Fiscal Year 2028 Budget Hearing

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Cabinet Secretary

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Who we serve...

- 237,376 Medicaid beneficiaries
- 102,737 SNAP enrollees
- 18,918 children in Purchase of Care
- 7,704 cash assistance households
- 26,537 people served in public health (clinic, telehealth, and mobile units)
- 6,701 individuals with developmental disabilities served
- 32,492 clients treated for substance use disorder & mental health care
- 22,598 aging services participants
- 3,651 people with visual impairments or blindness
- 777 health facility surveys
- $78.4 million in child support collections

Priorities and Accomplishments

Priorities



Responding to and mitigating federal policy changes



Excellence and innovation in services for complex populations



Lowering the cost of health care

H.R. 1 Implementation

- 14,712 Delawareans have lost SNAP benefits because of H.R. 1 work requirements
- 330 lawfully present Delawareans lost Medicaid based on immigration status because of H.R. 1 eligibility changes
- 8,000 Delawareans lost coverage through the ACA Marketplace because of increased premiums and new administrative barriers
- Preparations underway to implement additional Medicaid verifications effective January 1, 2027, including work requirements and eligibility checks every 6 months for non-disabled adults

Investing in the Care Economy

- FY27 investments raised payments for care work across the Delaware economy
  - Direct Support Professionals (DSPs)
  - Mental health care workers
  - Child care workers
- Investments improve service quality and continuity, boost wages for low-wage Delawareans, strengthen local economies
- Recently completed rate study data helps right-size DSP workforce
- DSPs deliver critical services across the state, including assisting a Georgetown resident with IDD who tragically lost both legs to regain the ability to walk independently



Rural Health Transformation Program

Expanding Access to Care

Name	Amount	Vendors
Community Health Hubs	$8,200,073.19	Beebe Healthcare, Delaware Health Empowerment Coalition (DHEC), Division of Public Health (DPH), Impact Life, the Life Health Center, OnMed LLC, TidalHealth
School Based Health Centers	$194,720.32	Beebe Healthcare, Nemours Children's Health, TidalHealth
Rural Libraries	$1,099,255.01	DE Division of Libraries

Affordable Care to Manage Chronic Diseases

Name	Amount	Vendors
Rural Hope Center	$31,862,847.55	Housing Delaware
Food is Medicine	$1,923,000.00	Beebe Healthcare, Deloitte, Department of Education, University of Delaware (UD)
Rural Diabetes Wellness Pilot	$1,128,808.00	Beebe Healthcare, TidalHealth
Catalyst Fund	$6,004,404.37	Delaware Prosperity Partnership

Delaware's Rural Health Transformation Program is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling $317,689,484.86 with 100 percent funded by CMS/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

Rural Health Transformation Program

Growing Delaware's Health Care Workforce

Name	Amount	Vendors
Delaware Medical School	$18,355,416.20	Thomas Jefferson University
Medical School Rural Workforce Development Program	$140,000.00	Thomas Jefferson University
Rural Medical Residency Recruitment Program	$1,236,495.00	Bayhealth, Beebe Healthcare, ChristianaCare, Nemours, TidalHealth
Training Programs for Non-Physicians	$14,921,644.63	Alzheimer's Association, Bayhealth Foundation, Brain Injury Association, DHEC, DSU, DelTech, DOE, Department of Labor (DOL), Flashpass, MidAtlantic, UD, Westside
Non-Physicians Education Awards	$909,626.00	DHEC, DSU, MidAtlantic, UD,
Rural Workforce Data Center	$2,676,415.71	Health Force

Prepare the Health Care System for the Future

Name	Amount	Vendors
FQHC and Value-Based Care	$43,823,962.25	Delaware Health Information Network (DHIN), DPH, Division of Substance Abuse and Mental Health (DSAMH), Healthy Communities Delaware, Henrietta Johnson, La Red, Manatt Health Strategies, Mathematica, Westside
Statewide Health Information Technology Infrastructure for Prior Authorizations	$14,550,000.00	DHIN

Lowering Costs of Health Care and Child Care

- New Purchase of Care eligibility rules in effect, expected to increase enrollment by about 10%
- Expanding enrollment in state-funded personal attendant services
- Preventing medical debt through charity care regulations
- Cost growth remains a major challenge: per capita health care spending in Delaware increased to $11.3 billion in calendar year 2024, an increase of about 8.7% compared to 2023



Budget Landscape

FY 2028 Budget Request

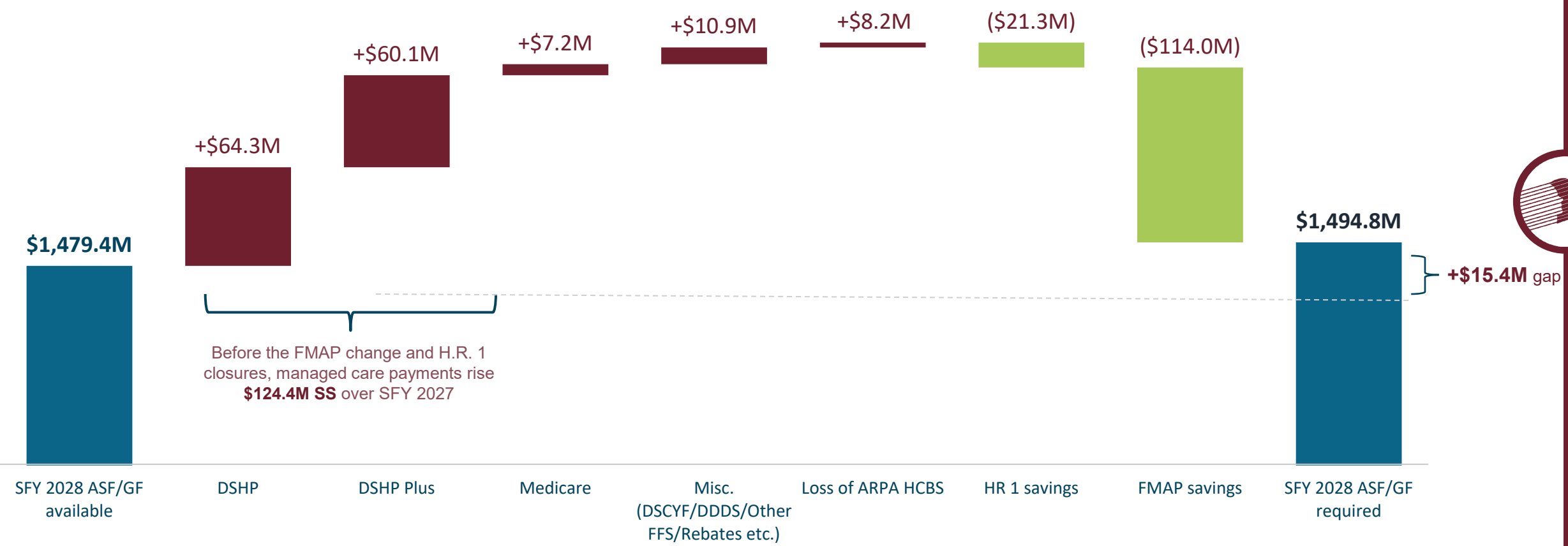
	General Funds	Appropriated Special Funds	Nonappropriated Special Funds
FY 2027 Budget	$1,948,867.2	$233,516.0	$3,332,945.9
FY 2028 Request	$2,024,274.9	$234,514.7	$3,332,945.9
% Change	+3.8%	+0.43%	0%

FY 2028 Door Opener Requests

Medicaid Growth	$15,400.0
Delaware Healthy Children Program	$1,344.7
Residential Habilitation Services - 54 New Clients	$13,667.0
Community Based Services - 366 New Clients	$4,904.0
Purchase of Care Program Growth	$7,686.6
Surveyors	$361.3
Education Technology	$10.0
SRAP Vouchers	$848.2
Indigent Burial	$100.0
Personnel Contingency	$8,982.5
Lease Escalators	$45.2
VMWare License	$396.2
SNAP State Match 75% Administrative Cost	$2,419.7
Background Check Center (BCC)	$98.3
Switch Fund Supplemental Security Income (SSI) Supplement from Tobacco Master Settlement to General Fund	$319.8
Total	**$56,583.5**

Medicaid

Bridge from SFY 2027 available to SFY 2028 required state funds (ASF/GF)



Discretionary Request



CARE ECONOMY



INCREASED UNINSURED POPULATION



TARGETED NEW PROJECT



BUDGET MAINTENANCE

Discretionary Request

Care Economy

McNesby Phase II Rate Increase	$2,791.8
Promise Phase II Rate Increase - Medicaid	$1,380.0
Promise Phase II Rate Increase - State Funded	$970.8
HCBS Phase I Rate Increase	$2,621.5

Increased Uninsured Population

Health Equity	$275.0
Population Growth in Older Blind Independent Living	$151.0
Growth in Aging Population	$1,206.1
Oral Health Program	$200.0
Growth in Uninsured SUD and Behavioral Health Needs	$1,950.0
Growth in Uninsured Birth to Three Demand	$550.0
Diagnostic and Imaging Utilization Increase	$225.0
Mobile Health Unit Operation	$75.0

Targeted New Project

Mid-Level Mental Health Supports to Prevent Crisis Escalation	$500.0

Discretionary Request

Budget Maintenance

DSAAPD SRAP Voucher Cost Increase	$218.0
GSS Contractual Increases	$459.0
DHCQ Program Growth	$159.6
Contractual Services for Benefit Program Implementation*	$62.4
WellSky Maintenance and Operations	$163.4
Licensing and Maintenance Support for OSEC and DSS	$771.4
DMES: Automated Provider Enrollment - Maintenance and Operations	$259.0
Warehouse and Rabies Supplies	$175.0
Increased DVI Education Supplies	$70.0
Kent and Sussex County Plumbing Inspections*	$500.0
Growth in Appeals	$150.0
Computer Replacements for Those Out of Warranty*	$3,604.8
Increase in ASF Authority for Newborn Screening	$315.0
New ASF Authority for Stockley Center Cost Share	$400.0
Increase in ASF Authority for DSAAPD Cain Center	$600.0

* One-Time

Reductions

- Total proposed reductions: $19,488,700
- Every division proposed reductions to its programs, including contractual lines, fleet usage, and supplies
- Through work on SJR 19, DHSS determined that administrative updates to an outdated Medicaid payment formula for inpatient hospital care will generate modest savings

Medicaid Inpatient Payment

- Unlike Medicare, commercial payers, and most states, Delaware Medicaid inpatient hospital payment is largely based on itemized bills
  - Methodology has not changed since 2009
- Senator Siegfried's SJR 19 directed DHSS to implement changes in 2027
- One component of methodology is the ratio of amounts that appear on itemized bills to hospitals' actual cost (the "cost to charge ratio" or CCR)
- Actual CCRs today are much lower than the 2009 amounts used in the payment formula
  - Using higher 2009 CCRs rather than actual current CCRs generates payments **$225 million** higher
  - Substantial variation across hospitals, not corelated with care complexity
- For calendar year 2027 DHSS will implement an administrative update to address changes needed since 2009
  - Some hospitals will see payment increase, while others will see decrease
  - On net, saves approximately $12-15 million in state dollars, and $35 million total
- Longer term changes needed to move away from reliance on itemized bills



FY 2028 State Capital Budget Requests

$59.4 million in total requests, including physical infrastructure and technology

Physical Infrastructure

Maintenance and Restoration	$5,750,000
Minor Capital Improvement and Equipment	$5,750,000
Herman Holloway Campus Powerhouse Switchgear Replacement	$3,800,000
Blade Server Infrastructure	$8,900,000
Stockley Campus Paving	$2,200,000
Uninterrupted Power Supply Refresh	$2,945,000
Drinking Water State Revolving Fund	$2,181,200
Clean Water Trust	$5,000,000
Springer Building Cabling Upgrade	$2,500,000
Integrated Drinking Water Protection & Well Expansion	$3,029,758
Roof Replacements	$4,000,000

FY 2028 State Capital Budget Requests

Technology

HR 1 - Community Engagement - ASSIST Enhancements and National Verification Hub Implementation	$849,360
Electronic Health Record, Pharmacy and Billing Project for Delaware Psychiatric Center and DSAMH	$663,967
WellSky - System Integration - DHCQ	$116,500
Cloud Infrastructure	$500,000
Network Switch Infrastructure	$2,500,000
DCSS AI Powered Service Solutions	$128,200
HR1 - Delaware Medicaid Enterprise System (DMES) Enhancements	$1,950,000
HR1 - Community Engagement ASSIST System Enhancements	$1,950,000
DMES System Enhancements Non HR1	$495,813
DMES Provider Automated Licensure Renewal and Certification	$722,817
DMES Modularity & Modernization Project	$3,500,000

Community Service - Delaware Corps

- Service United is bipartisan initiative launched by the National Governors Association (NGA) and a private philanthropic fund
- DE has applied for $1.5 million in funding to launch Delaware Corps, a paid service year to support young adults who take positions in four priority areas: healthcare, agriculture, finance, and education
- Total program cost is $2.5 million
- Clearinghouse process forthcoming



THANK YOU

