FFY) 2020 through FFY 2023, which is driving our FY 22 request. We anticipate that future growth in state CHIP funding will be driven by volume and utilization changes.

FY 2022 BUDGET REQUEST: CAPITAL BUDGET - \$40.7 MILLION

- ❖ Maintenance & Restoration, Minor Capital Improvement, Roof Replacement & Critical Equipment Funds
- ❖ Delaware Psychiatric Center Anti-ligature Improvements
- ❖ Delaware Department of Public Health Lab Expansion
- ❖ Holloway Campus – Electrical System Replacement
- ❖ Holloway Campus – Mitchell Building Heating, Ventilation & Air Conditioning (HVAC) system replacement
- ❖ Delaware State Service Centers – CAPS System Replacement
- ❖ Delaware State Service Centers Operational Redesign
- ❖ Drinking Water State Revolving Loan Matching Funds



As a large agency, we also require a large capital investment. DHSS is responsible for over 71 state-owned buildings, with an average age of 68 years. This includes 8 state service centers, the 3 campuses that house our 24/7 facilities, and associated administrative buildings.

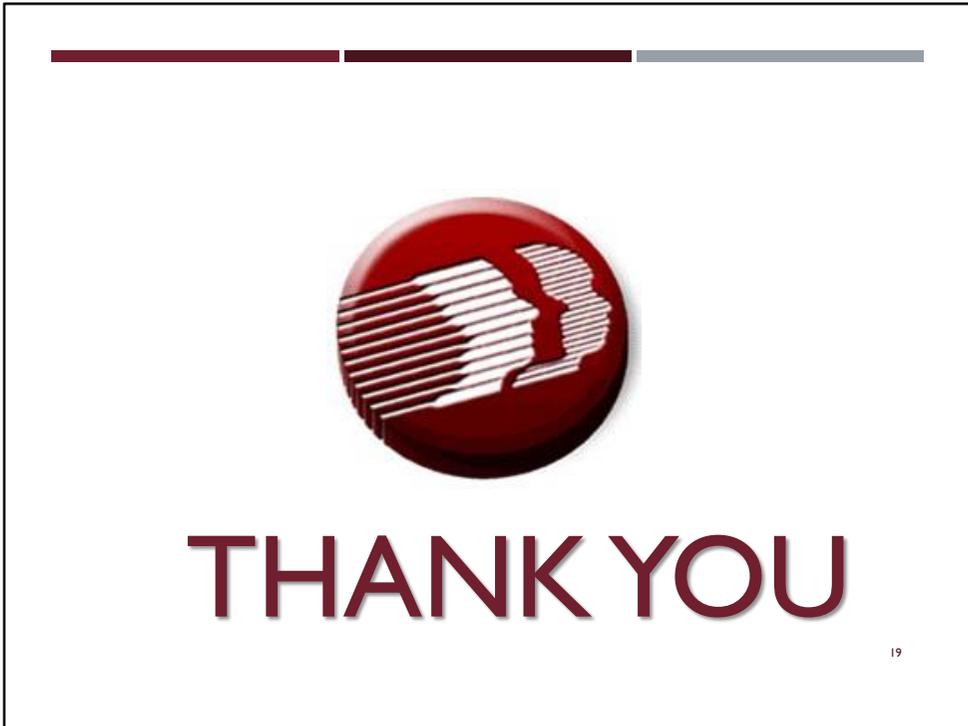
The FY 22 Capital Budget Request is also critical in supporting our business operations by maintaining existing buildings and infrastructure. These funds are needed in order to serve clients in safe and appropriate spaces, leverage federal funding for public drinking water systems and maintain up-to-date facilities on our campuses.

We are also requesting funding for the Delaware Psychiatric Center (DPC) to make significant investments in anti-ligature (anti-hanging) and other patient safety improvements in order to maintain its licensure.

The Delaware Division of Public Health is engaging in an \$11 million project to expand Delaware's Public Health Lab. The proposed project will leverage \$8 million of federal funding to complete a 22,805 gross square foot expansion. DHSS is requesting \$3 million of state funding to support this project.

We are requesting funding for badly need changes and upgrades to our State Service Centers which includes two information technology projects – CAPS, the Client Assistance Program System. The current system is 30 years old and is extremely outdated and difficult to maintain, and as part of the State Service Center Operational redesign, the Qless System, a queue management system to better serve clients and and increase operational efficiencies with current technology.

Without the continued support of our capital needs, the Department's ability to efficiently, effectively and safely serve clients with modern, up-to-date facilities may be jeopardized.



As we continue to respond to COVID-19, I thank you for this opportunity to share with you the challenges and opportunities facing the Department of Health and Social Services. I look forward to your questions.