

1998-99

Minnesota Biennial Budget

Health and Human Services

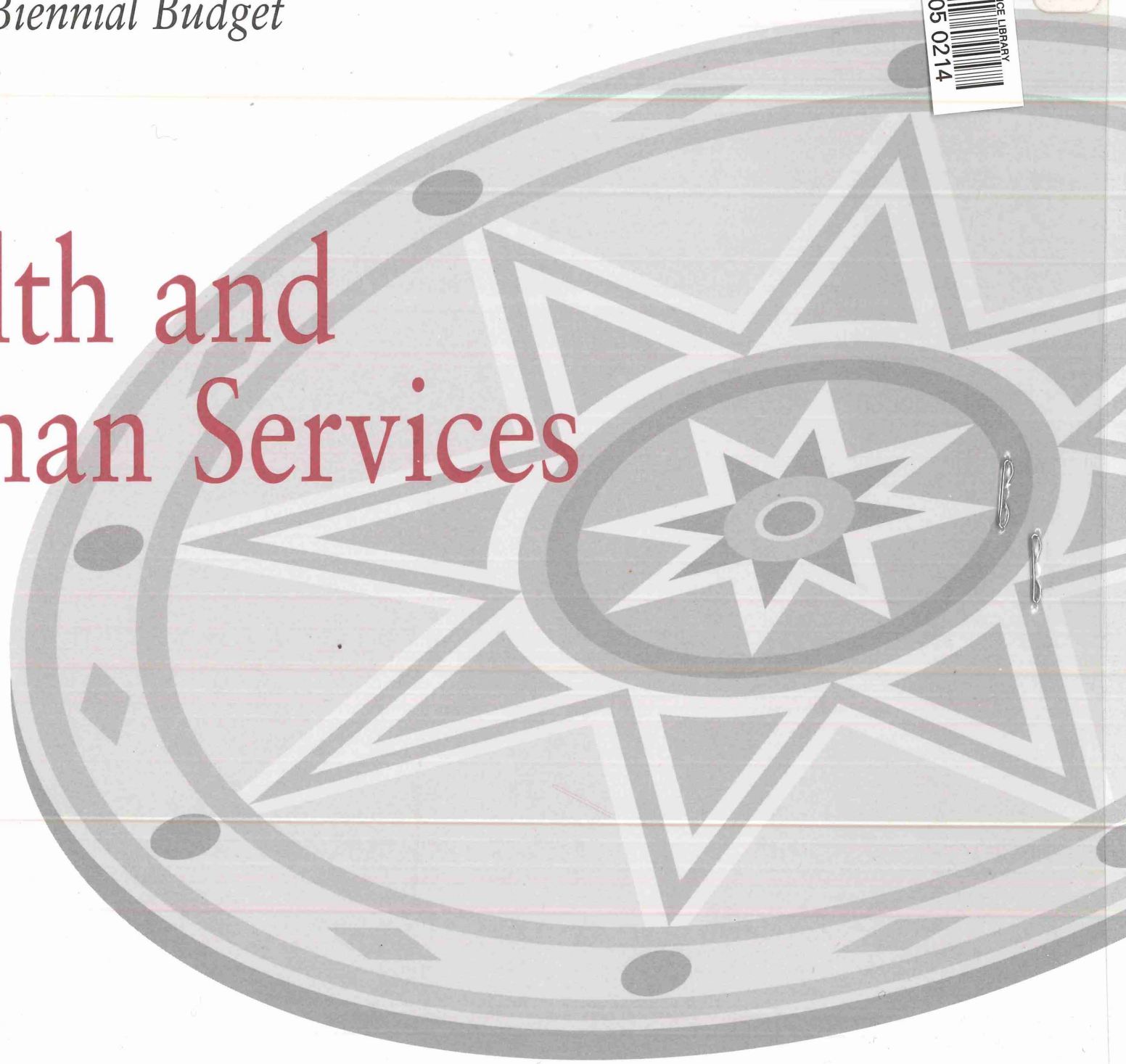
Presented by Governor Arne H. Carlson to the 80th Legislature

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January 1997

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1998-99 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Human Services, Department of

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>	\$2,454,182	\$2,454,182	\$4,908,364
<u>BASE ADJUSTMENT</u>			
One-Time appropriations	(2,704)	(2,859)	(5,563)
Biennial Appropriations	804		804
Program/Agency Sunsets	(500)	(500)	(1,000)
Fund Changes/Fund Consolidation	(1,249)	(1,249)	(2,498)
1998-99 Compensation Inflation	5,452	11,055	16,507
Annualization of New Program Costs	3,138	2,942	6,080
Space Rent/Lease Changes	<u>342</u>	<u>475</u>	<u>817</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$2,459,465	\$2,464,046	\$4,923,511
<u>DECISION ITEMS</u>			
Forecast Adjustments	122,321	320,816	443,137
Budget Initiatives	<u>(87,704)</u>	<u>(144,671)</u>	<u>(232,375)</u>
Total Decision Items	\$34,617	\$176,146	\$210,762
<u>GOVERNOR'S RECOMMENDATION</u>	\$2,494,082	\$2,640,191	\$5,134,273

The Minnesota Department of Human Services (DHS) developed its biennial budget by listening to what Minnesota citizens want for the future and by balancing what is desired for human services with tough choices about what is considered affordable to the taxpayer.

This budget accomplishes many important policy objectives:

- Statewide changes are made to welfare that require, support and reward work that aid people to work their way out of poverty.
- Significant steps are taken toward merging publicly funded health care programs.
- The states role as a purchaser of services is strengthened while its role as an administrator of services is reduced.
- The movement of persons with developmental disabilities from Regional Treatment Centers to community placements is completed.
- The development of community-based alternatives for persons with mental illness is continued and expanded.
- Local solutions to child welfare issues are supported through significant investments.
- Investments in technology are used to enhance efficiency, avoid future costs, and improve services;

AGENCY PLAN ITEMS BY PROGRAM:

Agency Management	2,998	1,213	4,211
Children's Grants	12,660	15,185	27,845
Children's Management	1,130	1,130	2,260
Basic Health Care Grants	(74,892)	44,974	(29,918)
Basic Health Care Management	1,260	1,947	3,207
State Operated Services	655	(6,754)	(6,099)
Continuing Care Grants	67,332	106,070	173,402
Continuing Care Management	1,665	1,204	2,869
Economic Support Grants	18,122	8,465	26,587
Economic Support Management	<u>3,687</u>	<u>2,711</u>	<u>6,398</u>
Total Agency Plan Items	\$34,617	\$176,146	\$210,762

These gains are accomplished within a context of fiscal restraint. New investments are targeted. Existing funds are reprioritized. More effort is dedicated toward maximizing all available resources, and assuring that the state pays no more than its intended share of service costs.

Under the proposed budget, agency spending (General Fund) will be \$2,494,082,000 for F.Y. 1998 and \$2,640,191,000 for F.Y. 1999. These amounts represent significant spending reductions from what was anticipated by the November 1996 Forecast. F.Y. 1998 spending is \$131 million lower than the November forecast and F.Y. 1999 spending is \$272 million lower.

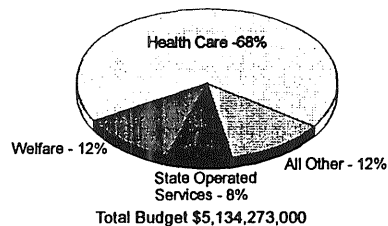
Under the Governor's plan, human services will account for 26% of total state General Fund spending in the F.Y. 1998-99 biennium. This places DHS second to the Department of Children, Family, and Learning in General Fund spending.

Agency Budget Brief
Agency: Human Services, Department of
(Continuation)

1998-99 Biennial Budget
Fund: General

While this budget introduces or continues important policy advances and reduces the rate of spending growth, fiscal restraint will remain an important issue for future budget development. Health care accounts for 68% of DHS's budget. Economic support (welfare) is the second largest portion of the DHS general fund budget accounting for 12% of proposed expenditures.

DHS 1998-99 BIENNIAL BUDGET
(GENERAL FUND)



Increases in human services spending continue to outpace revenue growth. This growth is mostly attributed to rising health care costs. Welfare spending has, in fact, decreased in recent years. So, health care, in addition to being the largest spending area, is growing at a significantly faster rate than other human services spending areas.

INCREASE IN HUMAN SERVICES BUDGET
AS COMPARED TO STATE REVENUE GROWTH
(General Fund - November Forecast)

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 1998-99</u>
State Revenues	3.4%	4.5%	7.3%
Health Care	10.1%	10.3%	24.0%
Economic Support (Welfare)	9.0%	3.7%	13.0%
Other	1.6%	2.3%	5.1%

* Without discretionary inflation

The proposed DHS budget contains decision pages which recommend changes (reductions and increases) to the adjusted F.Y. 1997 base appropriation. In total, agency decision pages increase DHS General Fund appropriations by \$34,617,000 in F.Y. 1998 and \$176,145,000 in F.Y. 1999. In addition to these increased General Fund appropriations, DHS budget proposals impact the General Fund by changing revenues, transferring program funds to other agencies and transferring funds to the health care access fund.

NET EFFECT OF DHS DECISION PAGES
ON GENERAL FUND

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 1998-1999</u>
Agency Plan Items	34,617	176,146	210,762
Transfers to Other Agencies	12,217	16,838	29,055
Transfer-F.Y. 1997 GAMC Base to HCA Fund	153,971	153,971	307,942
Net (Increase)/Decrease in Revenue	<u>(5,053)</u>	<u>1,758</u>	<u>(3,295)</u>
Net Effect on General Fund	\$195,752	\$348,712	\$544,464

There are 2 types of decision pages included in the DHS budget: those representing funding changes to forecasted programs that result from the continuation of current law (forecasted adjustments) and those for which the requested funding results from proposed changes to current law (budget initiatives). There are 12 forecast decision pages in the DHS budget. In total, forecast decision pages request increases of \$122 million for F.Y. 1998 and \$320 million for F.Y. 1999. Once again, these are increases to F.Y. 1997 appropriation.

Funding changes shown on the forecast pages are driven primarily by projected changes in number of recipients (caseload), changes in the amount of services used (utilization), and changes to the cost per unit of service (payment rates). However, for the F.Y. 1998-99 budget, federal changes have become another significant factor. For example, federal financial participation (FFP) for the entitlement programs has been reduced by a 1.5%. Over a 3 year period (F.Y. 1997-99) the FFP reduction will add nearly \$90 million to Minnesota's share of federal program costs.

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
FORECAST ADJUSTMENTS:			
MA Basic - Children & Families	\$29,968	\$78,192	\$108,161
MA Basic - Elderly & Disabled	52,024	117,890	169,914
MA LTC - Waivers & Home Care	24,753	61,645	86,398
MA LTC - Facilities	376	15,381	15,757
General Assistance Medical Care	(8,014)	4,308	(3,706)
Alternative Care Grants	1,864	1,414	3,278
Group Residential Housing	12,498	21,300	33,798
Chemical Dependency	(8,863)	(5,942)	(14,805)
MFIP	5,861	(1,766)	4,095
AFDC	1,631	11,243	12,874
General Assistance	11,083	14,783	25,866
Minnesota Supplemental Aid	<u>(860)</u>	<u>2,367</u>	<u>1,507</u>
Total Forecast Adjustments	\$122,321	\$320,817	\$443,138

The remaining changes proposed for the budget are the result of the agency's and Governor's recommended changes to current law. Each policy proposal that has a fiscal impact on either forecasted or non-forecasted grants is represented on one of the agency's decision pages.

The policy proposals are based on the agency's priorities for people that were established as a basis for responding to Minnesota's human services challenges. (These priorities are more specifically discussed in the agency narrative.) The following are some of the significant changes recommended in this budget listed by agency priority:

1. Economic Self-Sufficiency: Creating a Work-Focused, Anti-Poverty Welfare Program

- Movement of state investments from the more traditional welfare programs to the statewide implementation of the Minnesota Family Investment Plan (MFIP). MFIP provides greater emphasis on requiring, supporting and rewarding work;
- Appropriation of the new federal block grant called Temporary Assistance to Needy Families (TANF); and
- Appropriation of administrative funding for the state and counties welfare activities frozen at F.Y. 1996 levels so that more funds are available for grants.

Over the next 2 bienniums, DHS funding requests for welfare reform total no more than the projected state costs of current welfare programs. In addition, significant increases in child care funding are being proposed so that needed supports are available to parents returning to work. Child care funding requests are found in the Department of Children, Families, and Learning section of the Governor's budget.

2. Health Care: Ensuring Affordable Health Care for Families with Children and Purchasing Affordable Long-Term Care for the Elderly and Disabled

- Alignment of Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare Policies
- Transition of GAMC to MinnesotaCare.
- Demonstration Projects for the disabled using a managed care approach to providing services that are more flexible while controlling the growth of health care costs.
- Statewide expansion of adult mental health pilots.
- Additional funding for the Alternative care supporting the continued development of community-based services for the elderly.
- Further integration of long term care delivery and financing into comprehensive capitated care strategies, in order to improve client satisfaction, clinical outcomes, and cost containment.
- Voluntary closure and MA decertification of some nursing homes to reduce Minnesota's high use of costly, institutional care.

3. Children: Promoting the Best Interests of Children

- Expansion of collaborative efforts to improve children's mental health services.
- Increased funding support for foster care and adoptive family recruitment.
- Development of statewide competency-based and standardized training for child protection workers.
- Movement of adoption efforts for children under public guardianship from the public to the private sector.
- Expansion of family visitation centers and crisis nurseries.
- Continuation of family preservation services.

4. Technology and Information Access: Making Investments in Technology to Improve Business Standards and Meet Future Demands

- Continued funding for the Social Service Information System as an information support for child protection workers.
- Statewide expansion of electronic benefits transfer.
- Improvements to processing MinnesotaCare premiums.
- Enhancing the department's ability to collect the debts it is owed.
- Adapting the state operated services billing system to respond to changes in the service industry.
- Developing capacity to provide more information to consumers about licensed programs.

Other Significant Agency Proposals:

- Acceleration of the state buy out of the county share in health care and income maintenance service costs.
- Mandatory inflation adjustments for hospitals, nursing facilities, and intermediate care facilities for the mentally retarded.
- Replacing current hospital surcharges with the provider tax to meet federal requirements.

Governor's Initiatives:

Governor's initiatives included in the DHS budget are:

- Transition of GAMC into MinnesotaCare.
- Separate medical education costs from MA, GAMC, and MinnesotaCare payments and move funds to cover such costs to the Department of Health. (This item appears in the Department of Health's budget.)
- Acceleration of the state buy out of the county share in health care and income maintenance service costs.

BUDGET INITIATIVES:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
Cash Receipts System Technology	\$390	\$90	\$480
Computer Assisted Collection System	525	30	555
RSDI & Medicare Project	(61)	(2,042)	(2,103)
State Operated Service Billing System	500	-0-	500
Attorney General Rates	443	483	926
Fair Hearings	290	290	580
Consumer Information System	350	-0-	350
Family Preservation Fund	8,890	8,890	17,780
Privatize Special Needs Adoption	2,000	4,000	6,000
Children's Services	800	825	1,625
Services for Children's Mental Health	750	1,250	2,000
Crisis Nursery Service Expansion	600	600	1,200
Family Visitation Center Expansion	(200)	(200)	(400)
Social Services Information System (SSIS)	950	950	1,900
Acute Care Inflation	2,037	12,177	14,214
Eliminate MA/GAMC Pharmacy Copayment	169	240	409
Eliminate Nuisance Hospital Appeals	(2,865)	(2,994)	(5,859)
Medical Education (DOH budget initiative)	(5,245)	(11,772)	(17,017)
Dental Services	1,210	2,905	4,115
Mandated Extended Medical	776	1,838	2,614
Discontinue funds for MCHA premiums	1,538	1,601	3,139
Unitary Residence Act	(1,500)	(1,500)	(3,000)
Alignment of MA, GAMC and MnCare	250	(4,741)	(4,491)

Agency Budget Brief
Agency: Human Services, Department of
(Continuation)

1998-99 Biennial Budget
Fund: General

(continued)	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
Transitioning GAMC into MnCare	(176,181)	(178,436)	(354,617)
PMAP Enrollment and Advocacy	785	1,822	2,607
DD Downsizing & Safety Net Services	(5,213)	(17,054)	(22,267)
Psychopathic Personality Staffing Needs	500	500	1,000
Mental Health Transition - COLA	67	136	203
SOCS - COLA	1,206	2,460	3,666
Adult Mental Health Pilots Phase II	1,560	2,028	3,588
Demonstration Project for Disabilities	2,323	14,498	16,821
ICF/MR Inflation	1,431	3,962	5,393
NF Inflation & Waiver Limit Increases	12,213	28,258	40,471
NF Rate Setting Changes	(1,673)	(4,124)	(5,797)
Redesign PMAP to Include One Year Benefit	-0-	150	150
NF Voluntary Closure or Decertification	165	224	389
Eliminate Duplicate Service Billing	(472)	(688)	(1,160)
Limit Rate Increases Under CCDTF	(469)	(1,467)	(1,936)
MA/GAMC Services Provided by Tribes	1,466	1,090	2,556
Adjust Maintenance of Effort for CCDTF	1,500	1,500	3,000
MFIP Child Care Transfer to DCFL	(6,322)	(4,416)	(10,738)
Child Support Federal Mandates	2,000	1,100	3,100
Accelerate State Financing	64,235	(10,226)	54,009
Welfare Reform	-0-	-0-	-0-
Program Integrity	403	443	846
EBT Statewide Expansion	<u>175</u>	<u>650</u>	<u>825</u>
Total Budget Initiatives	<u>\$(87,704)</u>	<u>\$(144,670)</u>	<u>\$(232,374)</u>

Summary of Agency Actions:

1998-99 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Human Services, Department of

Fund: Health Care Access

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
<u>BASE ADJUSTMENT</u>	\$132,540	\$132,540	\$165,080
One-Time Appropriations	(855)	(855)	(855)
1997 Salary Supplement Transfers	193	193	386
1998-99 Compensation Inflation	178	359	386
Space Rent/Lease Changes	<u>24</u>	<u>26</u>	<u>50</u>
<u>CURRENT SPENDING</u>	\$132,080	\$132,263	\$264,343
<u>AGENCY PLAN ITEMS</u>			
Forecast Adjustments	(34,941)	(29,546)	(64,487)
Acute Care Inflation	242	1,051	1,293
Eliminate MA/GAMC Pharmacy Copay	(146)	(170)	(316)
Medical Education (Dept. of Health Budget Initiative)	(1,210)	(2,640)	(3,850)
Steps Toward Alignment of MA, GAMC and MnCare	-0-	4,279	4,279
Transitioning GAMC into MnCare	<u>176,523</u>	<u>179,972</u>	<u>356,495</u>
Total Agency Plan Items	\$140,468	\$152,946	\$293,414
<u>GOVERNOR'S RECOMMENDATION</u>	\$272,548	\$285,209	\$557,757
<u>AGENCY PLAN ITEMS BY PROGRAM:</u>			
Basic Health Care Grants	140,126	150,584	290,710
Basic Health Care Management	<u>342</u>	<u>2,362</u>	<u>2,704</u>
Total Agency Plan Items	\$140,468	\$152,946	\$293,414

Brief Explanation of Agency Plan:

The Department of Human Services (DHS) receives appropriations from the Health Care Access Fund to cover payments and operational costs of the MinnesotaCare subsidized insurance program. This program is available to families and children with incomes at or below 275% of poverty and to single adults with incomes at or below 135% of poverty. At the end of the 1996 legislative session, total MinnesotaCare payments to health care providers were projected to reach over \$153 million for F.Y. 1998 and over \$156 million for F.Y. 1999. An additional \$12 million

was appropriated to DHS to cover the costs of operating this program. Primary operation activities include eligibility determination, processing invoices and payments, and the collection of premiums paid by beneficiaries.

In the agency plan MinnesotaCare payments are significantly reduced as a result of changes in the November 1996 forecast. These forecasted reductions are driven primarily by reduced caseload projections that correspond with improved information on the number of uninsured persons in Minnesota.

In addition to the forecast change, the agency plan recommends policy changes that impact Health Care Access Fund appropriations. Those recommendations that require increased appropriations are as follows:

- The Governor proposes to transition the current General Assistance Medical Care (GAMC) program into MinnesotaCare. Beginning in F.Y. 1998, the GAMC program is transferred from the General Fund to the Health Care Access Fund. Along with the program transfer, it is proposed that the general fund transfers funding equal to the F.Y. 1997 forecasted GAMC expenditure (approximately \$154 million). The GAMC program and fund transfer is eliminated by the beginning of F.Y. 2001. Once the program is discontinued, most GAMC recipients will become eligible for MinnesotaCare.
- The agency recommends some inflation adjustments to MinnesotaCare provider payments.
- The agency recommends changes to MinnesotaCare funding to support the alignment of MinnesotaCare, GAMC, and Medical Assistance policies.

Proposed reductions to Health Care Access fund appropriation to the DHS budget result from the following governor's and agency recommendations:

- The Governor recommends consolidating existing funding and increasing funding levels for medical education and research. (This proposal is located in the Department of Health section of the budget document.)
- The agency recommends elimination of pharmacy co-payments and a reduction to pharmacy payments to reflect industry payment standards

Revenue Summary:

DHS generates revenues from premium payments made by MinnesotaCare participants. These payments are deposited into the Health Care Access Fund. In addition MinnesotaCare earns federal revenues for payments on behalf of participants that qualify for federal Medicaid reimbursement.

Affected Statutes:

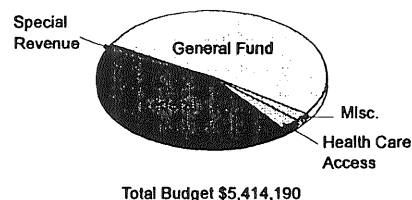
None.

1998-99 Biennial Budget

AGENCY: Human Services, Department of

BUDGET SCOPE:

Department of Human Services
Total Funding - 1998 Base Level
(Direct and Statutory Appropriations)



AGENCY DESCRIPTION:

Mission

The Minnesota Department of Human Services' (DHS) mission is to provide health care, economic assistance and social services to those Minnesotans whose personal or family resources are inadequate to meet their basic human needs. DHS serves a wide range of individuals: elderly individuals who need help paying for hospital and nursing home bills or home delivered meals; families with children who need economic support during a time of crisis; single parents who need help getting child support or who need help paying for child care; and physically or developmentally disabled individuals who need assistance to live independently. In health care alone, roughly 500,000 Minnesotans—from infants to the elderly—receive health care coverage through the 3 largest health care programs DHS administers—MinnesotaCare, Medical Assistance (MA), and General Assistance Medical Care (GAMC). For many Minnesotans, the services DHS provides are critical to their quality of life and well-being.

DHS provides services to these individuals through a number of programs.

Major DHS programs include MA, GAMC, MinnesotaCare, Aid to Families with Dependent Children (AFDC), General Assistance (GA), child protection, child support enforcement, and child welfare services, and services for persons who are mentally ill, chemically dependent and developmentally disabled. DHS is a direct service provider through its regional service centers for deaf and hard of hearing individuals and through its State Operated Services (the collective term for its 7 Regional Treatment Centers serving chemically dependent, mentally ill and developmentally disabled individuals), state-run group homes and a state nursing home. DHS also licenses a variety of services including child care centers and treatment facilities and, through counties, supervises protective services for children and vulnerable adults.

Human services is approximately 25% of the state General Fund budget.

Structure

DHS is organized into several service areas.

- Health and Continuing Care Strategies includes most health care services funded through MA, GAMC and MinnesotaCare, continuing care services for special populations funded through MA and state grant programs, and the State Operated Services facilities.
- Economic and Community Support Strategies includes basic economic support such as AFDC, GA and the Minnesota Family Investment Plan.
- Agency Management includes the financial, legal, and operational management functions that cross department activities.
- In addition the department has 2 special initiatives that are part of the organizational structure, that have operating divisions and that also provide policy direction broadly across the agency. These are the Children's Initiative and the Aging Initiative or Project 2030.
- The department's Children's Initiative has responsibility for child welfare services, including child protection, foster care, children's mental health services, community services, and development of the Social Services Information System (SSIS). Additionally, it is charged with ensuring that children's needs are considered in health care and welfare policy development and service implementation.
- The department's Aging Initiative, or Project 2030, has statutory responsibility for continuing care services such as nursing home policy and related services to seniors. The Initiative's main charge is to plan for the future—the year 2030—to mobilize community supports and to pursue strategies outside the welfare system to ensure quality care for seniors, as an aging baby-boom population puts more pressure on the ability of the state to afford publicly subsidized long-term care.

In purchasing and delivering services, DHS works with county human services agencies, jobs and training providers, health care providers and other public and private sector agencies.

AGENCY ISSUES:

The following factors are shaping health care, welfare, child welfare and support services policy at DHS.

- A growing number of disabled individuals and chronically ill individuals are using public assistance. Disability services represent one of the fastest growing areas of the MA budget. Individuals who have disabilities or chronic conditions often have very expensive care needs. Life expectancy has increased for these individuals because of advances in medical care. Additionally, individuals with a disability and their families desire flexible services that fit their needs and lifestyle. The state has struggled to provide service flexibility and to contain costs without reducing either eligibility or benefits. Because many of these individuals end up getting services funded through a combination of MA, state and federal grant programs and local funding sources, new ways to coordinate, manage, and deliver these services efficiently must be developed to create an affordable future.
- An aging population. The number and percentage of Minnesota's population aged 65 or older is rapidly increasing; more people are living longer. This creates a greater need for long-term care services and a need to ensure that those services are affordable, give seniors options, and are available throughout the state.
- Past decisions have institutionalized the elderly at a higher rate than the national average. As our population has aged, Minnesota has tended to use institutional care for the elderly. While a moratorium on nursing home bed construction has been in place for a number of years and at-home care funding for less expensive and consumer preferred services has been increased, Minnesota is still 6th in the nation for the rate of institutionalizing our elderly. Institutionalization is typically the most expensive form of care.

AGENCY: Human Services, Department of
(Continuation)

- **Changing health care marketplace and the need to change with it.** Minnesota's health care marketplace has changed dramatically. More and more health care professionals are part of health care networks and use managed care to deliver the most appropriate service at the most affordable price. As public sector and private sector purchasers of health care have gained more experience with managed care, they are adapting the model where necessary to fit particular needs of those they buy services for. Today, fewer large purchasers of care are buying the most expensive way in the marketplace—service by service—and more smaller purchasers are looking for ways to become part of larger purchasing alliances to benefit from a bigger risk pool and access to larger service networks.
- **Federal welfare reform.** In August 1996, federal welfare reform became a reality when laws were enacted to end the 60-year-old AFDC program and replace it with block grant funding to states. For many years, Minnesota has understood the limits and anti-work incentives of the AFDC program. Minnesota has been assertive in developing new welfare strategies within the limited flexibility of AFDC and has sought special federal waivers of AFDC program rules to try new approaches. Minnesota has anticipated many of the necessary changes. This legislative session, Minnesota has the opportunity to use its past experiences to craft a new welfare system that will operate within a fixed federal-state budget. Critical to this effort will be changing the culture of welfare so that it is once again seen as a temporary support and so that welfare offices become instrumental in getting families on their feet through work.
- **Changes in the economy, changes in family structure.** Over time, more jobs have been created in the service industry/retail part of the economy. Often, these jobs are lower wage and do not include health care or child care benefits. Additionally, there are more single parent families struggling to make ends meet and sometimes using welfare as a back up during personal economic crises. The nature of work is also changing. No longer can people enter employment expecting to stay with the same employer until retirement. Changing jobs, and even changing careers, several times is becoming more common. These and other factors form a back-drop for re-designing welfare programs that are work-focused and anti-poverty focused at the same time.
- **The out-of-home placement of children.** A combination of family violence, mental health problems, juvenile delinquency and chemical abuse have led to growth in a population of children who need to be removed from their homes. Too often, too much time elapses before a permanent home is found for the child. New strategies that serve the best interests of children must be found.
- **A need to focus on prevention in health care, welfare, and child welfare while operating crisis services too.** Fixing problems is much more expensive and less effective than preventing them. Yet, at the same time that resources must be reallocated to prevent disease, abuse and welfare dependency, the department must operate crisis services. A strategy within the department has been to reprioritize existing funding as much as possible toward prevention and partnering with communities to coordinate a continuum of support services for families.
- **Living within our means—assuring affordable human services to serve the State's long-term financial stability.** With health care, education, and corrections costs rising at current rates, Minnesota must constantly be sensitive to a possible structural financial imbalance between what it takes in and what it is spending.

AGENCY STRATEGIES:

DHS has five Priorities for People Initiatives that respond to agency challenges. These initiatives build on past successes, while addressing future needs.

1. **Economic self-sufficiency: creating work-focused, anti-poverty welfare reform.** Minnesota has been creating work-focused, anti-poverty welfare reform for a number of years. Its strategies are working well and form the basis of the 1998-99 Governor's budget recommendations. To date, Minnesota's accomplishments include:
 - State welfare spending, adjusted for inflation, that has decreased more than 21% from S.F.Y. 1992 to 1996.
 - Health care through MinnesotaCare that has provided a safety net for working families meaning 4,300 fewer Minnesotans rely on welfare; the savings is \$2.1 million net each month in welfare costs.
 - Child support collection that has increased 100% from 1991 to 1996, and makes Minnesota first in the nation in the amount of child support collected for each case.
 - A Minnesota Family Investment Plan (MFIP) strategy that has produced results, with significantly more people working than in AFDC comparison groups.

Minnesota must use this legislative session to establish a new welfare system which uses the new federal Temporary Assistance for Needy Families (TANF) block grant. The Governor's budget accomplishes this reform while living within the State's financial means. No additional state money is requested for basic reform beyond what the state would have been obligated to spend under the old AFDC program. The Governor recommends establishing MFIP statewide effective in 1-1-98. In the interim, an Assistance to Families Grants program is recommended as a temporary bridge between the old AFDC program and the statewide MFIP. Both programs would have lifetime limits on receipt of welfare benefits.

Although these elements are not part of the department's budget, it is important to note that the Governor recommends a substantial increase to the State's Child Care Fund, and a continued strong commitment to MinnesotaCare as additional, essential, welfare reform strategies.

In addition to TANF, the federal government made changes to the Supplemental Security Income (SSI) program and in the Food Stamp program, which will result in a loss of benefits for some Minnesotans, particularly legal non-citizens. As a basic principle, state dollars are not used to replace lost federal money, dollar for dollar. However, recommendations are made that provide a safety net for disabled and elderly non-citizens by allowing those individuals to access the same supports available to similarly situated citizens through the General Assistance program. Additionally, recommendations provide a one-time grant to counties to use to help individuals who lose SSI or Food Stamps as they make a transition to other types of support. A special grant to non-profit organizations is also made to assist legal non-citizens in the citizenship process.

2. **Health care: ensuring affordable health care for families with children and purchasing affordable long-term care for the elderly and disabled.** DHS purchases both acute care—such as hospital coverage and physician visits—and long-term or continuing care—such as nursing home care and group home care as the administrator of the 3 largest publicly funded health care programs. These programs are striving to use a competitive marketplace to buy the most comprehensive package of benefits possible within the limits of what taxpayers can afford. Premiums paid by enrollees, based on what they can afford, are also part of the state's long-term strategy. Over time, DHS has been changing its own culture to be a smarter purchaser of care and an advocate for quality coverage rather than a passive payor of health care bills.

1998-99 Biennial Budget

AGENCY: Human Services, Department of (Continuation)

MinnesotaCare, General Assistance Medical Care (GAMC), and non-disabled Medical Assistance (MA) enrollees choose which private health care plan they wish to deliver their acute health care. This means that public enrollees have the same provider network access to top health care professionals as most other Minnesotans.

The reality for public programs however, is that about 25% of its enrollees are elderly or disabled and have high needs in the form of long term care; 75% of the health care budget pays for their services. At the same time that these enrollees need to get the help they require, the state needs to find ways to keep spending within levels taxpayers can sustain. The result has been a commitment to develop innovative managed care models. A number of examples of this commitment form a backdrop for budget recommendations:

- **Disability demonstration projects.** These projects use local development teams to establish the best access and funding approaches under managed care for persons with physical or developmental disabilities and mental health needs.
- **The Minnesota Seniors Health Option (MSHO).** Minnesota is the first state in the nation to gain federal approval to give seniors dually eligible for Medicare and MA the option to combine these funding sources and service delivery for their care. This means, among other positive things, that seniors do not get shifted around from nursing home to hospital simply to meet the different financing incentives of each program.
- **Nursing home service contracts.** In the past, nursing homes have been reimbursed for costs without much connection to service performance and separate from other forms of continuing care. Last year, a new strategy to address on-going quality began with sets of nursing homes to establish a new way of doing business. This effort uses contracts for services that enhance accountability to consumers and to taxpayers.

Overall, in the area of long term care for the elderly and disabled, Minnesota is distinguished by having a good system of service, but one that has traditionally put more elderly in institutions than most of the nation. This is despite the desire of most seniors to live at home for as long as possible, a moratorium on nursing home bed creation, and investments in at-home care.

Past issues and success informs this budget's decision items. These items include:

- expanding demonstration projects for the disabled and, fully implementing previously authorized projects
- additional support for adult mental health pilots
- expanding the Prepaid Medical Assistance Program (PMAP) and including one-year of nursing home benefit within those contracts
- additional funding for alternative care
- voluntary closure and MA decertification of some nursing homes with careful, planned relocation of MA enrollees into other nursing homes or home-care arrangements
- merger of the GAMC program enrollees into MinnesotaCare to create a more coordinated and combined program
- continued efforts to develop community-based and specialized safety-net services for individuals with the most challenging behavioral or mental health needs

In addition to items which implement the health care priority, the budget contains inflationary increases for hospitals, intermediate care facilities for the mentally retarded and nursing facilities, compliance measures to conform with federal provider tax requirements, and residency requirements to receive GAMC.

3. **Children: promoting the best interests of children.** The department's Children's Initiative works to assure that children will grow up in stable, nurturing families. Helping families find services quickly and conveniently, finding permanent loving homes for children who cannot live with their own families, working to see that child welfare services focus on the best interests of the child, and developing tools for child welfare professionals are all elements of the agency's agenda.

Budget recommendations for this biennium include:

- improving children's mental health services through collaborative efforts
 - privatizing adoption services for children under the guardianship of the Commissioner of Human Services
 - improvements to the child welfare system including a statewide strategy for recruiting foster and adoptive families and standardized training for child welfare workers
 - expanding Family Visitation Centers and Crisis Nurseries
 - improving the tools child protection workers use through support for the Social Service Information System (SSIS)
4. **Technology and information access: making investments in technology to improve business standards and meet future demands.** Technology has become critical to the most basic functions of the department. It has grown to meet a rising workload, to ensure equitable distribution of benefits and to meet greater expectations for quick, accurate transactions and information. Technology has also fundamentally changed DHS' business. Today, DHS is a developer of policy and an operating agency, assuming centralized operations functions that make sense to consolidate statewide. A centralized Issuance Operation Center for distribution of welfare benefits and a centralized Child Support Payment Center represent an approach that has used the economies of scale while keeping most customer services at the local level. Strategic planning is required to adapt the department's computer systems and other technological investments to meet the needs of welfare reform and other new emerging needs. The department's Technology and Information Access priority this legislative session includes:
 - using technology to improve the cash receipting process for MinnesotaCare premiums
 - enhancing the department's ability to collect debts it is owed
 - assisting State Operated Services in adapting its billing system
 - providing more information to consumers about licensed programs by enhancing information access
 - making modifications to systems to meet Year 2000 software/hardware issues
 - expanding the Electric Benefit System statewide
 5. **Work force development: attracting and retaining a diverse, well-trained workforce able to adapt to future needs.** The Human Services' workforce is the instrument of human service policy. The nature of the department's work is changing, and with it comes a need to anticipate change and to recruit and retrain a diverse, skilled workforce. This session, no additional funding is requested for workforce development except in very limited circumstances where training is required to meet a specific policy goal (e.g. county child welfare worker standardized training). To meet its workforce development needs, the department will continue to reprioritize existing administrative money.

AGENCY: Human Services, Department of
(Continuation)

6. **Other items.** In addition to the recommendations tied to the 5 priorities, several other requests should be noted. They include increasing efforts in the department's RSDI initiative--recouping state payments that could instead be paid by federal programs.

Performance Report

As DHS implements its priorities it uses a set of measures to determine whether it is meeting its goals. While hundreds of specific measures are available, DHS uses ten to measure very broad categories of service. These are noted below for reference. A complete performance report is available from DHS.

- *Agency management*--administrative cost as a percent of total department expenditures-
- *Children's Initiative*--number of children in out-of-home placement in Minnesota
- *Basic Health Care Grants*--rate of overall enrollee satisfaction with Minnesota's 3 publicly subsidized Health Care Programs; percent of uninsured families with incomes below 275% of poverty who are enrolled in MinnesotaCare; number of former AFDC recipients using MinnesotaCare to transition off public assistance programs who have stayed off for at least 6 months.
- *Continuing Care and Community Support Grants/Aging Initiative*--percent of seniors on MA who live in the community; percent difference in the average cost of community alternative care for the elderly and nursing home care; percent of adults/children/families with identified needs living in the community.
- *Economic support grants*--family assistance program work participation rates for all families; the amount of child support collected from non-custodial parents.

REVENUE SUMMARY:

DHS receives funding primarily through state appropriations and federal financial participation. A detailed revenue summary is found on the Agency Revenue Summary page.

SUMMARY OF BUDGET REQUEST:

The Agency Budget Brief details overall changes within department spending. From a policy perspective this budget accomplishes a number of objectives:

- Changes welfare statewide so work is required and rewarded;
- Takes significant steps toward merging publicly funded health care programs;
- Strengthens the state's role as a purchaser of services rather than a payer for services;
- Completes movement of persons with developmental disabilities from the Regional Treatment Centers (RTCs) to the community and continues development of community-based alternatives for people with mental illness;
- Adds investments in local solutions to child welfare issues;
- Invests in technology to enhance agency efficiency and avoid future costs; and
- Accomplishes these goals within a context of fiscal restraint--reprioritizing funding, and staying within targets while paying for health care inflation, welfare changes and the cash flow costs of expanding managed care.

A reality that human services has had to face is that its spending is out pacing the rate of growth of money the state is taking in. The budget surplus projected for the biennium reflects a stronger than expected economy and lower state expenditures gained from past decisions to control human services spending. In the short-term, the state's financial picture is good. Awareness of continuing growth in health care needs and costs, changing demographics, and potential, if currently unforeseen, economic downturn highlight the need to adapt services now and carefully plan ahead.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding levels as requested in the agency budget plan. In addition, the Governor has identified the following as Governor's Initiatives:

- Transitioning GAMC enrollees to MinnesotaCare to further the vision of a premium-based, coordinated health care purchasing strategy.
- Accelerating the current schedule for reimbursing counties for their share in the cost of income maintenance programs to simplify planning, forecasting, and budgeting.
- Separating medical education costs from MA, GAMC, and MinnesotaCare capitation rates and moving funds to cover such costs to the Medical Education and Research (MERC) trust funds in the Department of Health. [This item appears in the Department of Health's budget.]

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT

	FY 1998			FY 1999				
		Est.						
PROGRAM RESOURCE ALLOCATION:	FY 1996	FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY MANAGEMENT	261,343	321,529	315,173	256,131	256,131	329,370	264,128	264,128
CHILDREN'S GRANTS	137,579	93,375	85,049	97,613	97,613	87,049	102,138	102,138
CHILDREN'S SERVICES MANAGEMENT	6,487	10,348	7,405	8,535	8,535	7,436	8,566	8,566
BASIC HEALTH CARE GRANTS	1,370,850	1,880,853	1,883,939	2,000,846	1,926,050	1,887,020	2,301,839	2,176,371
HEALTH CARE MANAGEMENT	43,037	56,795	53,871	55,131	55,473	53,415	56,188	57,724
STATE OPERATED SERVICES	247,715	261,448	257,719	258,374	258,374	261,255	254,501	254,501
CONT CARE & COMM SUPP GRANTS	1,981,008	2,156,799	2,141,627	2,181,605	2,110,860	2,142,110	2,300,244	2,192,463
CONT CARE & COMM SUPP MGMT	25,966	32,543	32,155	33,820	33,820	31,712	32,916	32,916
ECONOMIC SUPPORT GRANTS	541,746	574,116	560,474	630,964	599,540	564,254	654,404	605,539
ECONOMIC SUPPORT MANAGEMENT	56,084	71,849	76,778	82,409	82,409	74,582	79,079	79,079
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	4,671,815	5,459,655	5,414,190	5,605,428	5,428,805	5,438,203	6,054,003	5,773,425
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
LOCAL GOVERNMENT TRUST	50,499							
GENERAL	1,950,560	2,387,305	2,459,465	2,611,272	2,494,082	2,464,046	2,840,625	2,640,191
STATE GOVERNMENT SPECIAL REVENUE	631	541	549	453	453	558	462	462
HEALTH CARE ACCESS	55,322	132,586	132,080	97,235	272,548	132,263	107,877	285,209
STATUTORY APPROPRIATIONS:								
GENERAL	287,366	345,168	334,191	353,706	118,960	334,123	379,304	121,828
STATE GOVERNMENT SPECIAL REVENUE		759	771	771	771	688	688	688
HEALTH CARE ACCESS	17,423	20,190	23,276	23,276	23,276	26,357	26,459	26,459
SPECIAL REVENUE	141,507	182,959	90,115	89,816	89,816	87,367	86,910	86,910
FEDERAL	2,073,654	2,285,156	2,263,104	2,318,260	2,318,260	2,273,399	2,492,276	2,492,276
AGENCY	83,141	93,447	99,524	99,524	99,524	108,360	108,360	108,360
GIFT	207	599	270	270	270	197	197	197
ENDOWMENT	13	22	22	22	22	22	22	22
CHEMICAL DEPENDENCY TREATMENT	11,492	10,923	10,823	10,823	10,823	10,823	10,823	10,823
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,671,815	5,459,655	5,414,190	5,605,428	5,428,805	5,438,203	6,054,003	5,773,425
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	5,940.3	5,828.2	5,849.3	5,769.3	5,771.3	5,853.7	5,611.7	5,628.7
TEMP/SEAS/PART_TIME	51.0	75.9	80.0	80.0	80.0	79.9	79.9	79.9
OVERTIME	39.6	36.6	34.9	34.9	34.9	34.9	34.9	34.9

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT

			FY 1998			FY 1999		
		Est.						
PROGRAM RESOURCE ALLOCATION:	FY 1996	FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	6,042.9	5,952.7	5,976.2	5,896.2	5,898.2	5,980.5	5,738.5	5,755.5

1998-99 Biennial Budget Agency Level Revenue Summary

Agency: Human Services, Department of

REVENUE SOURCES:

The Department of Human Services (DHS) generates non-dedicated revenue, dedicated revenue, and receives federal funds and foundation grants. The non-dedicated revenue is generated from charges for the cost of care for residents of state Regional Treatment Centers and State Operated Community Services; surcharges on health care providers; recoveries and refunds from third party payers, clients and providers; administrative cost reimbursements from federal agencies; and licensing fees. These funds are deposited into the General Fund except for a portion of the cost of care receipts which are deposited into the Cambridge Bank Fund. The Cambridge Bank Fund was established to guarantee state bonds issued to generate funds needed to repay banks, as the result of a tax lawsuit finding against the state. Non-dedicated revenue is estimated to be \$282 million in F.Y. 1997, which is approximately 5% of the total department budget.

DHS dedicated revenue is primarily federal funds, although significant amounts are generated by sliding fee premiums paid by MinnesotaCare clients; charges for cost of care for residents of waived service homes and day training and habilitation services; billings for treatment paid for by the consolidated chemical dependency treatment fund; state operated services billings for shared services such as laundry; fees charged for background checks done for Personal Care Provider Organizations (PCPO) facilities; and funds received from counties for their share of the various entitlement programs. DHS also aggressively pursues foundation funding for projects consistent with department goals, directions, and core values. One example is the Robert Wood Johnson funding awarded for the Minnesota Senior Health Options project - a unique, nationally watched effort to combine Medicare and Medicaid funding for a seamless, efficient, cost effective, and user friendly continuum of basic health and long term care for Minnesota seniors. Dedicated revenue is estimated to be \$2.8 billion in F.Y. 1997, which is approximately 52% of the total department budget.

The dedicated federal funds that the department receives run the gamut, from the open-ended federal financial participation in the Medical Assistance program (\$1.8 billion/year - Title XIX of the Social Security Act), which will be approximately \$1.8 billion in F.Y. 1997, to small special project grant awards in the \$40 thousand range. Federal funds are received for Temporary Assistance for Needy Families (formerly AFDC - \$268 million/year), Social Services (\$43 million/year - Title XX of the Social Security Act), Foster Care (\$45 million/year - Title IV-E of the Social Security Act), Child Welfare (\$5 million/year - Title IV-B of the Social Security Act), as well as for Refugee Assistance, Child Support Enforcement, Mental Health, Chemical Dependency, Food Stamp Administration, Older Americans, and many other programs. Almost all of this federal revenue is deposited into the federal fund and is expended on clients and client services by DHS, or is passed through to counties and other service providers.

FEE STRUCTURE:

State statute requires the Department of Human Services to charge fees for several department programs and functions. DHS has responsibility for licensing, monitoring, and investigating adult day care programs; child care centers; family child care homes; foster homes for adults and children; group homes and residential treatment centers for children; day and residential programs for persons with developmental disabilities, mental illness, chemical dependency, physical handicaps; and mental health centers. Fees, which are set in rule, are charged for these services and are deposited into the General Fund. Licensing fee revenue is estimated at \$625 thousand in F.Y. 1997.

DHS is also charged with conducting background studies on all people who provide direct contact services in DHS licensed and Minnesota Department of Health (MDH) licensed facilities. Beginning 1-1-97, DHS will also conduct background studies on people who provide direct contact services for unlicensed Personal Care Provider Organizations (PCPO) enrolled in the MA reimbursement program. The background studies completed for DHS licensed facilities are funded from the general fund. The background studies completed for MDH licensed facilities are funded through an interagency contract with MDH and use of an MDH state government special revenue fund. DHS is authorized to charge a fee to recoup the costs of the PCPO background studies. These fees will be deposited into the state government special revenue fund as dedicated revenue. The PCPO background study activity is estimated at \$114 thousand/year.

State statute authorizes the Department to charge for the cost of care of residents of Regional Treatment Centers and State Operated Community Services facilities. Cost of care per diem rates are calculated annually. Cost of care receipts for Regional Treatment Centers are deposited into the General Fund and the Cambridge bank fund as non-dedicated revenue and are estimated at \$110 million in F.Y. 1997. Cost of care per diem receipts for waived service homes and day training and habilitation services are deposited into the general fund as dedicated revenue and are estimated at \$25 million in F.Y. 1997.

RECENT CHANGES:

Department of Human Services revenue has maintained a steady annual increase for many years due primarily to the growth of federal entitlement programs. However, there have been several recent federal changes that will affect revenue and other changes are anticipated.

- The most significant change affecting DHS revenue is the federal welfare reform act, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, which was recently signed into law. PRWORA eliminates the Aid to Families with Dependent Children entitlement program originally established in Title IV-A of the Social Security Act and replaces it with the Temporary Assistance to Needy Families (TANF) grant. TANF is a block grant which freezes the amount of money that each state gets for assistance to needy families at a historic base level. Minnesota's amount is based on federal fiscal year 1994 spending. Minnesota's TANF grant has been established at \$268 million a year and will remain at that level for the next 6 years.
- Other changes that will affect DHS revenue are in the area of cost of care charges. Cost of care non-dedicated revenue has been decreasing for several years as Regional Treatment Center residents have been placed in community settings. This trend is expected to continue. As State Operated Community Services increase, dedicated revenue is expected to increase. In addition to expected revenue trends due to placement and population changes, the department is beginning the transition from an all inclusive per diem rate for cost of care to a fee for service methodology. This may have an effect on revenues that is not possible to discern at this time.
- The establishment of the Child Support Enforcement centralized payment center will result in increased dedicated revenue for DHS. This will be pass through-money, receipted by DHS and paid out to custodial parents or refunded to public assistance programs.

Agency Level Revenue Summary
Agency: Human Services, Department of
(Continuation)

1998-99 Biennial Budget

- The transfer of Child Care responsibility and funding from DHS to the Department of Children, Families, and Learning (DCFL) will mean a decrease in federal revenue for DHS and a corresponding increase for DCFL.
- A declining federal financial participation percentage in the Medicaid (Title XIX) program will impact the Medical Assistance program.

FORECAST BASIS:

The department is anticipating a flattening of the traditional growth in revenue as federal funds available to Minnesota decline and cost of care receipts decrease. Several DHS budget proposals detailed below will affect revenue.

DECISION ITEMS:

The following budget proposals affect revenue significantly:

<u>Item</u>	<u>Revenue Effect (000's)</u>	
	<u>1998</u>	<u>1999</u>
RSDI & Medicare for People	\$3,620	\$5,238
Downsizing & Safety Net Services	\$ (4,502)	\$(13,406)
Adult Mental Health Pilots Phase II	\$(923)	\$ (1,231)
Demonstration Project for Persons with Disabilities	\$ 575	\$195
Child Support Federal Mandates	\$545	\$297
Program Integrity	\$725	\$725
Welfare Reform: Restructure Funding	\$ (3,689)	\$ (3,612)
Compliance with Federal Provider Tax Requirements - Supplies, etc.	\$(1,670)	\$(1,909)
Compliance with Federal Provider Tax Requirements - Surcharge	(\$892)	\$ 240

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Forecast	Agency Plan	Governor Recomm.	Forecast	Agency Plan	Governor Recomm.
NON-DEDICATED REVENUE:								
DEPARTMENTAL EARNINGS:								
GENERAL	12,896	42,549	41,300	39,745	39,745	41,300	32,351	32,351
CAMBRIDGE DEPOSIT FUND	105,599	70,081	70,081	70,081	70,081	70,081	70,081	70,081
GRANTS:								
GENERAL	4,437	7,089	4,425	4,302	4,302	4,425	4,237	4,237
OTHER REVENUES:								
GENERAL	65,148	78,280	77,780	77,780	77,780	77,780	77,780	77,780
OTHER SOURCES:								
GENERAL	1	2	12	2,078	2,078	12	1,604	1,604
TAXES:								
GENERAL	84,046	85,336	85,312	84,420	84,420	85,312	85,552	85,552
HEALTH CARE ACCESS				<1,670>	<1,670>		<1,909>	<1,909>
TOTAL NON-DEDICATED RECEIPTS	272,127	283,337	278,910	276,736	276,736	278,910	269,696	269,696
DEDICATED RECEIPTS:								
DEPARTMENTAL EARNINGS:								
GENERAL	30,892	34,694	33,110	33,110	33,110	33,016	33,016	33,016
STATE GOVERNMENT SPECIAL REVENUE		114	162	162	162	76	76	76
HEALTH CARE ACCESS	17,423	19,690	22,776	22,776	22,776	25,857	25,959	25,959
SPECIAL REVENUE	1,388	1,403	1,383	1,383	1,383	1,360	1,360	1,360
AGENCY	12	12	10	10	10	10	10	10
CHEMICAL DEPENDENCY TREATMENT	11,858	12,375	12,375	12,375	12,375	12,375	12,375	12,375
DEPARTMENTAL EARNINGS (INTER-AGENC								
SPECIAL REVENUE	101	110	110	110	110	110	110	110
GRANTS:								
GENERAL	184,102	307,517	298,180	317,695	82,949	298,180	343,361	85,885
STATE GOVERNMENT SPECIAL REVENUE	612	612	612	612	612	612	612	612
SPECIAL REVENUE	63,746	81,228	67,338	67,039	67,039	66,240	65,783	65,783
FEDERAL	2,064,244	2,254,813	2,238,965	2,332,965	2,332,965	2,250,299	2,472,174	2,472,174
OTHER REVENUES:								
GENERAL	1,870	2,073	2,073	2,073	2,073	2,073	2,073	2,073
HEALTH CARE ACCESS		500	500	500	500	500	500	500
SPECIAL REVENUE	19,488	19,974	17,663	17,663	17,663	17,141	17,141	17,141
FEDERAL	16,625	23,110	23,100	23,100	23,100	23,100	23,100	23,100
DEBT SERVICE	4	23	23	23	23	23	23	23
AGENCY	410	399	542	542	542	557	557	557
GIFT	136	143	147	147	147	144	144	144

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT

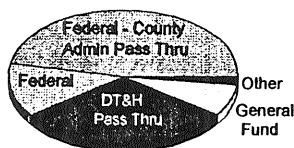
SUMMARY OF AGENCY REVENUES	FY 1998			FY 1999				
		Est.						
	FY 1996	FY 1997	Forecast	Agency Plan	Governor Recomm.	Forecast	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
ENDOWMENT	10	10	10	10	10	10	10	10
CHEMICAL DEPENDENCY TREATMENT	164	81	145	145	145	145	145	145
OTHER SOURCES:								
GENERAL	679	1,011	1,214	1,214	1,214	1,216	1,216	1,216
DEBT SERVICE	324	324	324	324	324	324	324	324
AGENCY	82,610	93,177	99,306	99,306	99,306	108,142	108,142	108,142
TAXES:								
SPECIAL REVENUE		8	7	7	7	7	7	7
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL DEDICATED RECEIPTS	2,496,698	2,853,401	2,820,075	2,933,291	2,698,545	2,841,517	3,108,218	2,850,742
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY TOTAL REVENUES	2,768,825	3,136,738	3,098,985	3,210,027	2,975,281	3,120,427	3,377,914	3,120,438
=====	=====	=====	=====	=====	=====	=====	=====	=====

1998-99 Biennial Budget

PROGRAM: Agency Management
AGENCY: Human Services, Department of

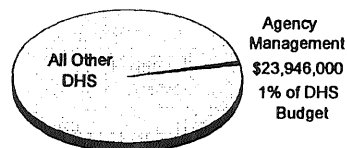
BUDGET SCOPE:

Agency Management
 Total Program Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$315,173,000

Department of Human Services
 State General Fund - 1998 Base Level
 (Direct Appropriation)



DHS Total \$2,459,465,000

PROGRAM DESCRIPTION:

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Well managed services mean that clients get the help they need and taxpayers get the most for their money. This area assures financial, legal, and personnel accountability at a time when the public is demanding more for what they pay in taxes.

Three overriding goals orient this area's work:

- To manage the fiscal resources of the Department of Human Services (DHS) so that policy objectives are met and stewardship of public funds is assured;
- To provide legal and regulatory processes that promote equal access to services and ensure quality; to assure that statutory and regulatory standards are established and implemented which promote integrity and cost effectiveness; and that protections are in place to assure the health, safety and rights of people served.
- To develop and maintain a workplace that is professionally competent, that can meet new challenges quickly, that reflects the diversity of department clientele, that is technologically literate and operates with ethics and integrity.

This area's work is organized into three categories:

1. Financial operations
2. Legal and regulatory operations
3. Management operations

PROGRAM STATUS:

1. **Financial operations.** This area: provides forecasts for entitlement expenditures and reports on all other expenditures and revenues; pays grantees and vendors; deposits department receipts; ensures that funds are received and spent within federal and state law; and manages the agency's biennial budget, annual operating budget, and performance report. With the department's total

budget (all funds) of approximately \$10 billion in the current biennium, agency management is a critical function. Trends:

- Growing public and private financial sector complexity means more effort is required to ensure that the department is taking in revenues from all sources and is the payor of last resort. Collection efforts have become a broader function serving the agency and state. For example, collections supports broader initiatives to assure that client service is paid for by the appropriate source. Collections money is also being used to guarantee state bonds issued to pay back banks as a result of the court decision in the Cambridge Bank lawsuit.
- Budget management is also changing. For example, federal block grants of entitlements mean changes in how services are managed to stay within budget. Data collection will change to address the services clients are getting and what services cost relative to money available.

2. **Legal and regulatory operations.** This area deals with dispute resolutions such as fair hearings for service recipients, licensing appeals, and resolution of provider rates disputes. Administrative legal services are provided, including rulemaking, legal research and analysis, and grants and contracts management. Legal services are also provided relating to litigation and program development. Licensing activities include license issuance, monitoring, reconsideration, and investigations and background studies. Trends:

- An increase in litigation paralleling a general societal increase in litigation. Major changes in welfare and health care reform have generated new challenges to various aspects of public policy.
- More appeals by clients and providers as services have been added or changed.
- Greater use of contracts to purchase special expertise.

3. **Management operations** This area provides department leadership, human resources functions to manage agency services, technology development to implement agency goals, management services such as leasing and facility management, and internal auditing to make sure resources are used effectively and efficiently. Trends:

- Over time, there has been a change in the types of skills the department needs. There is a growing need for specialized services, for example, actuaries to cost out different health care options. More employees must have basic and advanced computer skills. And more employees have to be flexible in thinking of the impact of policies across areas of the agency and not just for their service division.
- Technology is critical to the program support and is used to address a rising workload and rising customer expectations for quick, accurate transactions, and information.
- Staff are located around the state. To improve their ability to get the job done and get the training they need on new policies, telecommunications has come to the fore. Other types of training delivery using technological advances continue to be explored.

As human services policies are implemented, DHS' top priority is to make sure that the needs of people come first and that communities (counties, communities of color, tribes) are consulted in service delivery. Two of the 5 department's Priorities for People initiatives are found in Agency Management: the Information Technology Initiative and the Workforce Development Initiative.

1998-99 Biennial Budget

PROGRAM: Agency Management
AGENCY: Human Services, Department of
(Continuation)

PLANNED RESULTS:

A number of performance expectations are anticipated in this service area. They include:

- Financial operations will manage accounts receivable as an asset and pursue past-due accounts quickly and in a timely manner.
 - The "aging" of accounts receivable will be reduced, and the cost of these collections will remain below 2.5% of other amounts collected.
 - As a payer for services, DHS will make prompt payments--maintaining a 98% payment rate within 30 days.
 - DHS biennial forecasts of expenditures for General Fund programs will be at least 97% accurate for the first year of the biennium and 95% accurate for the second year of the biennium.
- Legal and regulatory operations will assure due process and timely fair hearings for recipients of services and rate appeals for nursing home facilities in approximately 4,400 cases. Rules adopted by the department will include the regulatory reform values of assuring consumer protection, be performance-based, maximize flexibility, reduce duplication, support community partnership, minimize administrative burdens and support good government and fiscal responsibility. The efficiency of administering contract/grant agreements will be improved. Regulatory operations will monitor approximately 26,509 licensed programs and conduct 137,000 background studies on individuals providing services in Minnesota Department of Health and DHS facilities.
- In Management Operations, the percent of job groups in DHS Central Office adequately represented by protected class employees will increase by 50%.

BUDGET SUMMARY:

The increase in financial complexity, increase in litigation, and increase in the importance of technology all have budget implications. Whenever major changes in policy occur, such as federal welfare block grants, all major areas of agency operations are affected. Accounting structures must change; data collection must include new elements for new purposes; legal challenges occur; more appeals on service changes are lodged; computer systems must be reprogrammed; staff at the state and county levels must be trained on new eligibility policies; new regulations must be made to match new policies; and frequent and almost instantaneous communication must occur among clients, counties, tribes and advocacy groups. Welfare reform, which encompasses a 60 year history of business, has major impact on the department's operations as well as on policy areas.

Requests are made for a variety of improvements in agency operation. Included are:

- Better automation for banking premium checks, other fees, and receipts coming into DHS;
- Improvements in agency debt collection efforts;
- Changes in billing practice for regional centers that are more in line with current insurance practices;

- A data base accessible to consumers with information about service quality;
- Proposals to complete the state takeover of income maintenance and health care programs earlier than scheduled to simplify planning forecasting and budgeting for DHS and its county partners;
- Funding for Agency Attorney General costs;

Funding to support other policy changes in welfare, child welfare and health care are found in the related budget section.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FINANCIAL OPERATIONS	241,737	295,730	292,765	232,640	232,640	306,679	240,664	240,664
LEGAL & REGULATORY OPERATIONS	5,745	6,889	8,293	9,376	9,376	8,321	9,094	9,094
MANAGEMENT OPERATIONS	13,861	18,910	14,115	14,115	14,115	14,370	14,370	14,370
TOTAL EXPENDITURES BY ACTIVITY	261,343	321,529	315,173	256,131	256,131	329,370	264,128	264,128
AGENCY PLAN ITEMS:		FUND						
CASH RECEIPTS SYSTEM		GEN		390			90	
STATE OPERATED SERV. BILLING SYSTEM		GEN		500				
CONSUMER INFORMATION ACCESS		GEN		350				
COMPUTER ASSISTED COLLECTION SYSTEM		GEN		525			30	
MALTREATMENT OF MINORS - FAIR HEARINGS		GEN		290			290	
RSDI AND MEDICARE PROJECT		GEN		500			320	
ATTORNEY GENERAL RATES		GEN		443			483	
RESTRUCTURE FUNDING		FED		<39,605>			<43,344>	
ADMINISTRATIVE FREEZE		FED		<22,435>			<23,111>	
TOTAL AGENCY PLAN ITEMS				<59,042>			<65,242>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	20,317	25,846	23,946	26,944	26,944	24,441	25,654	25,654
STATE GOVERNMENT SPECIAL REVENUE	434	335	342	342	342	350	350	350
HEALTH CARE ACCESS	1,117	1,361	1,401	1,401	1,401	1,419	1,419	1,419
STATUTORY APPROPRIATIONS:								
GENERAL	54	57	57	57	57	57	57	57
STATE GOVERNMENT SPECIAL REVENUE		759	771	771	771	688	688	688
SPECIAL REVENUE	5,018	5,507	3,774	3,774	3,774	3,774	3,774	3,774
FEDERAL	155,130	198,440	189,511	127,471	127,471	194,434	127,979	127,979
AGENCY	79,273	89,224	95,371	95,371	95,371	104,207	104,207	104,207
TOTAL EXPENDITURES	261,343	321,529	315,173	256,131	256,131	329,370	264,128	264,128
FTE BY EMPLOYMENT TYPE:								
REGULAR	356.4	393.6	360.7	370.7	370.7	360.7	370.7	370.7

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT

			FY 1998			FY 1999		
		Est.	Base	Agency	Governor	Base	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1996	FY 1997	Level	Plan	Recomm.	Level	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
TEMP/SEAS/PART_TIME	8.7	18.3	14.6	14.6	14.6	14.6	14.6	14.6
OVERTIME	1.5							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	366.6	411.9	375.3	385.3	385.3	375.3	385.3	385.3

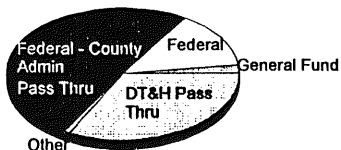
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1998-99 Biennial Budget

BUDGET ACTIVITY: Financial Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of

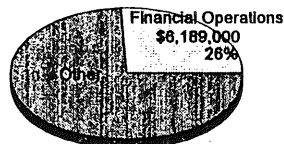
BUDGET SCOPE:

Financial Operations
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$292,765,000

Agency Management
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$23,440,000

ACTIVITY DESCRIPTION:

This area's purpose is to manage the fiscal resources of the department so that policy objectives are met and stewardship of public funds is assured. Human Services is an approximately \$10 billion activity (all funds). To operate within state and federal law, budget forecasting, accounting, collections, and accounts payable and receivable must be managed. On top of the sheer size, the diversity of department services and their funding sources creates extensive accounting, budgeting, and forecasting complexity.

There are 3 activities in Financial Operations.

- Forecasting of entitlement program expenditures and reports on all expenditures and revenue.** Forecasting and reporting is critical to budgeting and estimating cost growth and fiscal implications of policy changes; critical to how well money owed to the department is being determined, recouped, and managed as a resource; and critical to staying in compliance with federal and state laws. This function includes:
 - November and March entitlement forecasts such as those for Medical Assistance and Aid to Families with Dependent Children
 - Reports on county expenditures
 - Reports on federal funding and revenues
 - Reports on accounts receivable
 - Internal management reports on admin and grant expenditures
 - Ad hoc financial reports including those requested by the Legislature and other state agencies
 - Statistical reports
 - Evaluations of policy changes and their fiscal impact
- Ensuring that funds are received from all required sources and are expended within the parameters of state and federal law.** In some cases, department programs are the payer or service provider of last resort—which means this activity must ensure that any other client

resources are used first or recouped if a service has been provided. Making sure that private insurance policies or accident settlements, Medicare, or other federal benefits are tapped to cover their fair share is a priority. Additionally, this area manages the receipt of selected fees (e.g., parental fees related to care for disabled children) or premiums (e.g., MinnesotaCare premiums) paid by clients. This function includes:

- Accounts payable - payments to grantees, clients and vendors
 - Accounts receivable management and collections such as premiums, money from other insurers. Accounts receivable activities relate to the following items:
 - Regional Treatment Center and State Operated Services
 - Consolidated Chemical Dependency Treatment Fund
 - Parental Fees
 - Court Claims
 - Collaboration with statewide Accounts Receivable Project
 - Direct Collection
 - Contracted Collection
 - Bad Debt
 - Cashier services - identification and deposit of receipts
 - Annual Operating budget preparation and modification
 - Federal funds management
 - Accounting records preparation and retention
3. **Directing the development of the agency's biennial budget, supplemental budget and performance report.** With both significant reforms at the state level and federal reforms, managing budget development has become intense and virtually non-stop. This function includes:
- Coordination and development of the biennial and supplemental budget documents
 - Development of the agency Performance Report
 - Preparation of Fiscal notes on entitlement programs
 - Tracking final legislative budget decisions

BUDGET ISSUES:

As human services expenditures have risen, so have the stakes in making sure accounting is accurate, forecasts are realistic, and all resources that owe money to human services are tapped. The following issues represent topics of greatest concern for this area:

- Moving State Operated Services (SOS) billing away from per diem rate reimbursement toward fee-for-service billing.
- Increased efforts in assisting people to qualify for other sources of help in response to welfare reform, block grants, and tightening federal eligibility criteria.
- Receipts processing - the need for improvements to meet standard practice.
- Continuing to determine how many individuals could have received federal assistance in the past, but instead were covered by state dollars. For example, the department's Retirement, Survival, Disability, and Insurance effort has recouped or cost-avoided \$6 million state dollars by identifying people who would have been and continue to be covered by that program.
- Simplifying the planning, forecasting and budgeting of income maintenance and health care programs.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT
ACTIVITY: FINANCIAL OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,125	7,043	6,994	7,214	7,214	7,149	7,369	7,369
OPERATING EXPENSES	26,452	38,433	35,348	35,219	35,219	35,463	33,801	33,801
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	32,577	45,476	42,342	42,433	42,433	42,612	41,170	41,170
PAYMENTS TO INDIVIDUALS	83,461	93,618	99,060	95,371	95,371	107,819	104,207	104,207
LOCAL ASSISTANCE	125,699	156,636	151,363	94,836	94,836	156,248	95,287	95,287
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	241,737	295,730	292,765	232,640	232,640	306,679	240,664	240,664
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
CASH RECEIPTS SYSTEM		GEN		390			90	
STATE OPERATED SERV. BILLING SYSTEM		GEN		500				
COMPUTER ASSISTED COLLECTION SYSTEM		GEN		525			30	
RSDI AND MEDICARE PROJECT		GEN		500			320	
RESTRUCTURE FUNDING		FED		<39,605>			<43,344>	
ADMINISTRATIVE FREEZE		FED		<22,435>			<23,111>	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				<60,125>			<66,015>	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	5,249	6,374	6,189	8,104	8,104	6,333	6,773	6,773
HEALTH CARE ACCESS	361	561	570	570	570	581	581	581
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,576	2,128	2,128	2,128	2,128	2,128	2,128	2,128
FEDERAL	154,278	197,443	188,507	126,467	126,467	193,430	126,975	126,975
AGENCY	79,273	89,224	95,371	95,371	95,371	104,207	104,207	104,207
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	241,737	295,730	292,765	232,640	232,640	306,679	240,664	240,664

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT
ACTIVITY: FINANCIAL OPERATIONS

			FY 1998			FY 1999		
			-----			-----		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	2,608	2,687	2,661	2,661	2,661	2,661	2,661	2,661
FEDERAL	153,394	179,183	179,025	120,599	120,599	180,025	117,107	117,107
AGENCY	79,298	89,324	95,471	95,471	95,471	104,307	104,307	104,307
NONDEDICATED:								
GENERAL	17,559	70,754	69,505	67,827	67,827	69,505	60,368	60,368
CAMBRIDGE DEPOSIT FUND	104,915	69,456	69,456	69,456	69,456	69,456	69,456	69,456
=====								
TOTAL REVENUES COLLECTED	357,774	411,404	416,118	356,014	356,014	425,954	353,899	353,899
FTE BY EMPLOYMENT TYPE:								

REGULAR	129.6	132.3	131.3	137.3	137.3	131.3	137.3	137.3
TEMP/SEAS/PART_TIME	1.7	2.2	2.2	2.2	2.2	2.2	2.2	2.2
OVERTIME	.6							
=====								
TOTAL FTE	131.9	134.5	133.5	139.5	139.5	133.5	139.5	139.5

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Financial Operations

ITEM TITLE: Cash Receipts System Technological Improvements

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Financial Operations	\$390	\$90	\$90	\$90
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$390,000 in F.Y. 1998 and \$90,000 in F.Y. 1999 in order to purchase equipment and software to efficiently and accurately process and deposit MinnesotaCare premiums and other checks. This would bring the Department of Human Services (DHS) into line with best accounting practices.

RATIONALE:

The Accounts Receivable Re-Engineering Project sponsored by the Minnesota Department of Finance, reviewed DHS's case receipt processing system. This system processes checks for MinnesotaCare premiums and other checks related to agency services. The conclusions were two-fold.

First, that DHS could do a better job by investing in some basic technologies that would allow bar-coding, automated micro-encoding, electronic funds transfer, and other functions very standard in the best accounting practices. These improvements would mean greater customer service, as well as easier interfaces with banks. Approximately \$17 million in premiums are handled by this function each year - a great deal of money which adds to the argument for alignment with best practices.

Second, that the current system, while somewhat automated, would benefit from greater automation, because, with current staffing, this area is reaching the limit of what they can process and still meet performance standards. Therefore, in addition to bringing DHS into automated accounting receipts practice, the improvements would accommodate any future increases in the number of premiums or other receipts without creating a need for new staff.

Specifics about what a new receipts system would do:

- Allow DHS customers to pay with Electronic Funds Transfer (EFT).
- Stamp each check and attachment with a document number, micro-encode the check with the deposit amount, endorse the check, batch and tape the checks, image the check and attachments, and store the image for retrieval.
- Read bar coded invoice stubs and interface with DHS accounts receivable systems (MAPS advanced receivable system, Surcharge, and MMIS).
- Store and link the remitter's bank number, bank routing number, and customer account number.
- Prepare deposit and register reports as needed.

This request includes funding for temporary unclassified computer programmer services.

PROGRAM OUTCOMES:

DHS repeat customers or payers (i.e., MinnesotaCare clients, county agencies, surcharge medical providers) will be able to use EFT, which will allow for prompt payment, and avoid misdirected payments, unredeemable checks, and the need for payers to use express mail delivery to meet due dates.

The other technological improvements will mean the ability to retrieve records quickly, and the elimination of duplicate entry -- once for deposit, and again for posting to the account receivable. With micro-encoding of the check deposit amount, banks will not be able to dispute the receipted amount.

LONG-TERM IMPACT:

This proposal will allow DHS to do a more efficient, standard practice job of processing checks, improve accuracy and efficiency, and offer better customer services to MinnesotaCare clients, providers of health care, insurance companies and other payers. DHS will be ready in the event of changes due to policy decisions affecting health care premium collections. Expansion of staff and space needs will be controllable.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Financial Operations

ITEM TITLE: Computer Assisted Collection System (CACS-II)

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Financial Operations	\$525	\$30	\$30	\$30
Revenues: (\$000s)				
General Fund	\$200	\$400	\$400	\$400

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$525,000 in F.Y. 1998 and \$30,000 in F.Y. 1999 to improve the collection of delinquent debt owed to the department. This would be accomplished by purchasing and installing standardized collection software that could be used by various parts of the department and linked with broader state debt collection efforts. This software is called the Computer Assisted Collection System (CACS); DHS requests the latest version, CACS II. As a result of more effective collections, this proposal will generate revenues of \$200,000 in F.Y. 1998 and \$400,000 in F.Y. 1999.

RATIONALE:

A long-standing human services policy is to be the payer of last resort. As a consequence, some services require clients to pay a portion of the cost of services received and to provide access to other resources including insurance information for use in recouping public costs.

Over time, individual department programs have established their own ways of collecting these debts. Steps are underway to consolidate these decentralized collection activities and convert up to 20 stand-alone accounts receivable systems into the new MN Assist statewide accounting system (MAPS) using its Advanced Receivables Subsystem (ARS). This request supports these consolidated collections by providing an additional component for management reports, case workload management, client demographic information management, document creation, tracking, calculation and monitoring of payment plans and general communication among different program collections.

This additional component is the Computer Assisted Collection System (CACS II). CACS II is a product developed by American Management Systems (AMS). AMS developed MAPS-ARS, and

CACS II is compatible with it. Currently, the Department of Revenue is successfully using the original CACS program; and they will be upgrading to CACS II in December 1996. DHS would request CACS II, an even more complete collection system that will work smoothly with MAPS-ARS and, therefore, with broader state collections efforts.

No new staff are required to install this system.

PROGRAM OUTCOMES:

While the Department of Finance is responsible for statewide financial management, each state agency has the primary responsibility for managing receivables and collecting debts owed to it. An agency is expected to use all reasonable means to collect those debts, including developing and maintaining systems that are adequate to implement the collection practices, policies and procedures that meet their unique needs. While MAPS-ARS provides some basic collection tools, they are not adequate for a department as large and complex as DHS. CACS-II will be an extension of MAPS-ARS collection capabilities and will allow better management and support a more effective consolidation of efforts.

LONG-TERM IMPACT:

CACS-II will provide DHS with the department-wide capabilities to complete the collection process for all its delinquent debts, including all activities and events associated with locating and contacting debtors and the enforcement of obligations. This proposal will allow DHS to manage its collections more effectively as an important resource for the state and its taxpayers.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Financial Operations

ITEM TITLE: Retirement, Survivors, and Disability Insurance (RSDI) and Medicare Project

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Financial Operations	\$500	\$320	\$320	\$320
MA LTC Facilities	(30)	(127)	(191)	(256)
MA Basic Health Care	(87)	(366)	(684)	(742)
Grants, Elderly & Disabled				
Group Residential Housing	(444)	(1,869)	(2,804)	(3,739)
TOTAL	\$(61)	\$(2,042)	\$(3,359)	\$(4,417)
Revenues: (\$000s)				
General Fund	\$3,620	\$5,238	\$5,348	\$5,423

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$61,000 in F.Y. 1998 and \$2,042,000 in F.Y. 1999 reflecting expanded efforts to increase the number of disabled persons receiving Retirement, Survivors and Disability Insurance (RSDI) benefits. In addition, \$3,620,000 in F.Y. 1998 and \$5,238,000 in F.Y. 1999 will be recovered to the state's General Fund.

RATIONALE:

A long-standing human services policy is to be the payer of last resort and to find any other resources that a person may have that would defray public costs. Indeed, existing state laws require clients applying for various programs to apply for appropriate federal benefits first. Unfortunately, this does not always happen.

In 1994, the Department of Human Services requested resources to go back through records to see where clients on MA, General Assistance (GA), General Assistance Medical Care (GAMC), Group Residential Housing (GRH), and waived services might have been eligible for benefits under the federal Retirement, Survivors and Disability Insurance (RSDI) program. This look-back has recouped from the federal government and avoided approximately \$6,000,000 in state MA and General Fund money. This proposal seeks to expand this effort to more cases and to take the project to the next logical step. Clients on RSDI are also eligible for Medicare. This proposal would also look at areas where Medicare should have paid an individual's medical bill instead of MA. This will require review of 30,000 cases where there could potentially be RSDI eligibles. This revenue is primarily Medicare-Part A hospital reimbursement to acute care medical facilities, RTCs

which provided services to the mentally ill, skilled nursing facilities, and other health care providers. These providers are obligated to reimburse the state for previously paid Medical Assistance (MA) dollars received when the services were originally rendered but clients' entitlement to Medicare had not been established. When the providers bill Medicare and receive payment, they will refund previously paid MA dollars to the state. These providers would benefit from this process since Medicare reimbursement for many of the services provided would be higher than what MA paid.

Specifically, this proposal would: 1) maximize RSDI and Medicare; 2) use the state/federal data exchange capability for screening potential clients for RSDI and Medicare to avoid future costs; 3) train county human service personnel to participate in the RSDI and Medicare entitlement; 4) bill Medicare retroactively to 1990; and 5) provide oversight and administrative appeal assistance to all disabled clients in pursuing RSDI & Medicare entitlement, denied claims, and their rights to due process. This proposal will require 6 FTEs.

PROGRAM OUTCOMES:

This effort contributes to better program management by assuring that the most appropriate source is used for client care first. Additional savings and cost avoidance are achieved by the state.

LONG-TERM IMPACT:

With greater understanding of RSDI and Medicare, county human services workers will triage more clients to the appropriate federal program first, avoiding state costs and assigning responsibility to the most appropriate source. MA, GA, GAMC, GRH and waived services would benefit financially and would have greater program integrity.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Financial Operations

ITEM TITLE: Improvements to State Operated Services Billing System

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Financial Operations	\$500	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$500,000 in F.Y. 1998 to provide the funding necessary to modify the current state operated services billing and receipting system to accommodate cost-per-service charging. This request will move Regional Treatment Centers (RTCs) from per day (per diem) billing to cost-per-service billings, a change they want and that insurers require.

RATIONALE:

RTCs provide services to people who are chemically dependent, mentally ill or developmentally disabled. Care for these clients is paid for by private insurance and sometimes through publicly funded programs. RTCs bill their services on a per-diem or per day total rate.

Several developments over the past few years are forcing a cost-per-service billing system for RTCs. From a federal perspective, RTC physician services must be billed to Medicare separately from the per-diem rate. Prepaid managed health care plans will likely require discreet service units delivery and itemized billing. Other private insurance carriers are less disposed to accept per-diem billing and want itemized billing statements. To participate in the marketplace, billing practices must change.

NOTE: This proposal just addresses RTC billing. State-operated group homes are funded in the same manner as private sector Intermediate Care Facilities for the Mentally Retarded or based on a negotiated rate between the home and the host county.

PROGRAM OUTCOMES:

The business needs of RTCs are changing. The billing system must change to keep pace with payor requirements. This proposal will meet new business requirements.

LONG-TERM IMPACT:

For RTCs to participate in the marketplace, billing practices have to come in line with new standards. Discreet costing out of services and billing may be a major factor as to whether private health care plans continue business relationships with RTCs.

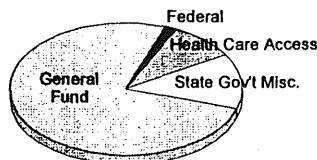
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1998-99 Biennial Budget

BUDGET ACTIVITY: Legal and Regulatory Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of

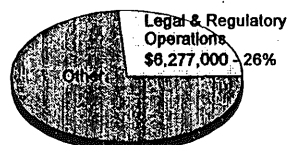
BUDGET SCOPE:

Legal & Regulatory Operations
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$8,293,000

Agency Management
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$23,946,000

ACTIVITY DESCRIPTION:

This area's purpose is to provide legal and regulatory procedures that: promote quality and equal access to services; establish and implement regulatory/statutory standards based on integrity and cost effectiveness; and assure protection of the health, safety and rights of the people served by the department.

There are 6 major activities within Legal Operations that contribute to carrying out this purpose.

PROGRAM STATUS:

1. **Resolving disputes with clients, license holders, and long-term care facilities, including:**
 - Administrative fair hearings which are appeals by recipients of service whose benefits have been denied, reduced or terminated. The department handles approximately 3,800 hearings per year.
 - Appeals by applicants who are denied licenses or by service providers whose licenses are suspended or revoked. Examples of licenses that may be affected include in-home day care and foster care. The department conducts this activity under a delegation of authority from the Minnesota Attorney General's Office; and
 - Appeals by Medical Assistance (MA) and General Assistance Medical Care service providers principally in the area of MA long-term rate appeals. Each year, roughly 600 rate appeals are filed by long-term care facilities. This activity functions as the final step in the rate setting process to assure compliance with the law.
2. **Providing legal support and rulemaking activities for all department services, including:**
 - Data practices advice under a delegation of authority from the Minnesota Attorney General's Office. This function includes providing data practices training to department staff and representing the department at legislative hearings; and
 - Rulemaking on welfare, health care, child protection and other agency policy areas in accordance with the Minnesota Administrative Procedures Act.

3. **Overseeing litigation in collaboration with the Attorney General's Office, including:**

- Administering the legal services account which purchases Attorney General services;
- Ensuring consistency in legal interpretation; and
- Recommending how resources will be allocated in response to litigation.

4. **Managing grants and contracts for department services, including:**

- Providing technical expertise as service areas contract for specialized services. The department enters into over 1,000 contracts for professional/technical services, such as psychiatric and general medical services for Regional Treatment Center (RTC) clients. The department also uses grant contracts for such services as prevention of substance abuse, violence, out-of-home placements and aid to maternal child health programs; training for child protection workers; and adoption assistance for special needs children.

5. **Licensing services and investigating complaints, including:**

- Responsibility for licensing, monitoring, and investigating child care centers, family child care homes, foster care for adults and children, group homes and residential treatment centers for children, day and residential programs for persons with mental retardation or related conditions, mental illness, chemical dependency or physical handicaps, and mental health centers. This is a total of 26,509 license holders;
- Conducting background studies on people who provide direct contact services in DHS and Minnesota Department of Health (MDH) licensed programs. This included 42,933 background studies for DHS licensed facilities and 94,300 background studies for MDH licensed programs in F.Y. 1996; and
- Investigating 903 reports of alleged or suspected maltreatment of children and vulnerable adults in DHS licensed programs in F.Y. 1996.

6. **Collaborating with other activities within the department to provide legal expertise, including:**

- Developing legislation;
- Managing for intergovernmental relations; and
- Managing of regulatory reform activities.

BUDGET ISSUES:

- New privacy/data practices issues continue to be raised with the advent of new technologies such as e-mail and information access across agencies and jurisdictions. Technology in some cases is moving faster than the law that governs it.
- More litigation is occurring due to reforms and legislative policy changes. The volume of lawsuits has increased as fundamental changes have been made in major programs.
- Greater use is being made of contracts to get special expertise like actuarial services for health care contracts. These services would be too expensive to create within the agency.
- Regulatory reform is a priority. With new types of services comes an opportunity to regulate more on service outcomes than on process.

Additional funds are requested for legal services to cover increased Attorney General fees, increased services related to maltreatment of minors, and development of a consumer information system. Otherwise, an extension of current funding is recommended.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT
ACTIVITY: LEGAL & REGULATORY OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	4,896	5,684	5,692	5,872	5,872	5,791	5,972	5,972
OPERATING EXPENSES	849	1,205	1,293	2,196	2,196	1,222	1,814	1,814
TRANSFERS			1,308	1,308	1,308	1,308	1,308	1,308
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	5,745	6,889	8,293	9,376	9,376	8,321	9,094	9,094
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,745	6,889	8,293	9,376	9,376	8,321	9,094	9,094
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
CONSUMER INFORMATION ACCESS		GEN		350				
MALTREATMENT OF MINORS - FAIR HEARINGS		GEN		290			290	
ATTORNEY GENERAL RATES		GEN		443			483	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				1,083			773	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	4,573	4,903	6,277	7,360	7,360	6,378	7,151	7,151
STATE GOVERNMENT SPECIAL REVENUE	434	335	342	342	342	350	350	350
HEALTH CARE ACCESS	120	132	136	136	136	138	138	138
STATUTORY APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		759	771	771	771	688	688	688
FEDERAL	618	760	767	767	767	767	767	767
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,745	6,889	8,293	9,376	9,376	8,321	9,094	9,094
=====								
REVENUE COLLECTED:								

DEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	612	726	774	774	774	688	688	688
NONDEDICATED:								

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT
ACTIVITY: LEGAL & REGULATORY OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
GENERAL	2	2	2	2	2	2	2	2
CAMBRIDGE DEPOSIT FUND	684	625	625	625	625	625	625	625
TOTAL REVENUES COLLECTED	1,298	1,353	1,401	1,401	1,401	1,315	1,315	1,315
FTE BY EMPLOYMENT TYPE:								
REGULAR	93.7	106.6	105.7	109.7	109.7	105.7	109.7	109.7
TEMP/SEAS/PART_TIME	2.7	10.0	6.3	6.3	6.3	6.3	6.3	6.3
TOTAL FTE	96.4	116.6	112.0	116.0	116.0	112.0	116.0	116.0

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Legal and Regulatory Operations

ITEM TITLE: Attorney General Rates

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Legal and Regulatory Operations	\$443	\$483	\$483	\$483
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$443,000 in F.Y. 1998 and \$483,000 in F.Y. 1999 to cover an increase in the number of hours of service needed to meet the anticipated needs of the department, and an increase in the hourly rate charged by attorneys and legal assistants in the Attorney General's Office.

RATIONALE:

The Attorney General's Office (AGO) has notified partner agencies that their hourly rates will increase as follows: rates for attorneys increase from \$62/hr. to \$76.51/hr. in F.Y. 1998 and \$78.18/hr. in F.Y. 1999; rates for investigators increase from \$46/hr. to \$57.97/hr. in F.Y. 1998 and \$59.18/hr. in F.Y. 1999.

The Attorney General's Office also met with Department of Human Services (DHS) managers to discuss current and future needs for legal services. Based on these discussions, the need for additional hours of services was identified.

Total increase for the biennium will be \$926,825. This covers the 23% to 28% increase over F.Y. 1996-97 rates, and an additional 1,500 hours of attorney services.

The prime drivers of increased legal services are reforms and business changes that naturally draw legal challenges.

PROGRAM OUTCOMES:

Adequate access to legal services is necessary for the department to operate effectively and efficiently. This proposal will assure that the legal service needs of the department can be met.

LONG-TERM IMPACT:

Increased funding will help reduce or avoid more costly litigation in the long run.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Agency Management
ACTIVITY: Legal and Regulatory Operations

ITEM TITLE: Fair Hearings

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Legal and Regulatory Operations	\$290	\$290	\$290	\$290
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256 and 262.556

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the base budget of \$290,000 in F.Y. 1998 and \$290,000 in F.Y. 1999 to conduct fair hearings to resolve disputes regarding determinations of child maltreatment and to assume investigative responsibilities involving child maltreatment in directly licensed programs serving children. This proposal is a part of the department's Children's Initiative.

RATIONALE:

The 1995 Legislature charged the Commissioner of Human Services, in consultation with selected representatives of interested groups, to study the issue of alternative dispute resolution for reviewing and resolving issues of alleged maltreatment and determinations of whether protective services are needed. In January 1996, the commissioner recommended to the Legislature that a fair hearing process for resolving disputes over agency determinations be established. The process would include an opportunity for reconsideration at the local level to determine if disputes could be resolved without the need for a fair hearing. A fair hearing process is efficient, cost effective, easy for people to understand, involves an independent review of agency determinations, and is consistent with other processes to challenge other types of human services agency decision-making. Based on experience from other states, it is anticipated that between 5-10% of all agency determinations will be appealed (400-700 cases annually). It is expected that the number of fair hearing appeals will initially be higher than what might be expected in 3-5 years. Of these funds \$240,000 will be used to each year to support 3 FTE human service referees to conduct fair hearings.

The 1993 Legislature directed the commissioner to study and make recommendations on whether counties or the department should investigate alleged child maltreatment in department licensed child care centers. The department, based on the recommendations of counties, centers, and oth-

ers, recommended that it conduct investigation in child care centers, although due to funding, the change was not made at that time. Investigating allegations of child maltreatment in all department licensed programs serving children will ensure statewide consistency in standards and decision-making. One FTE licensor to conduct investigations is requested as a component of this request.

PROGRAM OUTCOMES:

Providing a statewide fair hearing review process for resolving disputes around agency child maltreatment determinations will provide accountability in the child protection system for persons who feel aggrieved by agency actions. A fair hearing process will be easily accessible and will provide uniformity in review of standards. Ultimately, this review process will lead to better decision-making in the system for both children and their families. Having the department conduct investigations of child maltreatment in licensed programs will also provide statewide consistency and standards for decisions in what are often complex situations.

LONG-TERM IMPACT:

The long-term impact of both components of these proposals will be improved decision-making in the state's child protection system and increased accountability.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Agency Management
ACTIVITY: Legal and Regulatory Operations

ITEM TITLE: Consumer Information System for DHS Licensed Programs

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Legal and Regulatory Operations	\$350	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ____ No <u>X</u>				
If yes, statutes(s) affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$350,000 in F.Y. 1998 to help consumers of human services, their families, or legal representatives access information to make good choices about where they seek a variety of services through implementation of a consumer information computer system.

RATIONALE:

A fundamental principle reasserting itself in government is that citizens should make the decisions about their own lives. Information is critical to making good choices. To make decisions about which services would be best, human services clients need information about a service providers' track record, expertise and commitment to excellence. To date, that information has not been readily accessible. This proposal seeks to change that, and, as a by-product, will likely create more competition to improve services as consumers make choices based on performance and costs.

1996 Laws of Minnesota, Chapter 451, Article 5, Section 38, required the Commissioner of Human Services to provide recommended legislation addressing "strategies to develop a consumer information system" as part of an effort to consolidate licensing rules for providers of services to people with developmental disabilities.

The system to be developed will address a wider base of consumers than required under Chapter 451, and will include licensed program information about all licensed child care, foster care, adult day care, group homes for children, treatment programs for children with serious emotional disturbance, and treatment programs for people with mental health needs and chemical dependency.

PROGRAM OUTCOMES:

This data system will include information that will assist consumers, case managers and other providers with services and supports they need, their access to those services and supports, and the effectiveness of these services and supports. The system will be developed to maintain and disseminate the information in a way that ensures ease of use by consumers. Likely subject areas will be a resource directory, licensing information, and quality enhancement activities:

- The resource directory will provide descriptive information about, and fees charged, by services, that may be helpful to the consumer, legal representatives, family, advocacy services, and technology and adaptive aids vendors.
- The licensing information will include information about services provided and the performance of the provider relative to licensing standards, including any history of vulnerable adult or child maltreatment complaints.
- The quality enhancement activities information will include topics such as survey results from accreditation agencies, consumer satisfaction surveys, peer reviews, and reviews by offices of ombudsmen.

Consumers could tap into this information through the Internet. Alternatively, it would be possible for human services staff to retrieve this information easily, print it and mail it out.

LONG-TERM IMPACT:

Consumers and their families will make more informed decisions regarding their child care and human services choices. Their decisions will influence the development, monitoring, and improvement of services.

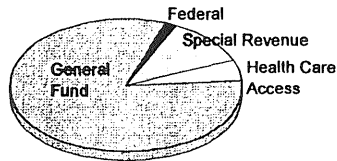
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1998-99 Biennial Budget

BUDGET ACTIVITY: Management Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of

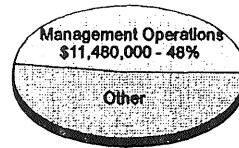
BUDGET SCOPE:

Management Operations
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$14,115,000

Agency Management
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$23,946,000

ACTIVITY DESCRIPTION:

This area's purpose is to develop a workplace that is professionally competent, that can meet new challenges quickly, that reflects the diversity of department clientele, that is technologically literate and that operates with ethics and integrity.

Strong agency direction, computer systems, management assistance, personnel training and management controls are critical to keeping human services together day-to-day and preparing for a future that will be more complex and chaotic. This area has the lead for 2 of the department's Priorities for People Initiatives--Workforce Development and Information Access and Technology.

There are five activities in Management Operations that contribute to carrying out its purpose:

1. **Agency leadership and public policy direction.** Setting the agenda for agency priorities is the function of this area. Charting a response to federal welfare block grants, developing an affordable department health care strategy that provides needed services and provides direction for day-to-day operations of a multi-billion dollar enterprise are major activities. In addition, this area provides:
 - Priority setting for welfare, health care and all other areas.
 - Policy development and direction -- day-to-day and for the future.
 - Planning and implementation of public policies.
 - Accountability to the Governor and the State Legislature.
 - Communication with clients, counties, tribes, and the federal government.
2. **Human resource development to implement agency direction and manage services effectively.** This area serves the entire agency, State Operated Services and selected counties. Approximately 6,000 people are employed by the Department of Human Services (DHS); most are in regional State Operated Services providing direct care. The professionals employed by

DHS include:

- Chemical dependency counselors.
- Mental health therapists and psychiatrists.
- Social workers.
- Forecasters and health care economists.
- Group home workers.
- Health care policy development professionals (including former nurses and doctors).
- Dentists and other health professionals who review requests for special or prior-authorized health care services.
- Health care fraud investigators (including former law enforcement and medical staff)
- Computer systems staff.
- Licensors who evaluate places where children are cared for or vulnerable people live.

Like any employer, DHS must maintain its staff investment. This means continuing education and training in the latest techniques, skills and research. Human resource work includes:

- Strategies for redeploying personnel to fit new priorities and changing business needs
- Personnel recruitment, selection, compensation and classification services for approximately 6,000 employees.
- Personnel services to 77 counties through its Merit System activity.
- Labor relations, grievance arbitration, negotiation.
- Affirmative action, diversity activities and civil rights enforcement and monitoring.
- Health and safety training in Regional Treatment Centers and Workers Compensation services.
- Training packages that promote professional development, continuing education, and cultural competencies.

3. **Information and technology resources to maintain current computer and technology investments and adapt them for the future.** Information technology has been integrated into Minnesota's Human Services business over the past 7 years. DHS has made major investments to build a basic infrastructure and 5 core information systems; for child support (CSSES/PRISM), child welfare (SSIS), welfare benefits delivery (EBT), health care bill payment (MMIS) and welfare and health care eligibility (MAXIS). These systems automate key elements of business operations and program policy, and have proved capable of responding to service policy changes.

Basic principles underscore future information technology development and procurement. It is critical that current computer and technology investments are maintained and adapted for the future. Technology can be an answer where administrative funding is limited. Information technology issues must be coordinated with other agencies to set standards and implement statewide computer activities. Industry driven issues, such as electronic commerce, information access and data privacy, disaster recovery and shortage of professional expertise must be addressed.

This area houses the department's chief information officer function and reflects DHS's commitment to fully incorporating systems and technology into decision-making and efficient business practice. This activity includes:

- Strategic planning for use of technology to support agency services;
- New computer systems planning to evolve current systems to meet new needs;
- Computer network and hardware maintenance for 6,000 employees; and
- Coordination of computer systems issues with other agencies to set standards and implement statewide computer activities.

BUDGET ACTIVITY: Management Operations
PROGRAM: Agency Management
AGENCY: Human Services, Department of
 (Continuation)

management and operational support.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

4. **Management services to provide a collection of services to staff and Department clientele.**
 Management Services addresses the most basic business needs of DHS, assuring that phones work and forms get printed. The functions of this area include:

- Visual communications/teleconferencing with counties, Regional Treatment Center Governing Boards and a variety of cross-agency activities affecting clients and services;
- Facility management and building security;
- Voice technology services - such as ensuring that medical service providers can get client eligibility information securely over the phone;
- Inventory and property management;
- Purchasing of office goods; and
- Mailing and printing services.

5. **Internal auditing provides an independent assessment of management and financial controls.**
 The Internal Audits Office provides management with an independent appraisal of the department's fiscal, management and programmatic controls. This function gives assurances that services are provided in an efficient and effective manner, assets and resources are properly safeguarded, and reports and records are reliable and accurate. Activities include:

- Reviewing and evaluating the adequacy and effectiveness of the department's internal controls;
- Examining compliance with rules, regulations, statutes and laws especially as service areas are modified or completely changed;
- Verifying the reliability and integrity of management, financial, and operating records and reports;
- Conducting special investigations to include suspected or alleged illegal activities;
- Coordinating external audit efforts to minimize duplication of effort; and
- Conducting reviews to access the adequacy of controls in existing and planned computer systems.

BUDGET ISSUES:

- DHS staff continue to be dispersed around the state. Voice and visual communications to link those sites continues to be an issue addressed through administrative funds.
- DHS spends much less than accepted business norms for on-going skill updating and training for professionals. Achieving industry standards will be an issue if DHS is to function well and attract professionals needed in the future.
- DHS's clientele is becoming more diverse. Its staff must understand diversity issues and reflect diversity in its ranks.
- Obsolescence of computers and software is speeding up. Additionally, as policies change, reprogramming is necessary as program criteria change. Strategic planning is needed to make sure that DHS maintains its computer investment while adapting it sensibly to meet new needs.
- Finally, as federal devolution occurs, more demands will be placed on state staff, computer systems and other management services to design new programs, standards, oversight, data

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: AGENCY MANAGEMENT
ACTIVITY: MANAGEMENT OPERATIONS

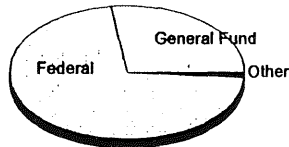
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,760	8,406	6,693	6,693	6,693	6,813	6,813	6,813
OPERATING EXPENSES	7,099	10,504	7,422	7,422	7,422	7,557	7,557	7,557
CAPITAL OUTLAY	2							
SUBTOTAL STATE OPERATIONS	13,861	18,910	14,115	14,115	14,115	14,370	14,370	14,370
TOTAL EXPENDITURES	13,861	18,910	14,115	14,115	14,115	14,370	14,370	14,370
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	10,495	14,569	11,480	11,480	11,480	11,730	11,730	11,730
HEALTH CARE ACCESS	636	668	695	695	695	700	700	700
STATUTORY APPROPRIATIONS:								
GENERAL	54	57	57	57	57	57	57	57
SPECIAL REVENUE	2,442	3,379	1,646	1,646	1,646	1,646	1,646	1,646
FEDERAL	234	237	237	237	237	237	237	237
TOTAL EXPENDITURES	13,861	18,910	14,115	14,115	14,115	14,370	14,370	14,370
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	89	62	57	57	57	57	57	57
SPECIAL REVENUE	169	160	160	160	160	160	160	160
TOTAL REVENUES COLLECTED	258	222	217	217	217	217	217	217
FTE BY EMPLOYMENT TYPE:								
REGULAR	133.1	154.7	123.7	123.7	123.7	123.7	123.7	123.7
TEMP/SEAS/PART_TIME	4.3	6.1	6.1	6.1	6.1	6.1	6.1	6.1
OVERTIME	.9							
TOTAL FTE	138.3	160.8	129.8	129.8	129.8	129.8	129.8	129.8

1998-99 Biennial Budget

PROGRAM: Children's Grants
AGENCY: Human Services, Department of

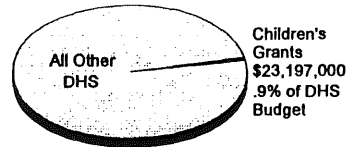
BUDGET SCOPE:

Children's Grants
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget - \$85,049,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



DHS Total \$2,459,465,000

PROGRAM/ACTIVITY DESCRIPTION:

Our state's children are our most valuable resource. The work in this area supports the goal that children will grow up in stable, nurturing families. The department's Children's Initiative is an intra-agency effort, whose purpose is to mobilize resources and expertise to ensure positive outcomes for children at risk. The Children's Initiative has direct control over child protection, adoption assistance, foster care, and other child welfare services. Basic principles orient the Initiative's work. They are to:

- Help families in crisis find services quickly and conveniently.
- Find permanent, stable, loving homes for children who cannot live with their own families.
- Work to see that the child welfare system focuses on the best interests of the child; address the crisis in public confidence about the effectiveness of child protection.
- Develop tools so that social workers, child welfare professionals, and others dealing with child welfare can effectively do their jobs.

PROGRAM/ACTIVITY STATUS:

Children's Grants are categorized into 3 major areas. These areas are:

1. **Grants to prevent family crises.** Examples of these grants are:
 - family visitation centers
 - crisis nurseries
2. **Grants to protect children whose families are in crisis.** Examples of these grants are:
 - child welfare and foster care grants
 - family preservation grants
 - child protection - substance abuse grants
 - child abuse professional hotline
 - Indian child welfare grants

3. **Grants to promote permanency and stability for children who cannot live with their birth families.** Examples of these grants are:

- adoption assistance grants
- homeless youth grants

PLANNED RESULTS:

Children's Grants are focused on the following results:

1. Prevent families with children from experiencing a crisis by expanding integrated community services that provide a single point of access. Family visitation centers, crisis nurseries, and family service collaboratives are examples of strategies aimed at this result.
2. Address the crisis in public confidence in child protection and foster care services by ensuring that the services are focused on positive outcomes for children. Examples of methods currently attempting to address this goal are comprehensive training, child abuse hotline and help line, family preservation grants, and Indian child welfare grants.
3. Promote permanency and stability for children who cannot live with their birth families. The adoption assistance program for children with special needs and the homeless adolescents programs are examples of current efforts to meet this objective.

BUDGET SUMMARY:

Various trends affect this area:

- Increases in out-of-home placements of children.
- Increasing cost of out-of-home placement related to increasing numbers of children and families with multiple economic, health and social needs.
- Quickly finding stable homes for children in out-of-home placement.
- Keeping a competent, well-trained workforce; making sure specialized skills and knowledge continue to be updated.
- Creating a continuum of family preservation support without undermining parental roles.
- Helping families meet the needs of emotionally disturbed children.
- Supporting and promoting strong, stable families through welfare reforms.

In order to ensure positive outcomes for children and increase the public's confidence in the child protection and foster care systems, the following increases in funding are requested:

- A appropriation of \$475,000 each year to complete the development and implementation of a statewide competency-based child welfare training system.
- A appropriation of \$325,000 in F.Y. 1998 and \$350,000 in F.Y. 1999 to implement a statewide strategy for recruiting foster and adoptive families and to support the increased premium costs of the state's foster care liability insurance.

1998-99 Biennial Budget

PROGRAM: Children's Grants
AGENCY: Human Services, Department of
 (Continuation)

In order to strengthen families and prevent unnecessary out-of-home placement of children, the following increases in funding are requested:

- A biennial appropriation of \$8,890,000 each year to continue to provide family preservation services to families and children in crisis, so that family preservation funding will not be lost as a result of federal reform changes.
- A biennial appropriation of \$750,000 in F.Y. 1998 and \$1,250,000 in F.Y. 1999 to improve children's mental health services by increasing the service capacity of 15 current children's mental health collaboratives and expanding collaboratives to 10 new communities.
- An appropriation of \$2,000,000 in F.Y. 1998 and \$4,000,000 in F.Y. 1999 to privatize the adoption of children committed to the guardianship of the Commissioner of Human Services.

PROGRAM FUNDING SUMMARY

Dollars in Thousands				
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
State Funding	\$49,634	\$23,677	\$23,197	\$23,197
Federal Funding	87,419	69,648	61,749	63,749
Other Funding	526	50	7	7
Total Funding	\$137,579	\$93,325	\$85,049	\$87,049

Reduced funding beginning in F.Y. 1997 is due to the transfers to the Department of Children, Families & Learning(DCFL).

GRANTS ACTIVITY SUMMARY (EXCLUDING TRANSFERS TO DCFL)

Grant Categories	Dollars in Thousands	
	FY 1996	FY 1997
State Funding:		
Minority Placement Children's Services	\$99	\$100
Family & Children Visitation Center	269	296
Crisis Nursery	427	650
Subsidized Adoptions	4,899	8,314
CPS - Neglect & Substance Abuse	387	450
Maternal and Child Program	565	600
Indian Child Welfare	1,527	1,559
Family Preservation	5,201	5,203
Homeless Children Grants	405	633
Training of Criminal Justice	100	85
MH Collaborative/Interagency/Combined Grant	969	5,559
Miscellaneous	88	45
STATE TOTAL	\$14,936	\$23,494

1998-99 Biennial Budget

PROGRAM: Children's Grants
AGENCY: Human Services, Department of
 (Continuation)

<i>Grant Categories</i>	Dollars in Thousands	
	FY 1996	FY 1997
Federal Funding:		
Children's Justice Act	\$118	\$84
Child Abuse & Neglect	120	297
ICWA Federal Revenue Enhancement	352	550
Adoption Assistance IV-E	3,552	4,200
EA-Intensive Family Preserv. Services	9,924	9,924
Title XX Migrant Day Care	447	397
Independent Living Initiative	1,129	1,076
Foster Care	29,303	42,763
Title IV-B (Parts I & II)	626	2,599
Crisis Nursery	186	102
Out-of-Home Respite Care	253	320
FEDERAL TOTAL	\$46,010	\$62,312
OTHER FUNDING TOTAL	4	7
TOTAL FUNDING	\$60,950	\$85,813

REVENUE:

This program/activity generates dedicated and non-dedicated revenue.

GOVERNOR'S RECOMMENDATION

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CHILDREN'S GRANTS
ACTIVITY: CHILDREN'S GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	438	728	482	482	482	482	482	482
OPERATING EXPENSES	4,205	6,834	6,676	6,676	6,676	6,676	6,676	6,676
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	4,643	7,562	7,158	7,158	7,158	7,158	7,158	7,158
PAYMENTS TO INDIVIDUALS	8,770	13,348	13,830	13,830	13,830	14,830	14,830	14,830
LOCAL ASSISTANCE	52,180	72,465	64,061	76,625	76,625	65,061	80,150	80,150
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	65,593	93,375	85,049	97,613	97,613	87,049	102,138	102,138
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
FAMILY PRESERVATION FUND		GEN		8,890			8,890	
CHILDREN'S MH COLLABORATIVE EXPANSION		GEN		750			1,250	
PRIVATIZATION OF ADOPTION PROGRAM		GEN		1,910			3,910	
CHILD WELFARE TRAINING SYSTEM		GEN		710			735	
FAMILY VISITATION CENTER EXPANSION		GEN		450			450	
CRISIS NURSERY SERVICES EXPANSION		GEN		600			600	
FAMILY VISITATION CENTER TRANSFER		GEN		<650>			<650>	
FAMILY VISITATION CENTER TRANSFER		SGS		<96>			<96>	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				12,564			15,089	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	15,161	23,581	23,197	35,857	35,857	23,197	38,382	38,382
STATE GOVERNMENT SPECIAL REVENUE	94	96	96			96		
STATUTORY APPROPRIATIONS:								
FEDERAL	50,307	69,648	61,749	61,749	61,749	63,749	63,749	63,749
GIFT	31	50	7	7	7	7	7	7
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	65,593	93,375	85,049	97,613	97,613	87,049	102,138	102,138

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CHILDREN'S GRANTS
ACTIVITY: CHILDREN'S GRANTS

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
REVENUE COLLECTED:								
DEDICATED:								
FEDERAL	48,871	79,986	63,854	63,854	63,854	70,629	70,629	70,629
GIFT	6	7	7	7	7	7	7	7
TOTAL REVENUES COLLECTED	48,877	79,993	63,861	63,861	63,861	70,636	70,636	70,636
FTE BY EMPLOYMENT TYPE:								
REGULAR	8.7	11.2	8.3	8.3	8.3	8.3	8.3	8.3
TEMP/SEAS/PART_TIME	.1	.8	.8	.8	.8	.8	.8	.8
TOTAL FTE	8.8	12.0	9.1	9.1	9.1	9.1	9.1	9.1

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Family Preservation Fund

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Grants	\$8,890	\$8,890	\$8,890	\$8,890
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. Chapter 256F

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$8,890,000 in F.Y. 1998 and \$8,890,000 in F.Y. 1999 for family preservation services for families who can provide safely for their children if needed supports and intensive services are provided.

RATIONALE:

The department continues to support services that strengthen families and prevent unnecessary out-of-home placement of children. Recently enacted federal reform, which block granted cash assistance programs to states, also impacted Minnesota's ability to earn federal emergency assistance funds for providing family preservation services to children and their families. Since 1994, Minnesota has been able to expand the array of family preservation services available by earning federal emergency assistance funds. Family preservation services include intensive crisis-oriented in-home services, counseling, life-management skills training, and other prevention-early intervention services. In 1996, counties earned \$8,890,000 for these services through emergency assistance funding.

This request is necessary to continue the state's efforts to support families. Without these funds, the state will experience a sharp reduction in family preservation services. The services are a critical component of the state's comprehensive child welfare system, and without this funding there will be a dramatic increase in the number of children placed in out-of-home care.

PROGRAM OUTCOMES:

Families will continue to have access to family preservation services to help them with parenting and caring for their children.

Children who can be maintained safely in their homes will not experience unnecessary out-of-home placement.

LONG-TERM IMPACT:

This request will work to accomplish the state's goal of reducing unnecessary out-of-home placement, and will benefit children who can be maintained safely with their families if services are provided.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Children's Grants
 ACTIVITY: Children's Grants

ITEM TITLE: Privatizing the Adoption of Children Under State Guardianship

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)				
General Fund				
- Children's Services Management	\$90	\$90	\$90	\$90
- Children's Grants	<u>1,910</u>	<u>3,910</u>	<u>3,910</u>	<u>3,910</u>
TOTAL	\$2,000	\$4,000	\$4,000	\$4,000
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 393.07;
 256.01

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the base budget of \$2,000,000 in F.Y. 1998 and \$4,000,000 in F.Y. 1999 to improve the rate of early adoptions by privatizing the adoption of children committed to the guardianship of the Commissioner of Human Services.

RATIONALE:

The state is responsible for seeking permanency, preferably through adoption, for all children committed to the guardianship of the Commissioner of Human Services. Counties are responsible for seeking adoptive homes and making adoption placements. Because county social services are driven by the need to provide crisis services, they are often unable to attend to the adoption of children committed to the Commissioner's guardianship. The system isn't working -- 40% to 60% of these children do not get adopted. The adoption process is labor intensive, demanding of time, skill and knowledge of issues faced by children with special needs and their adoptive parents. Many counties lack the resources to prepare the children and to recruit and prepare prospective adoptive families; thus many children wait. The adoption process for children who are adopted is often inordinately long. Efforts to resolve these issues have not been successful.

A new approach is needed if the best interests of children are to be served. This is especially important when considering that any delay in the permanent placement and adoption of a child is inherently damaging, exacerbates their problems, and reduces the probability of a successful transition to adulthood.

This proposal includes funding for 1 FTE to manage a performance-based contract for the adoption of children committed to the guardianship of the Commissioner. The position will develop the Request for Proposals, monitor the contract, and work with the vendor and counties to ensure that the Commissioner's responsibilities for quickly securing permanent placements for all children are met.

PROGRAM OUTCOMES:

Privatizing the adoption of all children committed to the Commissioner's guardianship will ensure that each child's needs are appropriately evaluation and that timely decisions are made by staff knowledgeable of adoption issues and opportunities. Placement in a pre-adoptive home will occur within 6 months of termination of parental rights for 60% (vs. Current 35%) of children. It is expected that 70% to 80% of the children will ultimately be adopted. Any person who wishes to consider adopting a child with special needs, regardless of where they live in Minnesota, will participate in an adoption study within 2 months of their request.

LONG-TERM IMPACT:

A significantly higher percentage of children ill have a permanent family at an earlier age. Research on adopted children demonstrates that these children will have the support to address the problems that led to the need for adoption, will have more academic success, will be more likely to obtain post-secondary education, will have more stable economic and social lives as adults, and will pay more taxes than their counterparts who were not adopted.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Children's Services

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Services Mgmt.	\$90	\$90	\$90	\$90
Children's Grants	<u>\$710</u>	<u>\$735</u>	<u>\$735</u>	<u>\$735</u>
TOTAL	\$800	\$825	\$825	\$825
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <u>X</u> No _____				
If yes, statutes(s) affected: M.S. 626.559; 626.5591				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$800,000 in F.Y. 1998 and \$825,000 in F.Y. 1999. These funds will be used to: 1) complete development and implement the Minnesota competency-based child welfare training system; 2) recruit foster and adoptive families to provide stable and nurturing homes for children who cannot live with their families; and 3) fund the increased premium costs for the state's foster care liability insurance.

RATIONALE:

Child Welfare Training

DHS has a responsibility to ensure that all child welfare workers in the state have a common understanding of the philosophical basis for child welfare service delivery to ensure uniform practice. Minnesota law requires the department to develop a program of competency-based foundation and advanced training for child protection workers. This includes recruitment and training of trainers, identification of training needs, and delivery of training. This training is designed to identify and respond to the priority training needs of individual counties, or on a regional basis for child welfare worker supervisors, managers, and executives.

To discharge their complex and difficult responsibilities, child welfare workers must have considerable specialized knowledge and skill. They need to exercise the best judgment they can, based on the best social work practice. Child welfare workers need to earnestly do their best to protect and promote the safety and well-being of the children in their caseloads. Opportunities to acquire the knowledge and skill to exercise good judgment and exercise best practice through pre-service education and training are limited, and a significant number of new social workers who come into the system do not have social work degrees. Therefore, inservice training is necessary to

assure that each worker acquires and maintains the knowledge and skills to perform the job. There currently is no comprehensive, competency-based inservice training system to support child welfare workers.

Foster and adoptive parents also need comprehensive training, because the children in their care often have multiple severe problems. They need training to meet the needs of children in their care.

This system will address the training needs of approximately 1,600 county staff, 2,500 foster families, and 140 professionals who interview child maltreatment victims.

Minnesota Child Welfare Training System is being developed in partnership with county social service agencies and costs are being shared.

The state appropriation for training includes funding for 1.5 FTE additional staff.

Foster Care

The federal Multiethnic Placement Act of 1994 requires states to provide for the diligent recruitment of foster and adoptive families reflecting the diversity of children in the state for whom out-of-home placement is needed. This request includes \$250,000 annually, which is necessary for Minnesota to fulfill its federal obligation by providing a statewide strategy to recruit prospective foster and adoptive families. The recruitment will include generalized statewide targeting and intensive strategies targeted at diverse communities.

\$75,000 in F.Y. 1998 and \$100,000 in F.Y. 1999 is needed to cover the increases in premium costs in order to maintain the state's foster care liability insurance policy.

PROGRAM OUTCOMES:

Funding the Minnesota Child Welfare Training will ensure that all county child welfare workers will be uniformly prepared to successfully meet the demands of their jobs. Family centered training will promote the delivery of services which will strengthen and preserve families. Not funding this request will result in the continued delivery of services to children and families by untrained or under-trained staff.

The additional funding will result in an increase in the number of available foster and adoptive families to meet the needs of children who are in need of temporary or permanent placement.

LONG-TERM IMPACT:

Knowledgeable and skillful child welfare staff will make better decisions regarding families and children. Services will be more respectful of culture, will strengthen and support families with the recognition that strong, stable families serve children's needs and interests.

Children who need out-of-home placement will have stable and nurturing homes quickly and not experience unnecessary movement from placement to placement.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Integrated Services for Children's Mental Health through Collaborative Expansion

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Grants	\$750	\$1,250	\$1,250	\$1,250
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes ___ No <u>X</u>				
If yes, statutes(s) affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$750,000 in F.Y. 1998 and \$1,250,000 in F.Y. 1999 to improve children's mental health through further development of 16 current children's mental health collaboratives and expansion of the collaborative model to 10 additional communities.

RATIONALE:

The goal for this request is to effectively treat children with serious emotional disturbance (SED), so that they function well in their families and in society. Many children with SED are in multiple systems, including the juvenile justice system and out-of-home placement settings. To stem this trend, this request seeks additional funding for a proven strategy to help these children and their families:

Research shows that treatment for children with SED is most effective when services are coordinated, and when a plan of care involves the multiple actors in a child's life—the school, the therapist, those at home and other settings. A children's mental health collaborative is formed by a number of players at the local level. These players, at a minimum, must include a school district and county human services; it can also include juvenile justice professionals and mental health service providers. Collaboratives were created to redesign service delivery at the community level so that:

- children and families with needs in multiple areas get help when they need it at any point they contact within the children's mental health system;

- the different local entities providing mental health services have common standards, common care plans and a common process for serving children;
- local service providers have flexibility to integrate funding from different sources to pay for services a child needs, rather than those preordained by a program; and
- mental health service dollars would be spent more effectively in a new unified system, with accountability to children and their families' needs with less cost-shifting and responsibility shifting.

Making the children's mental health system better is critical. Approximately 32,500 Minnesotans are children with SED who rely on or require some form of public assistance for their treatment. Currently, 3,500 of these children are receiving some formal case coordination of services. Collaboratives are currently working with approximately 1,500 children. With the additional funding and expansion to more communities, more children would be served more effectively. What is important to note is that while services have initially been targeted toward SED children, the collaborative model is accessible to all those who are emotionally and behaviorally disturbed and those at risk.

Minnesota made a decision several years ago to invest in new ways of providing mental health services for children. Currently, there are 16 children's mental health collaboratives. They are located in 25 counties across the state in rural and metropolitan areas.

Initially, funding created financial incentives to bring all collaborative members around the table to rethink and redesign children's mental health services and to develop new governance structures for care delivery. This request provides additional funding for the next step in collaboration, funding "wraparound" services.

As communities have created collaboratives, one of their findings is that many children are getting good, helpful services—now delivered more holistically and with greater accountability, but without some of the additional connections between medical, educational, social, formal and informal services. It is funding for these connective, wraparound services that is requested.

It should be noted that all collaboratives are operating under conditions in which they seek support and funding from other community resources, in addition to using public funds for "wraparound" and other services. While not only important as a means to share costs, reaching out to non-profits, service organizations, and volunteer groups strengthens the community and the stake that community members feel in the health and well-being of their area's children. Collaboratives need some financial flexibility, however, so they do not spend an inordinate amount of time fundraising, rather than providing services, and can leverage additional resources locally.

PROGRAM OUTCOMES:

Already, positive results are being seen in collaboratives. These are the types of outcomes that are expected to continue. Evidence shows that collaboratives are:

- reducing out-of-home placements and associated costs, meaning that children are getting services that work
- increasing community-based service options for families and children
- building upon the available, natural community supports

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Integrated Services for Children's Mental Health through Collaborative
Expansion
(Continuation)

- increasing opportunities in case management and transition services
- developing juvenile justice prevention and intervention alternatives such as gang prevention, restorative justice and judicial involvement in planning for the delivery of services in their community
- reducing duplication in resources through the sharing of information
- making significant re-investments of resources into integrated funds—to date, \$10 million has been re-invested to provide a continuum of services
- conducting cross-agency training in conjunction with the state which has resulted in at least 2,000 line-staff, managers, parents and family members receiving training in issues related to wraparound services, working with families who have different cultural referents, data privacy and technology issues
- ensuring accountability

LONG-TERM IMPACT:

As services are individualized, and as communities become engaged in the support of their children, and the local system of mental health meets client needs, many positive outcomes are expected. The long-term impact is expected to be a reduction in out-of-home placement, and less reliance on more expensive and restrictive living settings, and a lessening of the anti-social behavior that leads to contact with the juvenile justice system.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Crisis Nursery Services Expansion

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Grants	\$600	\$600	\$600	\$600
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the base budget of \$600,000 in F.Y. 1998 and \$600,000 in F.Y. 1999 to help prevent child abuse by providing continued funding for crisis nursery services and also expanding those services to 6 other sites in Minnesota.

RATIONALE:

Crisis nurseries are a first line of defense against child abuse. They provide a safety valve for parents—a place to drop off their children—while they cool down or while they address a family crisis situation. Crisis nurseries provide temporary, short-term care and a safe, nurturing environment. They also provide parent education resources so parents can learn to cope with stress and anger without resorting to violence and, eventually, without needing crisis nursery services. Crisis nursery services are offered at no cost. Low income single parent families with at least 2 children are the largest group of crisis nursery services users.

Currently, there are 12 crisis nursery programs in Minnesota serving families in 15 counties. The number of requests for service that these programs receive has continued to rise and current programs are not able to meet the demand. In 1994, more than 4,200 children from more than 2,100 families were served. In many areas, no crisis nursery services are available. State and local funds have been used to establish and expand crisis nursery services, and in 1993, the Legislature allocated funds to provide continuation of existing programs.

State funds currently account for 8% of the overall crisis nursery budgets. All programs are required to provide an in-kind match to be eligible for state funding.

PROGRAM OUTCOMES:

This proposal will allow for the continuation of crisis nursery services in the 15 counties where they currently exist and support expansion into at least 6 other areas of the state where the need is high. In Hennepin County, where the Minneapolis Crisis Nursery turns away as many children each year as are served, this gap will be decreased. Continued funding for existing crisis nursery programs will begin as soon as funds become available. Expansion to additional communities will begin with a Request for Proposal (RFP) process as soon as funds become available, with start-up dates targeted for late fall of 1997.

Preventing or reducing child abuse and neglect is the goal of these programs. While success of crisis nurseries on some level may be implied from increasing service demand, the department is working with nurseries to get harder evidence of their effectiveness. Of particular interest is seeing if, or how, the nurseries prevent children from needing more expensive and intrusive child protection services. Initial data from this evaluation process will be available in 1997.

LONG-TERM IMPACT:

DHS believes that continued funding of crisis nursery services will reduce the incidence of child abuse in Minnesota. By providing crisis nursery services to families in a non-threatening environment:

1. Fewer children will be abused.
2. More families will use community-based support systems, avoiding more expensive and intrusive government intervention.
3. Local communities will be strengthened in their ability to help stressed families.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Children's Grants
ACTIVITY: Children's Grants

ITEM TITLE: Family Visitation Center Expansion and Transfer

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Grants Requested				
Increase	450	450	450	450
Transfer to DCFL	(650)	(650)	(650)	(650)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256F.09, 1995 Supplement; Laws of MN 1995, Chapter 257, Article 4, Section 12, and Article 6, Section 1, subd. 15

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$450,000 in F.Y. 1998 and \$450,000 in F.Y. 1999 to expand family visitation centers to more areas of the state. Family visitation centers are a safe, neutral place for divorced or separated parents to exchange children for scheduled visitation, and provide supervised visits when there has been a history of family violence. In addition to recommending family visitation expansion, the Governor has proposed legislation to transfer the duties and authority for administering family visitation centers (under Minnesota Statutes, section 256F.09) from the Commissioner of Human Services to the Commissioner of Children, Families, and Learning. (The transfer will also entail transferring \$96,000 in F.Y. 1998 and \$96,000 in F.Y. 1999 from the State Government Special Revenue Fund to the Commissioner of Children, Families & Learning.)

RATIONALE:

Witnessing violence between parents can traumatize children. When parents with a violent history are estranged or divorced, exchanging children for scheduled visitation can provide both an opportunity and trigger for abuse. This request for additional funding for a proven strategy to reduce the opportunity for children to witness their parents' abuse will expand the number of locations for exchanges with nine new centers. In addition to providing different levels of exchange oversight, these centers provide opportunities to increase a family's ability to interact in safe and healthy ways with parent education and support groups. New programs are required to pay a 25% local match and existing programs are required to pay a 35% local match for any state grant awarded. For F.Y. 1997, \$96,000 of the state money available comes from the state government special revenue fund obtained from marriage license fees collected.

While the Department of Human Services began family visitation centers, these efforts fit better with other, complementary efforts at the Department of Children, Families, and Learning. The new department focuses on strategies designed to prevent problems affecting the well-being of children and families, and allows flexibility in the design, funding, and delivery of programs affecting children and families.

Moving the family visitation center grants to the new department allows better coordination and streamlined funding with other child abuse prevention and service programs that have transferred to the new department, such as the Department of Corrections' child abuse grants, Children's Trust Fund's child abuse prevention programs, Department of Public Safety's drug policy and violence prevention grants, and Minnesota Planning's Action for Children advisory committee. In addition, moving these grants to the new department allows better planning for funding programs in areas of Minnesota not currently being served or areas that are under-served.

PROGRAM OUTCOMES:

- During F.Y. 1997, 7 family visitation centers serving 8 locations were funded. With the increased funding requested, 9 new centers will be funded covering geographic areas without such programs.
- While intuitively, these centers make sense and anecdotal information from staff and parents suggest they are working, empirical evaluation is underway. Connecting a decrease in child maltreatment reports, a decrease in staff interventions between parents, and progression from highly supervised exchanges at the center to just using the center as a venue for unsupervised exchanges are part of the evaluation strategy. Parent surveys will also continue to determine how the center services are working for them.
- In F.Y. 1996, 377 families were served. There were 1,265 supervised visits and 2,220 exchanges. Of the total visits and exchanges, 15 reports of maltreatment were filed with child protective services and 65 staff interventions were required. Of the 377 families, 125 of them showed progression between levels of service. This may be low, as this data was not tracked throughout the whole year. In addition, most client surveys indicated people felt safe and less stressed in dealing with an abusive spouse because of the center's services. Suggestions for the future included adding safety features such as more lighting in parking lots or having an escort service to cars.
- Transfer existing family visitation center duties and authority for administering the family visitation center grants to the Department of Children, Families, and Learning on 7-1-97. Transfer all family visitation center grant contracts to the Department of Children, Families, and Learning on 7-1-97.
- Moving the duties and authority for administering the family visitation centers grants to the new department will maximize the resources and reduce redundancy in the number of similar programs funded in a specific geographic area of the state. Placing prevention-oriented programs in the same department with intensive services allows earlier identification of problems and less expensive solutions.

LONG-TERM IMPACT:

- Funding new centers will allow these services to be available in almost every region of the state. This will provide service to approximately 500 families in the new centers. Coordinating and streamlining child abuse prevention programs and related family and children's programs in one central agency allows improvement in coordination and planning as well.
- Services will be less adversarial, more culturally appropriate, and family friendly. There will be better use of neighborhood and community resources. More families will be able to care for their children in their homes. Services to families will focus on the achievement of positive goals, not the avoidance of punishment.

1998-99 Biennial Budget

BUDGET ACTIVITY: Transfers to the Department of Children, Families, and Learning
PROGRAM: Children's Grants
AGENCY: Human Services, Department of

ACTIVITY DESCRIPTION:

In 1995, the State Legislature created the new Department of Children, Families, and Learning (DCFL). Effective 7-1-96, several grant programs and associated administration which had been the responsibility of the Department of Human Services (DHS) were transferred to the new department.

The grant programs and administration which this budget activity had responsibility for in F.Y. 1996, but were transferred to DCFL in F.Y. 1997 include:

- Family Services Collaboratives Grants
- Children's Trust Fund grants and administration
- Child Care Development grants
- Child Care Assistance programs and administration
 - AFDC Child Care Program
 - Basic Sliding Fee Child Care Program

BUDGET ISSUES:

The 7-1-96 transfers to DCFL reduce the budget base of DHS and increase the budget base of the DCFL by like amounts.

Management of the Child Care Assistance programs will require close cooperation between DCFL and DHS. Effective 10-1-96, federal welfare reform eliminated the federal child care entitlement, consolidating the AFDC Child Care Program's federal funding source (AFDC Child Care Entitlement) and the Basic Sliding Fee Child Care Program funding sources (Child Care and Development Block Grant and At-Risk Grant) into a single capped Child Care and Development Fund (CCDF). The CCDF is administered by DCFL. In addition, the former AFDC entitlement program is now a capped federal block grant called Temporary Assistance to Needy Families (TANF). The TANF block grant includes strong work requirements and incentives, which will result in a significant increase in the number of low income families needing child care assistance.

SUMMARY OF TRANSFERS	F.Y. 1996 (\$000)	AMOUNTS TRANSFERRED F.Y. 1997 (\$000)
STATE FUNDING:		
FAMILY SERVICES COLLABORATIVES	984	1,500
CHILDREN'S TRUST FUND GRANTS	376	523
CHILDREN'S TRUST FUND- ADMIN	138	137
CHILD CARE DEVELOPMENT- GRANTS	1,633	1,930
CHILD CARE ASSISTANCE - AFDC	16,009	19,292
CHILD CARE ASSISTANCE - BSF*	15,526	19,751
CHILD CARE ASSISTANCE - ADMINISTRATION	157	181
DHS RENT & OVERHEAD	52	52
SUBTOTALS: STATE	34,875	43,366
FEDERAL FUNDING:		
CHILDREN'S TRUST FUND GRANTS/ADMIN.	135	599
CHILD CARE DEVELOPMENT- GRANTS	3,025	4,586
CHILD CARE ASSISTANCE - AFDC	17,085	23,388
CHILD CARE ASSISTANCE - BSF	16,302	16,749
CHILD CARE ASSISTANCE - ADMIN	564	914
SUBTOTAL: FEDERAL	37,111	46,236
TOTAL STATE /FEDERAL	71,986	89,602

* Total appropriation for F.Y. 1997 is \$24,751,000. \$5,000,000 million was appropriated directly from Laws of Minnesota 1996. \$19,751,000 was the actual transfer amount.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CHILDREN'S GRANTS
ACTIVITY: TRANSFER TO DCFL

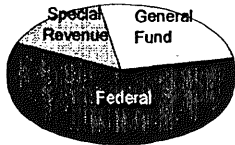
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	669							
OPERATING EXPENSES	1,785							
SUBTOTAL STATE OPERATIONS	2,454							
PAYMENTS TO INDIVIDUALS	8							
LOCAL ASSISTANCE	69,524							
TOTAL EXPENDITURES	71,986							
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	34,379							
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	495							
FEDERAL	37,112							
TOTAL EXPENDITURES	71,986							
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2							
FEDERAL	38,396							
TOTAL REVENUES COLLECTED	38,398							
FTE BY EMPLOYMENT TYPE:								
REGULAR	14.2							
TEMP/SEAS/PART_TIME	.3							
TOTAL FTE	14.5							

1998-99 Biennial Budget

PROGRAM: Children's Services Management
AGENCY: Human Services, Department of

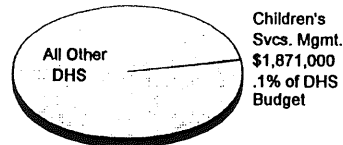
BUDGET SCOPE:

Children's Services Management
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$7,405,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total Budget \$2,459,465,000

PROGRAM DESCRIPTION:

Children's Services Management is the administrative support component for the department's Children's Initiative; supervises the activities of the Family and Children's Services Division; and is responsible for planning and implementation of the Social Services Information System (SSIS). The program's primary responsibility is to ensure that state human services policies and programs work for children at risk within the context of their culture and heritage, to promote the best interest of the child in all public transactions, and to create an awareness of children's issues among the public and all publicly funded agencies.

PROGRAM STATUS:

The Minnesota vision for child welfare is a reformed system that provides supportive services to children and families in their communities to prevent them from entering the child protection and foster care systems. If, however, children do need to be removed from their homes, they will be protected, socialized, nurtured, and receive other services tailored to meet their individual needs.

- These services fall into the following major areas:
- Prevention and early intervention to support families;
- Child welfare services designed to protect children;
- Services to prepare youth for independent living;
- Competency-based child welfare training system;
- Permanence for children;
- Support for statewide expansion of alternative structures for the delivery of community level social services; and
- Provision of accurate and timely information about children's moving in and out of the public systems we supervise.

PLANNED RESULTS:

Children's Services Management is pursuing the following performance goals:

1. Reduce the number of children in out-of-home placements by working with counties and courts to develop placement prevention strategies which focus on the safety and best interest of the child:
 - improving the risk assessment processes;
 - establishing a children of color task force; and
 - developing an interdepartmental work group on alternatives to the current adversarial family court system.
2. Improve quality and increase public confidence in child protection and foster care services by ensuring that the services are focused on positive outcomes for children:
 - statewide child welfare and foster care training;
 - annual symposiums for child welfare professionals;
 - change policies which delay placement; and
 - recruit foster and adoptive families to reflect the diversity of children in out-of-home placement.
3. Develop and implement state supports which assist the program in accomplishing the goals stated above:
 - A major effort currently underway is the development and implementation of the SSIS which will enhance service delivery by providing efficient case management tools to county children's services workers. This system will also provide much needed information on the children entering and exiting the social services system.

BUDGET SUMMARY:

In order to develop and implement state supports which assist Children's Services Management in accomplishing its goals, the following increase in funding is requested:

- A biennial increase of \$950,000 in F.Y. 1998 and \$950,000 in F.Y. 1999 for training and implementation costs related to the Social Services Information System.
- A biennial increase of \$290,000 for each fiscal year is being requested to conduct fair hearings to resolve disputes regarding determinations of child maltreatment. (This request is contained in the Agency Management portion of the budget.)

REVENUE:

This activity generates dedicated and non-dedicated revenue.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CHILDREN'S SERVICES MANAGEMENT
ACTIVITY: CHILDREN'S SERVICES MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,091	3,894	2,897	3,514	3,514	3,152	3,921	3,921
OPERATING EXPENSES	2,788	4,886	2,940	3,453	3,453	2,716	3,077	3,077
SUBTOTAL STATE OPERATIONS	4,879	8,780	5,837	6,967	6,967	5,868	6,998	6,998
LOCAL ASSISTANCE	1,608	1,568	1,568	1,568	1,568	1,568	1,568	1,568
TOTAL EXPENDITURES	6,487	10,348	7,405	8,535	8,535	7,436	8,566	8,566
AGENCY PLAN ITEMS:		FUND						
CHILD WELFARE TRAINING SYSTEM		GEN		90			90	
SOCIAL SERV INFORM SYSTEM (SSIS)		GEN		950			950	
PRIVATIZATION OF ADOPTION PROGRAM		GEN		90			90	
TOTAL AGENCY PLAN ITEMS				1,130			1,130	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	858	1,213	1,871	3,001	3,001	1,902	3,032	3,032
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	1,497	5,065	1,126	1,126	1,126	1,126	1,126	1,126
FEDERAL	4,132	4,070	4,408	4,408	4,408	4,408	4,408	4,408
TOTAL EXPENDITURES	6,487	10,348	7,405	8,535	8,535	7,436	8,566	8,566
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	978	3,249	872	872	872	872	872	872
FEDERAL	6,294	5,348	8,456	8,456	8,456	8,710	8,710	8,710
GIFT	1							
TOTAL REVENUES COLLECTED	7,273	8,597	9,328	9,328	9,328	9,582	9,582	9,582

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CHILDREN'S SERVICES MANAGEMENT
ACTIVITY: CHILDREN'S SERVICES MANAGEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	41.9	67.5	55.0	57.5	57.5	55.0	57.5	57.5
TEMP/SEAS/PART_TIME	.8	3.4	.9	.9	.9	.9	.9	.9
TOTAL FTE	42.7	70.9	55.9	58.4	58.4	55.9	58.4	58.4

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of (DHS)
PROGRAM: Children Services Management
ACTIVITY: Children's Services Management

ITEM TITLE: Social Services Information System

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Children's Services Management	\$950	\$950	\$950	\$950
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$950,000 in F.Y. 1998 and \$950,000 in F.Y. 1999 to provide for training and implementation costs related to the Social Services Information System (SSIS), which help families and children get the services they need, and provide state policy makers with accurate, timely and relevant information for planning and evaluating child welfare programs. The Governor further recommends that the Department of Children, Families, & Learning be regularly consulted on development of this system.

RATIONALE:

The SSIS is a joint venture with Minnesota's 87 county human service departments to develop and implement a county-based system to support delivery of child welfare services, and to collect the data needed to assess the level of services provided, and the outcomes achieved, through those services. The system will standardize data on children and families statewide and provide the ability to meet new federal reporting requirements for children in out-of-home placement. It will provide county staff with a comprehensive system for the administration and management of child welfare and family social services, streamlining both local operations and state reporting.

During the 1996 legislative session, DHS requested an addition of \$950,000 per year to the SSIS base to cover expenses related to necessary support of county implementation and training which has already begun its early phases, and will continue through December 1998. This amount is needed for each remaining year of the project (F.Y. 1997, F.Y. 1998, and F.Y. 1999). The Legislature appropriated \$850,000 for the remaining year of the F.Y. 1996-1997 biennium, and included a rider requiring a budget request to the 1997 Legislature in order to have these funds added to the activity's base through project implementation in F.Y. 1999.

PROGRAM OUTCOMES:

Original project funding approved by the 1995 Legislature was focused on expenses related to the system's development. The supplemental funding requested here will cover implementation expenses DHS incurs for planning, consultation, and resource development. Although counties are funding the majority of the expenses for equipment and training, the funds requested here by DHS are to coordinate the statewide activity and to provide help counties need to ensure that the system is properly installed and the users are trained. Some early functions of the system went on-line in October 1996, and the remaining major functions to complete the system will be implemented in two more phases with an overall completion date of December 1998.

LONG-TERM IMPACT:

The system, when implemented in F.Y. 1999, will: 1) eliminate or simplify county reporting to the state and state reporting to federal agencies; 2) meet federal child welfare reporting and system requirements; 3) increase county and state staff productivity and accountability; 4) facilitate performance-based budgeting; and 5) enable program and client outcome evaluation for children and families receiving child welfare services.

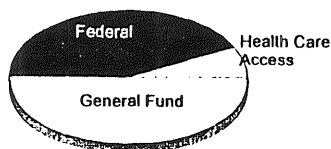
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1998-99 Biennial Budget

PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of

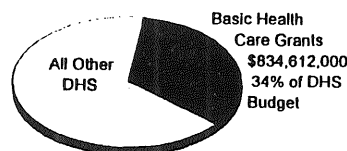
BUDGET SCOPE:

Basic Health Care Grants
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$1,883,939,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



DHS Total \$2,459,465,000

PROGRAM DESCRIPTION:

The Minnesota Department of Human Services (DHS) administers the 3 largest publicly funded health care coverage programs in the state: MinnesotaCare; Medical Assistance (also called Medicaid or MA); and General Assistance Medical Care (GAMC). Each of these has a different history, different set of enrollees, and in some instances, different sets of benefits and coverage.

Health care is one of the most complex parts of the DHS budget, and it is where most of the dollars are spent. Most of the DHS budget is health care related. To try and simplify the health care budget presentation, health care has been divided into 2 broad categories:

- Basic Health Care (acute care, such as in-patient hospital coverage);
- Continuing Care and Community Support (supplemental services to acute care, such as nursing homes and social services)

This section of the budget covers the first: Basic Health Care Grants. In this section are four service areas:

- MinnesotaCare grants;
- MA basic health care grants for families and children;
- MA basic health care grants for elderly and disabled individuals; and,
- GAMC grants.

PROGRAM STATUS

Medical Assistance

MA is Minnesota's name for Medicaid. It is an entitlement program that began in the 1960s. It is state and federally funded and is the largest single source of federal money coming to Minnesota's budget.

States have options within the Medicaid program. Minimally, the federal government requires that a basic set of services be provided like inpatient hospital benefits, physician services and nursing home care. Beyond that, states have the choice to offer optional services that the federal government will also help pay for. Optional services include prescription drugs, group homes for the mentally retarded and hospice care.

Families and children on Aid to Families with Dependent Children (AFDC) have traditionally been eligible for MA automatically. With the welfare reform bill signed enacted into law this fall, that automatic link has been severed. Additionally, MA covers the elderly, blind and disabled. MA enrollment totals approximately 425,000 Minnesotans.

General Assistance Medical Care (GAMC)

GAMC was created to cover a set of individuals who do not qualify for MA. This primarily includes single, unemployable adults, but also includes couples without children aged 21 through 64; parents and caretakers who cannot meet categorical eligibility requirements for MA; most recipients of GA cash grants; some residents of facilities such as institutions for mental diseases (IMDs), treatment facilities, and adult foster care; and undocumented individuals who are blind, disabled, under 18 or over 65. It is state funded and enrollment is approximately 44,000.

MinnesotaCare

MinnesotaCare is a market-based health plan for low income, working Minnesotans who do not have health insurance. It is funded by a tax on health care providers and premiums paid on a sliding scale basis by enrollees. MinnesotaCare has approximately 94,000 enrollees; 51,820 are children.

MinnesotaCare is central to Minnesota's welfare reform strategy. For years it has been a hunch that if working-poor families had health insurance, many would not go on welfare. MinnesotaCare proved that hunch correct. Each month, approximately \$2 million in AFDC costs are saved because MinnesotaCare provides a non-welfare safety net.

In 1995, Minnesota asked for and received a federal waiver of Medicaid rules related to MinnesotaCare. Its purpose was to make it easier for children and pregnant women with MinnesotaCare coverage to get access to the broader set of services available under MA.

In 1996, single adults with incomes up to 135% of federal poverty guidelines were given the chance to purchase MinnesotaCare coverage.

Trends and issues affecting health care

- Minnesota's health care marketplace continues to change with consolidation of health care providers and facilities into managed care networks. Publicly funded health care programs must change with the times to take advantage of access to managed care providers. While there have always been forms of managed care in the current Health care delivery system for disabled and elderly individuals, most managed care contracts with health plans have not included these populations. To date, most large scale managed care efforts have included families and children in MA, GAMC enrollees and enrollees in MinnesotaCare—essentially the non-elderly, non-disabled portions of publicly funded programs.

During the past 2 legislative sessions, plans have been made to begin adapting managed care to meet the needs of the elderly and the disabled. The governor's budget for the next biennium proposes to continue in that direction with expansion of demonstration pilots for managed care for the disabled and integrating acute and long-term care for the elderly.

- The concept of living within-our-means has been emphasized in recent years as health care costs—particularly in long-term care—have grown exponentially. Cost containment strategies

PROGRAM: Basic Health Care Grants
(Continuation)

implemented during the last biennium have not solved the problem. To cope, public programs must continue to change from being a passive reimburer of whatever costs are submitted, to an active purchaser of care, using the states considerable buying power to negotiate the best deals in the marketplace.

- One of the elements of being a good purchaser is recognizing that the more complicated something is, the more costs can go up and the less likely it is that it will be possible to do business effectively in the marketplace. To that end, exploration has begun of ways to align MinnesotaCare, MA and GAMC to provide greater consistency and simplicity between the programs.

In addition, the Personal Responsibility and Work Opportunity Act of 1996 (the federal welfare reform law) has an impact on health care.

- The new welfare law severs the previously automatic link between AFDC and MA, yet still requires that states provide health care for certain people. The Temporary Assistance for Needy Families (TANF) program replaces AFDC. People who are covered under TANF also receive health benefits, and it is up to the states to determine exactly how this is done. Most people who receive AFDC now will continue to receive MA, because the federal law mandates that states cover people previously eligible for AFDC.
- The new law denies MA to legal non-citizens who arrived in the country on or after 8-22-96, for 5 years. For those who arrived before 8-22-96, coverage must continue through January 1997, after which continuing coverage is a state option. Under current Minnesota law, MA will continue for these individuals. There are some exemptions to the MA and SSI provisions that affect some non-citizens (e.g., refugees and people receiving asylum may continue to receive Supplemental Security Income (SSI) for their first 5 years in the country).
- SSI and Supplemental Security Disability Income (SSDI) will be denied to people whose determining factor in establishing disability is alcoholism or drug addiction. In Minnesota, approximately 4,800 people will lose SSI and MA unless they re-establish eligibility based on other diagnoses, such as mental illness. It is estimated that about half of these people will be able to re-establish eligibility and retain their MA coverage. For those who do not, current Minnesota law will allow them to apply for GAMC or MinnesotaCare.
- The new law also restricts the definition of disability for children. A child under 18 must have a physical or mental condition that can be medically proven and results in severe functional limitations. About 3,200 children with attention deficit hyperactivity disorder, other emotional disturbances, mild mental retardation or physical impairments may lose SSI under this new definition. Since most are from low income families, about 80 percent will still qualify for MA. Others may apply for MinnesotaCare.

PLANNED RESULTS:

- The department will continue to focus on directing available resources to individuals with the greatest need by continual improvement of better purchasing strategies that reflect access, choice, and best practice in the health care field.

BUDGET SUMMARY:

- Fund forecast adjustments to the state's subsidized health programs which result from changes in utilization and caseload size, as well as changes in federal funding rates.
- Fund acute care inflation costs.
- Begin to align GAMC and MA eligibility criteria with MinnesotaCare criteria in areas of household definition, budget periods, income tests, and retroactive coverage to move towards greater consistency and simplicity in the 3 subsidized health care programs.
- Provide health care coverage consistent with the requirements of federal welfare reform legislation (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 or PWORA) and to needy families receiving income assistance.
- Bring Minnesota's taxes on hospitals into compliance with federal law governing provider-related taxes and avoid loss of federal matching funds.
- Repeal the \$1.00 co-payment on prescription drugs and decrease the dispensing fee in MA, GAMC, and MinnesotaCare programs.
- Establish a threshold on changes in hospital acuity that qualify for a payment adjustment. Remove coverage of emergency medical care through the GAMC program for transients passing through Minnesota.
- Purchase dental coverage through managed care for public clients and public enrollees together.
- Discontinue use of MA and GAMC funds for MCHA premiums.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends funding to:

- Transition GAMC into MinnesotaCare in order to initiate the development of a unified, premium-based health care program for low income uninsured Minnesotans.
- Separate medical education costs from capitation rates and move funds to cover such costs to the Department of Health. [This item appears in the Department of Health section.]

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS

			FY 1998			FY 1999		
			Base	Agency	Governor	Base	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	Level	Plan	Recomm.	Level	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
MINNESOTACARE GRANTS	80,216	150,342	153,428	124,372	123,162	156,509	138,594	135,954
MA BASIC HEALTH CARE GRANT-F&C	538,057	751,288	751,288	809,232	779,232	751,288	924,221	873,720
MA BASIC HEALTH CARE GRANT-E&D	600,768	778,063	778,063	876,810	847,475	778,063	1,037,375	988,261
GAMC GRANTS	151,809	201,160	201,160	190,432	176,181	201,160	201,649	178,436
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	1,370,850	1,880,853	1,883,939	2,000,846	1,926,050	1,887,020	2,301,839	2,176,371
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY PLAN ITEMS:		FUND						
-----		-----						
RSDI AND MEDICARE PROJECT		GEN		<87>			<366>	
ACUTE CARE INFLATION		GEN		1,060			6,212	
ACUTE CARE INFLATION		GEN		977			5,965	
HOSPITAL CASE MIX APPEAL		GEN		<1,971>			<2,053>	
HOSPITAL CASE MIX APPEAL		GEN		<894>			<941>	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN		773			18,317	
DENTAL SERVICES		GEN		193			1,287	
DENTAL SERVICES		GEN		268			408	
FORECAST ADJUSTMENT		GEN		<8,014>			4,308	
DENTAL SERVICES		GEN		749			1,210	
ALIGN MA-GAMC-MNCARE POLICIES		GEN					<2,283>	
MANDATED EXTENDED MEDICAL		GEN		776			1,838	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		5,351			11,887	
FORECAST ADJUSTMENT		GEN		52,024			117,890	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		6,372			14,507	
FORECAST ADJUSTMENT		GEN		29,968			78,192	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<981>			200	
ELIMINATE MA/GAMC PHARMACY COPAYMENT		GEN		169			240	
MCHA PREMIUM DISCONTINUE		GEN		1,314			1,369	
MFIP STATEWIDE		GEN		5,140			11,783	
MCHA PREMIUM DISCONTINUE		GEN		224			232	
ALIGN MA-GAMC-MNCARE POLICIES		GEN					<2,458>	
UNITARY RESID & FINANCE RESPONSE ACT		GEN		<1,500>			<1,500>	
FORECAST ADJUSTMENT		FED		5,789			7,195	
FORECAST ADJUSTMENT		FED		15,850			63,527	
FORECAST ADJUSTMENT		FED		38,202			102,963	
ACUTE CARE INFLATION		HCA		242			1,051	
ELIMINATE MA/GAMC PHARMACY COPAYMENT		HCA		<146>			<170>	
ALIGN MA-GAMC-MNCARE PREMIUMS		HCA					102	

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS

			FY 1998			FY 1999		
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ALIGN MA-GAMC-MNCARE POLICIES		HCA					3,453	
FORECAST ADJUSTMENT		HCA		<34,941>			<29,546>	
TOTAL AGENCY PLAN ITEMS				116,907			414,819	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		4,841			<778>	
(B) ELIMINATE COUNTY SHARE		GEN		<17,445>			<18,626>	
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		10,551			<1,918>	
(B) ELIMINATE COUNTY SHARE		GEN		<39,205>			<45,712>	
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		9,973			<1,772>	
(B) ELIMINATE COUNTY SHARE		GEN		<37,056>			<42,250>	
(B) TRANSITION GAMC INTO MNCARE		GEN		<176,181>			<178,436>	
(B) TRANSITION GAMC INTO MNCARE		HCA		176,181			178,436	
(B) MEDICAL EDUCATION		HCA		<1,210>			<2,640>	
(B) MEDICAL EDUCATION		GEN		<2,917>			<6,479>	
(B) MEDICAL EDUCATION		GEN		<681>			<1,484>	
(B) MEDICAL EDUCATION		GEN		<1,647>			<3,809>	
TOTAL GOV'S INITIATIVES				<74,796>			<125,468>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	586,395	834,612	834,612	915,781	759,720	834,612	1,074,262	879,586
HEALTH CARE ACCESS	47,841	119,660	119,660	84,815	259,786	119,660	94,448	270,244
STATUTORY APPROPRIATIONS:								
GENERAL	78,295	110,569	110,569	121,311	27,605	110,569	137,163	30,575
HEALTH CARE ACCESS	17,423	20,190	23,276	23,276	23,276	26,357	26,459	26,459
FEDERAL	640,896	795,822	795,822	855,663	855,663	795,822	969,507	969,507
TOTAL EXPENDITURES	1,370,850	1,880,853	1,883,939	2,000,846	1,926,050	1,887,020	2,301,839	2,176,371
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

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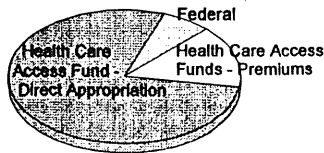
1998-99 Biennial Budget

BUDGET ACTIVITY: MinnesotaCare Grants
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of

BUDGET SCOPE:

MinnesotaCare Grants
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)

Basic Health Care Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total Budget \$153,428,000

This budget activity has no
general fund appropriation

ACTIVITY DESCRIPTION:

This activity subsidizes and purchases health care coverage for approximately 93,000 low income working Minnesotans. In 1996, MinnesotaCare covered 94,397 individuals; 51,820 of whom are children.

Income and uninsured status are the main eligibility criteria. MinnesotaCare exists because policy makers were concerned that too many jobs did not come with health insurance, forcing families to make choices between welfare and its related Medical Assistance (MA) benefits, or working and risking their family's health. There were strong feelings that working poor families, trying hard to make ends meet, should not have to impoverish themselves to get basic health care for their children.

Of the 3 major publicly subsidized health care programs, MinnesotaCare is the closest to a private insurance plan. There are co-payments, premiums and deductibles. Coverage is terminated if premiums are not met. MinnesotaCare is funded through premiums paid by enrollees based on their income and through a 2% tax on medical provider services. MinnesotaCare premiums and provider taxes are deposited into the State's Health Care Access Fund. Funding is also supported by Medical Assistance (MA) funds generated by the implementation of the MinnesotaCare Health Care Reform Waiver, which allows MA reimbursement for health care coverage of Minnesota children formerly funded with state dollars only.

Health care benefits for MinnesotaCare enrollees who are non-pregnant adults cover inpatient and outpatient hospital care, drugs and medical supplies, physician services, prosthetic devices, preventive dental care, eye care, chiropractic services and medical transportation. Payment for inpatient hospital services is limited to \$10,000 annually, with a 10% co-pay. Co-pays are also required for prescription drugs and eyeglasses.

Health care benefits for MinnesotaCare enrollees, who are under the age of 21, or are pregnant, cover all services listed above and additional services including comprehensive dental care, personal care attendant services and access services. No co-pays are required and there is no annual inpatient limit for these individuals.

During 1996, MinnesotaCare has moved from purchasing all health care under a fee-for-service approach, to purchasing all health care through managed care contracts. As of 1-1-97, all MinnesotaCare enrollees will be receiving their health care through a health plan contracting with the program.

BUDGET ISSUES:

- Steps toward aligning GAMC with MinnesotaCare will cause some movement of clients from GAMC into MinnesotaCare.
- Transition GAMC into MinnesotaCare in order to initiate the development of a unified premium based health care program for low income uninsured Minnesotans.

REVENUE:

MinnesotaCare health care coverage is partially funded from enrollees who pay a premium based on a sliding scale of income and family size and from charges to providers of medical care; both of which are deposited into the Health Care Access Fund. This program is also supported by MA funds generated by the implementation of the MinnesotaCare Reform Waivers, which allows MA reimbursement for medical payments of certain eligible persons formerly funded with state-only dollars. MinnesotaCare/MA Grants are funded with approximately 54% federal dollars and 46% state dollars.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: MINNESOTACARE GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	80,216	150,342	153,428	124,372	123,162	156,509	138,594	135,954
TOTAL EXPENDITURES	80,216	150,342	153,428	124,372	123,162	156,509	138,594	135,954
AGENCY PLAN ITEMS:		FUND						
FORECAST ADJUSTMENT		FED		5,789			7,195	
ACUTE CARE INFLATION		HCA		242			1,051	
ELIMINATE MA/GAMC PHARMACY COPAYMENT		HCA		<146>			<170>	
ALIGN MA-GAMC-MNCARE PREMIUMS		HCA					102	
ALIGN MA-GAMC-MNCARE POLICIES		HCA					3,453	
FORECAST ADJUSTMENT		HCA		<34,941>			<29,546>	
TOTAL AGENCY PLAN ITEMS				<29,056>			<17,915>	
GOV'S INITIATIVES:		FUND						
(B) MEDICAL EDUCATION		HCA			<1,210>			<2,640>
TOTAL GOV'S INITIATIVES					<1,210>			<2,640>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
HEALTH CARE ACCESS	47,841	119,660	119,660	84,815	83,605	119,660	94,448	91,808
STATUTORY APPROPRIATIONS:								
HEALTH CARE ACCESS	17,423	20,190	23,276	23,276	23,276	26,357	26,459	26,459
FEDERAL	14,952	10,492	10,492	16,281	16,281	10,492	17,687	17,687
TOTAL EXPENDITURES	80,216	150,342	153,428	124,372	123,162	156,509	138,594	135,954
REVENUE COLLECTED:								
DEDICATED:								

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: MINNESOTACARE GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
HEALTH CARE ACCESS	17,423	20,190	23,276	23,276	23,276	26,357	26,459	26,459
NONDEDICATED:								
HEALTH CARE ACCESS				<1,670>	<1,670>		<1,909>	<1,909>
TOTAL REVENUES COLLECTED	17,423	20,190	23,276	21,606	21,606	26,357	24,550	24,550
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: MinnesotaCare Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
Health Care Access Fund				
MinnesotaCare Grants	\$(34,941)	\$(29,546)	\$(16,826)	\$(3,029)
Revenues: (\$000s)				
Health Care Access Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$34,941,000 in F.Y. 1998 and \$29,546,000 in F.Y. 1999 to fully fund the forecasted amount of MinnesotaCare payments under current law.

RATIONALE:

Change requests for MinnesotaCare for all 4 years are negative because the November 1996 forecast of the net state cost for the health care subsidies provided by MinnesotaCare is lower than the \$119.7 million base level appropriation for F.Y. 1997.

Projected costs for F.Y. 1997 are now \$46 million, 30%, below the February 1996 forecast on which the original appropriation was based. Nearly all of the difference in forecast (\$42 million) concerns the adult-only segment of the program, whose eligibility began in October 1994. Current enrollment projections for this segment are 59% lower than the 1995 projections. (The overestimate of enrollment in this segment in 1995 resulted largely from an overestimate of the adult-only uninsured population.) Average cost projections for F.Y. 1997 are 15% below the 1995 projections.

The underlying MinnesotaCare forecast of net state subsidy costs increases by roughly \$13 million per year, of which \$5 million is for families with children and \$8 million is for the adult-only segment. Enrollment of families with children is projected to increase by about 5% per year and average net subsidy cost per person by about 3%. Enrollment in the adult-only segment is projected to increase by 53% in F.Y. 1998 and 27% in F.Y. 1999, driven partly by the expansion of coverage to 135% of the poverty level effective July 1996. Enrollment growth is projected to decline to 16% by F.Y. 2001. The average subsidy cost for the adult-segment is projected to increase at about 4%.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: Compliance with Federal Provider Tax Requirements --Supplies and Equipment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
Health Care				
Access Fund	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Health Care				
Access Fund	\$(1,670)	\$(1,909)	\$(2,001)	\$(2,097)

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 295.50 and 295.53

GOVERNOR'S RECOMMENDATION:

The Governor proposes to eliminate the 2% tax on suppliers of medical supplies and equipment, including orthotics and prosthetics. This results in a revenue reduction of \$1,670,000 in F.Y. 1998 and \$1,909,000 in F.Y. 1999 to the Health Care Access Fund. These changes are necessary to bring these taxes into compliance with the federal laws governing health care provider related taxes and avoid loss of federal matching funds in the Medical Assistance (MA) program.

RATIONALE:

In order for a state to tax health care providers and services and remain within the federal regulations, those taxes must be crafted to fit within permissible classes defined in federal law. "Medical equipment and supplies" is not a permissible tax class.

The potential financial penalty resulting from the taxation of impermissible classes would be approximately 54% of revenues generated by those taxes.

PROGRAM OUTCOMES:

This proposal would prevent future loss of federal matching funds on MA expenditures due to impermissible taxes.

LONG-TERM OUTCOMES:

This proposal brings taxes supporting MinnesotaCare into compliance with federal law.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MinnesotaCare Grants

ITEM TITLE: Compliance with Federal Provider Tax Requirements -- MA Hospital Surcharge

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund				
Elimination of MA hospital surcharge	\$(47,328)	\$(48,828)	\$(50,328)	\$(51,928)
Directing 1.88% of MinnesotaCare tax on hospitals to General Fund	<u>46,436</u>	<u>49,068</u>	<u>50,483</u>	<u>51,933</u>
TOTAL	\$ (892)	\$ 240	\$ 155	\$ 5

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. Chapters 256 and 295

GOVERNOR'S RECOMMENDATION:

The Governor proposes to eliminate the Medical Assistance (MA) hospital surcharge, and increase the MinnesotaCare 2% tax on hospitals to 3.88%, and to deposit the added revenues in the General Fund. This results in a reduction in General Fund Revenue of \$892,000 in F.Y. 1998 and an increase in General Fund Revenue of \$240,000 in F.Y. 1999. This would bring Minnesota's taxes on hospitals into compliance with federal law governing provider-related taxes, and eliminate the possibility of federal denial of matching funds in the MA program.'

RATIONALE:

There are two separate taxes on hospitals in Minnesota. The MA surcharge, which is collected by DHS based on revenue information reported to the Department of Health, equals 1.56% of net patient revenues. Net revenues are total revenue minus Medicare revenue and bad debt. These revenues go to the General Fund. The MinnesotaCare tax is 2% of gross revenues, excluding Medicare, MA, GAMC, MinnesotaCare and certain other revenue, and is collected by the Department of Revenue based on information reported to that agency for tax purposes. These revenues go to the Health Care Access Fund.

Federal law governing provider-related taxes requires that a tax that falls primarily on health care providers be "broad-based and uniform," meaning all revenues generated by a taxable class of providers is taxed, and that all providers within that class are taxed. Neither the surcharge nor the MinnesotaCare tax are broad-based and uniform, because both taxes exempt certain types of revenue and certain providers.

Federal law allows for a waiver of the "broad-based and uniform" requirements if the tendency of the tax to shift the tax burden from providers with high MA revenues to low MA revenues is high enough. This tendency is shown through the application of an empirical test that is prescribed by federal regulation. The results of the empirical analyses on each tax show that the MA surcharge on hospitals is not eligible for a federal waiver, but the MinnesotaCare tax is eligible. The reason for this difference is that the surcharge taxes MA revenue while the MinnesotaCare tax does not.

An appropriate method to avoid financial penalty under federal provider tax laws, without eliminating all deductions and exclusions in the MA surcharge, is to: 1) eliminate the surcharge altogether, and raise the MinnesotaCare tax rate from 2% to 3.88%; and 2) deposit the revenue attributable to the additional 1.88% into the General Fund.

While this change has minimal effect on General Fund revenues, it is important to note that some hospitals will pay more and some less under the new combined tax, depending mainly on the amount of MA revenues received by each hospital. Generally, those hospitals with higher MA participation will see a reduction in overall tax liability because the new 3.88% tax will exclude all MA revenues from the tax base.

PROGRAM OUTCOMES:

Repeal of the hospital surcharge means hospitals will not have to pay two separate taxes to 2 different state agencies, based on different reporting mechanisms.

LONG-TERM OUTCOMES:

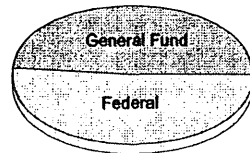
Repeal of the hospital surcharge will eliminate the possibility of a federal disallowance in MA matching funds, which could be considerable, given the amount of revenues collected through this tax mechanism.

1998-99 Biennial Budget

BUDGET ACTIVITY: MA Basic Health Care Grants - Families and Children
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of

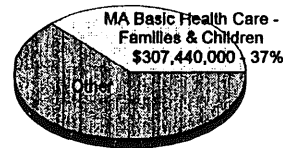
BUDGET SCOPE:

MA Basic Health Care Grants - Families & Children
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$751,288,000

Basic Health Care Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$834,612,000

ACTIVITY DESCRIPTION:

This grant activity pays for health care coverage for eligible low income individuals and families authorized under the federal-state Medicaid program. In Minnesota, the Medicaid Program is called Medical Assistance (MA). Approximately 75% of the MA caseload consists of families and children. [Eligibility is also available to elderly, disabled and blind persons. MA Basic Health Care Grants for these persons are described in the budget activity narrative page that follows this page.]

Eligible individuals in families include:

- Pregnant women and infants under age 2 with income under 275% of federal poverty guidelines.
- Children between the ages of 2 and 5 at 133% of federal poverty guidelines.
- Children who are age 6 or older, born on or after 10-1-93, at 100% of poverty.
- Children born after 10-1-93 at 133% of the Aid to Families with Dependent Children (AFDC) standard.
- Most recipients of AFDC and Minnesota Family Investment Program (MFIP) have been eligible for MA.
- Persons with income over the MA limits may qualify through a spenddown provision, if incurred medical bills exceed the difference between income and the MA standard.

The department uses 2 approaches for purchasing health care for MA enrollees: fee-for-service and managed care. Within managed care, enrollees access the same benefits but receive their care through a provider network of their choice. Minnesota has used managed care as a strategy to

increase access for enrollees while keeping care affordable. In managed care, public clients receive a health plan membership card like any other plan enrollee. They access the same providers as those individuals who pay privately or whose employer pays all or part of the costs. This has reduced the possibility of discrimination or stigma based on being a public client, while ensuring that clients get to see the same types of providers as everyone else. As of November 1996, DHS has MA managed care contracts with 8 health plans operating in 16 counties. More than 165,000 people are served. Clients make choices from a menu of plans through an enrollment process at the county level and follow the plan's guidelines.

The remaining recipients receive health care through the fee-for-service delivery system. Under fee-for-service, instead of a package of benefits purchased from a network, each item and service a client receives is billed to the state. Fee-for-service compels clients to find a provider who will accept MA.

The MA benefit package covers, among other services, inpatient and outpatient hospital care, drugs and medical supplies, physician services, prosthetic devices, dental care, eye care, chiropractic services, and medical transportation.

BUDGET ISSUES:

The Agency Plan is as follows:

- Funds forecast adjustment to Minnesota's subsidized health programs which result from changes in utilization and caseload size, as well as changes in federal funding rates.
- Funds acute care inflation costs.
- Begins to align GAMC and MA eligibility criteria with MinnesotaCare criteria in areas of household definition, budget periods, income tests and retroactive coverage to move towards greater consistency and simplicity in the three subsidized health care programs.
- Provides health care coverage consistent with the requirements of federal welfare reform legislation (the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 or PWORA) and to needy families receiving income assistance.
- Repeals the \$1.00 co-payment on prescription drugs and decrease the dispensing fee in MA, General Assistance Medical Care, and MinnesotaCare programs.
- Establishes a threshold on changes in hospital acuity that qualify for a payment adjustment.
- Purchases dental coverage through managed care for state employees and public program recipients together.

REVENUE:

MA Grants are funded with approximately 54% federal dollars and 46% state and local dollars.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: MA BASIC HEALTH CARE GRANT-F&C

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	536,997	721,875	721,875	770,867	767,950	721,876	880,199	873,720
LOCAL ASSISTANCE	1,060	29,413	29,413	38,365	11,282	29,412	44,022	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	538,057	751,288	751,288	809,232	779,232	751,288	924,221	873,720
AGENCY PLAN ITEMS:		FUND						
-----		-----						
ACUTE CARE INFLATION		GEN		1,060			6,212	
HOSPITAL CASE MIX APPEAL		GEN		<1,971>			<2,053>	
DENTAL SERVICES		GEN		749			1,210	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		6,372			14,507	
ALIGN MA-GAMC-MNCARE POLICIES		GEN					<2,283>	
MFIP STATEWIDE		GEN		5,140			11,783	
MANDATED EXTENDED MEDICAL		GEN		776			1,838	
FORECAST ADJUSTMENT		GEN		29,968			78,192	
FORECAST ADJUSTMENT		FED		15,850			63,527	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				57,944			172,933	
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			9,973			<1,772>
(B) ELIMINATE COUNTY SHARE		GEN			<37,056>			<42,250>
(B) MEDICAL EDUCATION		GEN			<2,917>			<6,479>
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					<30,000>			<50,501>
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	201,153	307,440	307,440	343,162	350,218	307,440	402,339	394,088
STATUTORY APPROPRIATIONS:								
GENERAL	40,644	57,953	57,953	64,325	27,269	57,953	72,460	30,210
FEDERAL	296,260	385,895	385,895	401,745	401,745	385,895	449,422	449,422

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: MA BASIC HEALTH CARE GRANT-F&C

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	538,057	751,288	751,288	809,232	779,232	751,288	924,221	873,720
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	67,912	189,048	189,048	203,443	27,976	189,048	224,413	30,912
FEDERAL	1,534,234	1,703,010	1,703,012	1,755,492	1,755,492	1,703,012	1,911,752	1,911,752
NONDEDICATED:								
GENERAL	146,613	142,151	138,987	138,095	138,095	138,987	139,227	139,227
TOTAL REVENUES COLLECTED	1,748,759	2,034,209	2,031,047	2,097,030	1,921,563	2,031,047	2,275,392	2,081,891
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: Medical Assistance Basic Health Care Grants - Families and Children

ITEM TITLE: Medical Assistance Managed Care and Fee for Services Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA Basic Health Care Grants - Families and Children	\$29,968	\$78,193	\$113,987	\$139,699
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$29,968,000 in F.Y. 1998 and \$78,193,000 in F.Y. 1999 to fully fund the forecasted amount of Medical Assistance (MA) Managed Care and Fee-for-Service Grants payments for Families and Children under current law.

RATIONALE:

An unusually large change in the rate of federal funding for Minnesota's MA program (a reduction of 1.46 percentage points) adds \$7 million to the F.Y. 1998 costs and \$11 million to \$14 million per year thereafter.

Apart from the change in the federal contribution, approximately 2/3 of the funding increase requested for this activity is for families and children who are not Aid to Families with Dependent Children (AFDC) recipients. Enrollment in this segment is projected to grow at about 7% per year, while the average cost per person is projected to increase at about 4% per year.

The AFDC segment of this activity is projected to increase at about 2% per year. The average cost for coverage of AFDC recipients is projected to increase at about 4% per year.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants - Families and Children

ITEM TITLE: Acute Care Inflation

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
MA Basic Health Care Grants-Families and Children				
In-patient Fee-for-Service	\$494	\$2,582	4,075	3,822
In-patient Managed Care	566	3,630	7,106	8,289
MA Basic Health Care Grants-Elderly and Disabled				
In-patient Fee-for-Service	838	5,029	9,428	10,665
In-patient Managed Care	139	936	1,963	2,378
General Fund TOTAL	\$2,037	\$12,177	\$22,572	\$25,154
Health Care Access Fund				
MinnesotaCare Grants	242	1,051	1,861	2,652
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No _____

If yes, statute affected: 256.969

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an increase in the General Fund budget base of \$2,037,000 in F.Y. 1998 and \$12,177,000 in F.Y. 1999 and an increase in the Health Care Access Fund budget base of \$242,000 in F.Y. 1998 and \$1,051,000 in F.Y. 1999 to increase payment rates for all inpatient hospitals each year of the biennium, under fee-for-service (FFS) and providing for a corresponding increase in capitation rates. In order to maintain the rate relationship between FFS and managed care, the capitation value is increased accordingly.

RATIONALE:

By providing inflation increases (3.3% in C.Y. 1998 and 3.5% in C.Y. 1999), inpatient hospitals will receive funding to continue providing services to Minnesotans with health care needs. Minnesota

maintains the rate relationship between FFS and managed care by providing an increase to capitation payments under managed care while Minnesota also purchases through FFS.

PROGRAM OUTCOMES:

Quality health care will be supported through the provision of adequate resources.

LONG-TERM OUTCOMES:

Inflation adjustments will support continued operation of inpatient hospital services as long as FFS continues.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants - Families and Children

ITEM TITLE: Eliminate Medical Assistance/General Assistance Medical Care Pharmacy Co-payment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
GAMC Grants	\$169	\$240	\$239	\$236
Health Care Access Fund				
MinnesotaCare Grants	\$(146)	\$(170)	\$(194)	\$(219)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ☒ No ☐
If yes, statute affected: 256B.0625

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$169,000 in F.Y. 1998 and \$240,000 in F.Y. 1999 to the General Fund and a decrease in the budget base of \$146,000 in F.Y. 1998 and \$170,000 in F.Y. 1999 to the Health Care Access Fund to reflect the cost of repealing the \$1.00 co-payment on prescription drugs and decreasing the drug dispensing fee in the Medical Assistance (MA), General Assistance Medical Care (GAMC) and MinnesotaCare programs.

RATIONALE:

Two changes for purchasing pharmacy services are requested:

A \$1.00 co-payment on prescription drugs was recently enacted by the Legislature. Implementation was delayed because of policy complexities between what is allowable for co-pays under federal law, issues about legal inequity, and the cost of designing computer system changes.

In addition to the payment for ingredients, insurers pay pharmacists a fee to dispense a prescription. Currently, the MA program pays a higher fee for pharmacists to dispense prescriptions than is generally paid in the market place. In the past, this was because MA was more difficult to work with than other insurers since it lacked on-line enrollee eligibility information and real-time claim payment.

Now paid MA is consistent with other payers, the reasons for a higher fee do not exist. As a good purchaser, Minnesota should not pay more than others for the same services.

No cost is projected for MA Basic Health Care Grants, as the value of the change in the dispensing fee offsets the elimination of the pharmacy co-payment.

PROGRAM OUTCOMES:

Current practices for pharmacy would remain in effect.

LONG-TERM OUTCOMES:

The pharmacy payment system will involve a less complicated non-copay approach to dispensing medications.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants - Families and Children

ITEM TITLE: Eliminate Nuisance Hospital Case Mix Appeals

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
MA Basic Health Care				
Grants-Families & Children	\$(1,971)	\$(2,053)	\$(2,054)	\$(2,054)
GAMC Grants	<u>(894)</u>	<u>(941)</u>	<u>(941)</u>	<u>(941)</u>
TOTAL	\$(2,865)	\$(2,994)	\$(2,995)	\$(2,995)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Requires Statutory Change? Yes <u>X</u> No _____				
If yes, statute affected: 256.9695				

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends a decrease in the budget base of \$2,865,000 in F.Y. 1998 and \$2,994,000 in F.Y. 1999 for the establishment of a sensible threshold on changes in hospital acuity that qualify for a payment adjustment.

RATIONALE:

The original intent of the hospital case-mix appeal process was to compensate hospitals when a major component of their business changed, rather than to compensate them for minor variations in their patient mix from year to year. A payment adjustment is made for each hospital that files a case mix appeal and has a change in average patient acuity as measured between the hospital's base year, from which data is used to establish rates, and the current year. Hospitals may have minor positive and negative case-mix changes through time which are not indicative of a move toward more complex services.

Case-mix appeals currently are being filed only by hospitals which have a measurable increase in acuity. Hospitals are not filing appeals when their acuity decreases and they owe money. The appeals currently being filed result in a process similar to a cost settle-up process, and are sometimes for small amounts, which is administratively inefficient. This proposal would place a threshold of 10% on the acuity change. Payment or recoupment would be made only for the amount over the 10% threshold.

PROGRAM OUTCOMES:

The intent of a Diagnostic Related Group (DRG) per admission payment system is to create incentives for hospitals to manage medical services over the long term, and to keep efficiencies gained in a payment year. The proposal would continue this approach while maintaining an appeal and payment adjustment process for changes that result from changes in larger business practices.

LONG-TERM OUTCOMES:

This proposal would balance out the smaller up and down changes by setting a change threshold within which hospitals could manage. It provides the state and hospitals a more cost effective method of managing rates.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Basic Health Care Grants
 ACTIVITY: MA Basic Health Care Grants - Families and Children

ITEM TITLE: Dental Services

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (000s):				
General Fund				
MA Basic Health Care Grants - Families and Children	\$749	\$1,210	\$629	\$5
MA Basic Health Care Grants- Elderly and Disabled	193	1,287	1,288	1,334
GAMC Grants	268	408	195	2
TOTAL	\$1,210	\$2,905	\$2,112	\$1,341

Revenues: (\$000s):
 General Fund \$-0- \$-0- \$-0- \$-0-

Requires Statutory Change? Yes ☒ No ☐

If yes, statute affected: 256B.037

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an increase in the budget base of \$1,210,000 in F.Y. 1998 and \$2,905,000 in F.Y. 1999 for joint purchasing between the Departments of Human Services (DHS) and Employee Relations (DOER) of dental services to state employees and public program recipients.

RATIONALE:

Under Laws of Minnesota, 1994, Chapter 625, Article 5, Section 4(b), DHS and DOER are to develop a plan, including proposed legislation, for a coordinated program to purchase health care services for state employees and public program recipients. This proposal begins the process with joint purchasing of dental services as authorized by 256B.037.

The proposal offers increased administrative efficiency, increased purchasing strength and access to services in the market place, and offers the opportunity for small service delivery networks to be created due to the availability of a larger volume of customers in one service contract.

The proposal, for public program recipients, would be phased in beginning January 1998 with current prepaid medical assistance program (PMAP) enrollees. The remainder of the public program recipients would be phased in over a 12-month period, beginning March 1998.

The increase in costs to implement this proposal reflects a speed-up in payments to provider entities. Contracted organizations would be paid about 1 month closer to service dates than occurs as a result of the current lag in billing. An access payment to be retroactively adjusted, based on performance of the contracting entity, would also be added for populations not currently covered by PMAP, but payments in aggregate will not exceed what would have occurred under fee-for-service (FFS). In addition, a discount of 5% on recipients over the age of 65 and 10% for those below age 65 over the expected FFS payment is taken. No added cost is projected for MinnesotaCare, because all MinnesotaCare enrollees are expected to be in comprehensive prepayment arrangements by the time dental contracts begin.

To assure that cross-subsidization will not occur, monies allocated for the purchase of state employee and public program recipient dental services will not be co-mingled.

PROGRAM OUTCOMES:

Increased efficiency and purchasing strength will result in greater access to services by public program recipients.

LONG-TERM OUTCOMES:

The purchase of dental services will be more aligned with a market-based approach.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants - Families and Children

ITEM TITLE: Mandated Extended MA to Families and Children

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
MA Basic Health Care				
Grants- Families and				
Children	\$776	\$1,838	\$2,068	\$2,242
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No

If yes, statute affected: M. S. 256B

ITEM SUMMARY:

The Governor recommends an increase in the budget base of \$776,000 in F.Y. 1998 and \$1,838,000 in F.Y. 1999 for the provision of federally mandated extended Medical Assistance and the continued operation of the current medically needy program for all families and children who would have been eligible under the state's Aid to Families with Dependent Children (AFDC) state plan as of 7-16-96. This proposal is designed to meet the requirements of the federal welfare reform laws entitled the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).

RATIONALE:

The PRWORA severed the automatic link between receipt of income assistance (AFDC) and Medicaid, but required states to ensure that people who would have been eligible for AFDC under a state's 7-16-96 AFDC plan continue to qualify for Medical Assistance. The medically needy program, as currently constituted, is based on AFDC methodology and will meet this requirement.

Recommended actions include:

1. Continue to determine eligibility for families and children using the current medically needy standards and methodologies. This will ensure that any families and children who would have qualified for AFDC under the 7-16-96 state plan will continue to be eligible for MA as required

by PRWORA. This would include families and children whose net income using AFDC deductions, disregards, and income exclusions is less than the medically needy income standard of 133% of the 7-16-96 AFDC standard. Families whose income is less than 100% of the AFDC standard as of 7-16-96 will be potentially eligible for extended medical benefits. An individual or family will be referred to MinnesotaCare in the event that they are found ineligible for MA under the medically needy program. Effective Date: 1-1-98.

2. As mandated by PRWORA, provide transitional Medicaid (extended MA) to any family on the MA medically needy program with incomes at or below 100% of the AFDC standard in effect as of 7-16-96, and who later lose MA eligibility due to increased earnings, hours of employment, loss of earnings disregards, or increased child support. Families losing eligibility due to earnings, hours, or loss of disregards will be eligible for up to 12 months of extended MA. During the second 6 months, the family's gross earnings, less actual child care must be at or under 185% of federal poverty guidelines (FPG). Families losing eligibility due to increased child support will be eligible for up to 4 months of extended MA. Effective Date: 1-1-98.

PROGRAM OUTCOMES:

The proposal to continue the medically needy program and provide the mandated extended medical programs closely mirrors current policy and should have relatively little administrative effect on DHS and counties. Most families who lose AFDC are likely to qualify for the MA medically needy program. Because the medically needy standards will remain the same, this proposal should not add large numbers of MA eligibles. There will be some increased cost in extended MA by the provision of these benefits to families losing MA, since under current policy only those losing AFDC are eligible. Counties will be required to continue to determine eligibility using the standards and methods of the old AFDC program for some families. Beneficiaries will see little or no change in the availability and delivery of health services.

LONG-TERM OUTCOMES:

This proposal ensures continued access to health care for low income families as they move toward greater self-sufficiency. The continued provision of MA to these families will work in tandem with the availability of MinnesotaCare for families who lose MA, but are unable to provide for their own health care.

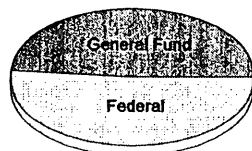
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1998-99 Biennial Budget

BUDGET ACTIVITY: MA Basic Health Care Grants - Elderly and Disabled
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of

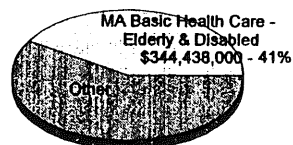
BUDGET SCOPE:

MA Basic Health Care Grants - Elderly & Disabled
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$778,063,000

Basic Health Care Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$834,612,000

ACTIVITY DESCRIPTION:

This grant activity exists to fund health coverage for eligible elderly, disabled and blind persons authorized under the federal-state Medicaid or Medical Assistance (MA) Program. [MA Grants for Families and Children are described in the previous budget activity narrative page. The long term care (non-acute care) costs under MA to support elderly, disabled, and blind persons are found in the Continuing Care and Community Support Grants and the State Operated Services budget activity narrative pages.]

MA Basic Health Care Grants for Elderly and Disabled Persons exist to support health care service to eligible low income individuals if income and assets are within MA standards. Elderly, disabled, and blind individuals who live in a community setting and with income under 120% of the Aid to Families with Dependent Children guidelines are eligible. Most recipients of Minnesota Supplemental Aid (MSA) and Supplemental Security Income (SSI) are eligible for MA. Persons with excess income may qualify through the spenddown provision, if incurred medical bills exceed income over the MA standard.

The department uses 2 approaches for the purchasing of health care for families and children under the MA program: fee-for-service and managed care. For persons who are elderly, disabled, or blind, the department has recently begun to investigate managed care demonstration models. The majority of elderly and disabled recipients continue to receive their health care services through the fee-for-service delivery system.

Payments cover inpatient and outpatient hospital care, drugs and medical supplies, physician services, prosthetic devices, dental care, eye care, chiropractic services, and medical transportation.

BUDGET ISSUES:

The Agency Plan is as follows:

- Funds forecast adjustment to Minnesota's subsidized health programs which results from changes in utilization and caseload size, as well as changes in federal funding rates.
- Funds acute care inflation costs.
- Purchases dental coverage through managed care for state employees and public program recipients together.
- Discontinues use of MA and GAMC funds for MCHA premiums.
- Accelerates the elimination of the county share reimbursement for MA
- Implements a managed care demonstration project for persons with disabilities.

REVENUE:

MA Grants are funded with approximately 54% federal dollars and 46% state and local dollars.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: MA BASIC HEALTH CARE GRANT-E&D

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	599,458	744,429	744,429	836,217	835,536	744,438	989,745	988,261
LOCAL ASSISTANCE	1,310	33,634	33,634	40,593	11,939	33,625	47,630	
=====								
TOTAL EXPENDITURES	600,768	778,063	778,063	876,810	847,475	778,063	1,037,375	988,261
=====								
AGENCY PLAN ITEMS:		FUND						
RSDI AND MEDICARE PROJECT		GEN		<87>			<366>	
ACUTE CARE INFLATION		GEN		977			5,965	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN		773			18,317	
DENTAL SERVICES		GEN		193			1,287	
MCHA PREMIUM DISCONTINUE		GEN		1,314			1,369	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		5,351			11,887	
FORECAST ADJUSTMENT		GEN		52,024			117,890	
FORECAST ADJUSTMENT		FED		38,202			102,963	
=====				=====			=====	
TOTAL AGENCY PLAN ITEMS				98,747			259,312	
=====								
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			10,551			<1,918>
(B) ELIMINATE COUNTY SHARE		GEN			<39,205>			<45,712>
(B) MEDICAL EDUCATION		GEN			<681>			<1,484>
=====					=====			=====
TOTAL GOV'S INITIATIVES					<29,335>			<49,114>
=====								
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	248,616	344,438	344,438	399,632	409,502	344,438	488,900	485,498
STATUTORY APPROPRIATIONS:								
GENERAL	22,468	34,190	34,190	39,541	336	34,190	46,077	365
FEDERAL	329,684	399,435	399,435	437,637	437,637	399,435	502,398	502,398
=====				=====			=====	
TOTAL EXPENDITURES	600,768	778,063	778,063	876,810	847,475	778,063	1,037,375	988,261

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: Medical Assistance Basic Health Care Grants - Elderly & Disabled

ITEM TITLE: Medical Assistance Managed Care and Fee for Service Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA Basic Health Care				
Grants - Elderly and				
Disabled	\$52,024	\$117,890	\$169,895	\$238,276
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends an increase in the budget base of \$52,024,000 in F.Y. 1998 and \$117,890,000 in F.Y. 1999 to fully fund the forecasted amount of Medical Assistance (MA) Managed Care and Fee-for-Service Grants payments for Elderly and Disabled under current law.

RATIONALE:

About 80% of the projected increases requested for this activity is for basic health care for persons who are disabled. Most of this projected increase is driven by forecasted caseload increases of about 9% per year. The average cost of basic health care services for persons who are disabled is also expected to increase steadily at about 5% per year.

The elderly caseload is expected to grow at a slower rate (about 4% per year) and the average cost of coverage at about the same rate. The elderly segment accounts for a smaller share of spending growth because the elderly caseload is smaller than the disabled caseload (50,000 persons versus 67,000 in F.Y. 1996) and because the average cost of coverage for the elderly is smaller. The average cost is smaller, largely because almost all of the elderly have Medicare coverage as compared to only 40% of the disabled individuals.

In addition, an unusually large change in the rate of federal funding for Minnesota's MA program (a reduction of 1.46 percentage points) adds \$9 million to the F.Y. 1998 costs and \$14 million to \$16 million per year thereafter.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: MA Basic Health Care Grants - Elderly and Disabled

ITEM TITLE: Discontinue Medical Assistance and General Assistance Medical Care Funds for Minnesota Comprehensive Health Association Premiums

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA Basic Health Care				
Grants-Families and				
Children	\$1,314	\$1,369	\$1,369	\$1,369
GAMC Grants	\$224	\$232	\$232	\$232
TOTAL	\$1,538	\$1,601	\$1,601	\$1,601
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 62E.14, 256B.0625, and 256D.03

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,538,000 in F.Y. 1998 and \$1,601,000 in F.Y. 1999 for the costs of discontinuing the use of Medical Assistance (MA) and General Assistance Medical Care (GAMC) funds to purchase health insurance from the Minnesota Comprehensive Health Association (MCHA).

RATIONALE:

This proposal would prohibit the MA and GAMC programs from paying MCHA premiums on behalf of eligible recipients.

Federal Medicaid law requires states to purchase group health insurance on behalf of Medicaid eligible individuals, for whom such insurance is deemed to be cost-effective to the program. Federal law defines "group insurance" to mean employer-based insurance. Current policy in Minnesota, both for MA and GAMC, is to treat MCHA coverage as group insurance, and pay premiums on behalf of eligible individuals when the MCHA coverage is deemed cost-effective. Since MCHA coverage is not employer-based group coverage, this policy is not required by federal law.

MCHA is funded through premium revenues and an assessment on health plans operating in Minnesota for losses (costs above premium revenue). MA and GAMC recipients, for whom MCHA insurance is cost-effective, contribute to MCHA losses, because their costs are, by definition, higher than the premiums paid.

PROGRAM OUTCOMES:

The effect of this change is to move the cost of MCHA losses from the assessment on health plans to the General Fund.

LONG-TERM IMPACT:

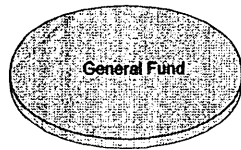
While the effect of this change is a net cost to the General Fund, part of the cost of care to MCHA paid from the assessment on health plans will now be available for federal matching funds in the MA program.

1998-99 Biennial Budget

BUDGET ACTIVITY: GAMC Grants
PROGRAM: Basic Health Care Grants
AGENCY: Human Services, Department of

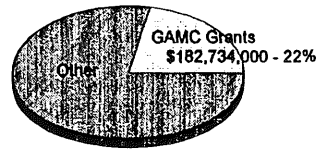
BUDGET SCOPE:

General Assistance Medical Care Grants
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$201,160,000

Basic Health Care Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$834,612,000

ACTIVITY DESCRIPTION:

General Assistance Medical Care (GAMC) is a state funded program that covers Minnesotans who are very low income or unemployable but are ineligible for Medical Assistance (MA). It serves primarily single adults between ages 21 and 65 but also couples without children aged 21 through 64; parents and caretakers who cannot meet categorical eligibility requirements for MA; most recipients of General Assistance (GA) cash grants; some residents of facilities such as Institutions of Mental Diseases (IMDs), treatment facilities, and adult foster care; and undocumented individuals who are blind, disabled, under 18 or over 65. GAMC enrollment is approximately 44,000 individuals.

The department uses 2 approaches for purchasing General Assistance Medical Care (GAMC) coverage: fee-for-service (FFS) and managed care. The department has been engaged in managed care models over the past 10 years. As of November 1996, the department had GAMC managed care contracts with 8 health plans operating in 16 counties. More than 15,000 people are served through these managed care contracts. The remaining recipients receive their health care services through the FFS. Payments cover inpatient and outpatient hospital care, drugs and medical supplies, physician services, prosthetic devices, dental care, eye care, chiropractic services, medical transportation, and case management for persons who have a serious and persistent mental illness and are residing in an IMD.

BUDGET ISSUES:

The Agency Plan:

- Funds forecast adjustments to Minnesota's subsidized health programs which result from changes in utilization and caseload size, as well as changes in federal funding rates.

- Begins to align GAMC and MA eligibility criteria with MinnesotaCare criteria in areas of household definition, budget periods, income tests, and retroactive coverage to move towards greater consistency and simplicity in the three subsidized health care programs.
- Repeals the \$1.00 co-payment on prescription drugs, and decreases the dispensing fee in MA, GAMC, and MinnesotaCare programs.
- Establishes a threshold on changes in hospital acuity that qualify for a payment adjustment.
- Removes coverage of emergency medical care through the GAMC program for transients passing through Minnesota.
- Purchases dental coverage through managed care for state employees and public program recipients together.
- Discontinues GAMC and MA premium payments for MCHA.
- Accelerates the elimination of the county share for GAMC.

REVENUE:

GAMC Grants are 100% state funded.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: GAMC GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	151,809	182,699	182,699	172,715	171,068	182,699	182,245	178,436
LOCAL ASSISTANCE		18,461	18,461	17,717	5,113	18,461	19,404	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	151,809	201,160	201,160	190,432	176,181	201,160	201,649	178,436
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
UNITARY RESID & FINANCE RESPONSE ACT		GEN		<1,500>			<1,500>	
HOSPITAL CASE MIX APPEAL		GEN		<894>			<941>	
ELIMINATE MA/GAMC PHARMACY COPAYMENT		GEN		169			240	
DENTAL SERVICES		GEN		268			408	
FORECAST ADJUSTMENT		GEN		<8,014>			4,308	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<981>			200	
ALIGN MA-GAMC-MNCARE POLICIES		GEN					<2,458>	
MCHA PREMIUM DISCONTINUE		GEN		224			232	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				<10,728>			489	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			4,841			<778>
(B) ELIMINATE COUNTY SHARE		GEN			<17,445>			<18,626>
(B) TRANSITION GAMC INTO MNCARE		GEN			<176,181>			<178,436>
(B) TRANSITION GAMC INTO MNCARE		HCA			176,181			178,436
(B) MEDICAL EDUCATION		GEN			<1,647>			<3,809>
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					<14,251>			<23,213>
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	136,626	182,734	182,734	172,987		182,734	183,023	
HEALTH CARE ACCESS					176,181			178,436
STATUTORY APPROPRIATIONS:								
GENERAL	15,183	18,426	18,426	17,445		18,426	18,626	

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: BASIC HEALTH CARE GRANTS
ACTIVITY: GAMC GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	151,809	201,160	201,160	190,432	176,181	201,160	201,649	178,436
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	243	100	100	100	100	100	100	100
NONDEDICATED:								
GENERAL	2,241	200	200	200	200	200	200	200
TOTAL REVENUES COLLECTED	2,484	300	300	300	300	300	300	300
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: General Assistance Medical Care Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
GAMC Grants	\$ (8,014)	\$ 4,308	\$ 11,149	\$ 17,059
Revenues: (\$000s)				
General Fund	\$ 0-	\$ 0-	\$ 0-	\$ 0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$8,014,000 in F.Y. 1998 and an increase in the budget base of \$4,308,000 in F.Y. 1999 to fully fund the forecasted amount of General Assistance Medical Care (GAMC) payments under current law.

RATIONALE:

About \$19 million is added to the F.Y. 1998 costs and \$21 million added to F.Y. 1999 costs because of federal changes in the Supplemental Security Income (SSI) program, which eliminates drug and alcohol addiction as a basis for disability. This change is expected to cause about 2,800 chronic alcoholics to lose MA disabled eligibility and to become eligible for GAMC.

In the absence of this federal change, the requested changes in GAMC funding would all be reductions. The reason for this unusual situation is that the November 1996 forecast of GAMC expenditures for F.Y. 1997 is \$29 million (16%) lower than the F.Y. 1997 base level appropriation. About \$16 million of this difference in the forecast results from a delay in the expansion of managed care, for which substantial one-time costs had been anticipated in the earlier forecast. The balance of the difference results from the GAMC average cost per person increasing less than expected between F.Y. 1995 and F.Y. 1997.

The underlying GAMC forecast has only modest increases in the number of enrollees (about 2% per year) and average cost per enrollee (about 2% per year). The increment from F.Y. 1998 to F.Y. 1999 is larger than for the other years because of one-time costs projected for F.Y. 1999 for expansion of managed care.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: Unitary Residence and Financial Responsibility Act

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
GAMC Grants	\$(1,500)	\$(1,500)	\$(1,500)	\$(1,500)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256G

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$1,500,000 for F.Y. 1998 and \$1,500,000 for F.Y. 1999 by eliminating coverage of emergency medical care through the General Assistance Medical Care (GAMC) program for transients passing through Minnesota.

RATIONALE

The state proposes to eliminate the provisions of the Unitary Residence and Financial Responsibility Act at 256G.05, Subd. 2, which has been used to cover transients passing through Minnesota under the GAMC program. Elimination of this coverage is consistent with the state goal of tightening up the availability of emergency general assistance medical care to non-residents. In 1996, the Minnesota legislature passed legislation (256D.02, Subd. 12a) requiring applicants for GAMC to live here for 30 days before they become eligible for GAMC. While these provisions do allow for emergency medical coverage, it appears such coverage is to be provided in those situations where individuals are intending to move to Minnesota but have not yet met the residency requirements of the GAMC statute. The provisions of 256G.05, Subd. 2, allowing individuals who are residents of another state "passing through" Minnesota to access state-funded emergency medical coverage, runs counter to the federal and state goals of requiring individual states to be responsible for the medical care of their citizens. Elimination of this statutory provision is consistent with residency goals of 256D.02.

PROGRAM OUTCOMES:

Elimination of the provisions of 256G.05, Subd. 2, will provide for statutory and agency administration consistency. It will complement the residency changes made to 256D.02 in the 1996 session. It will also encourage county hospitals to more actively seek reimbursement from the resident state of the transient.

LONG-TERM OUTCOMES:

Elimination of this statutory provision will deter the "magnet" affect of non-resident people seeking health care in Minnesota. It will especially discourage individuals from border states from attempting to access Minnesota health care on a temporary "emergency" basis when they are either denied assistance in their own states or the level of services is less in their state of residence. It may result in cost-shifting to counties and county hospitals for those transients unable to qualify for assistance in their own home states.

1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: Steps toward Alignment of Medical Assistance, General Assistance Medical Care and MinnesotaCare Policies for Non-Elderly/Non-Disabled Persons

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)				
General Fund				
MA Basic Health Care Grant-				
Family and Children	\$-0-	\$(2,283)	\$(6,433)	\$(6,917)
GAMC Grants	-0-	(2,458)	(5,233)	(5,323)
Economic Support				
Operations	250	-0-	-0-	-0-
General Fund TOTAL	\$250	\$(4,741)	\$(11,666)	\$(12,240)
Health Care Access Fund:				
MinnesotaCare Grants	-0-	\$3,453	\$9,002	\$9,589
Health Care Operations	-0-	826	579	579
HCAF TOTAL	\$-0-	\$4,279	\$9,581	\$10,168
Revenues: (\$000s)				
Health Care Access Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256B and 256D.03

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund budget base increase of \$250,000 in F.Y. 1998 and decrease of \$4,741,000 in F.Y. 1999; and a Health Care Access Fund budget base increase of \$4,279,000 in F.Y. 1999. The purpose of these changes is to conform key policies governing eligibility for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare. This proposal describes the initial steps needed to move toward a more unified, premium-based health care program for lower-income uninsured Minnesotans.

RATIONALE:

Minnesota's goal is to provide quality affordable health care for as many low income families and individuals as possible. The population served by the proposal components below are those who are not elderly or disabled. Many need temporary assistance as they move toward being able to provide for their own health care needs. Aligning the health care programs more closely provides a ladder up for families and individuals as they move from a total health care subsidy to a premium-based system in which the enrollee's contribution gradually increases as income rises.

The current system of three health care programs with separate and sometimes differing policies often leads to dramatic changes in eligibility, in response to fairly minor changes in a family's circumstances, because of different methods of determining family size and income. Some families experience coverage gaps or unnecessary changes in health plan coverage as a result of shifting between programs. These proposals are a first step toward providing a more consistent health care package for uninsured Minnesotans.

Recommended actions this session include:

MA/GAMC Eligibility

1. Implement a family-based rather than person-based household definition. All household members with a parental or marital bond would be considered together with all countable household income considered. The change would result in MA and GAMC's household definition more closely matching that of MinnesotaCare. The definition of countable income for MA and GAMC for families and children would remain unchanged. MA and GAMC policies would change as follows:
 - a) Currently, the income of a step-parent is not counted in determining eligibility for a step-child. Under the new policy, it would be counted.
 - b) Currently, the countable income of a child is counted toward that child's eligibility only. It is not counted toward the eligibility of the child's parents or siblings. Under the new policy, countable income of a child, such as Social Security Survivors' benefits and child support, would be included in total family income.
 - c) Currently, children under 18 voluntarily living outside the household are removed from the household size and parental income is no longer counted for the child's eligibility, although the parent(s) may be charged a fee. Under the new policy, the child would continue to be included in the parental household and the parental income would be counted. Children in formal placement (foster care, group homes, etc.) would continue to have eligibility determined separately.
 - d) Currently, unmarried couples who live together with their children are considered separately from each other. Eligibility for each is determined without regard to the other's income. This policy can result in several household sizes and countable income amounts depending on each person's marital status and legal relationship. This results in eligibility without a spenddown for some family members who would be required to pay a premium if they were on MinnesotaCare, or who would, if married, have a spenddown on MA or GAMC. Under the new policy, unmarried couples who live together with their children would be considered as a single household, with all countable income considered for each household member.

These changes would require federal waivers for MA. Effective date: 1-1-99 or upon approval of waiver.

2. Eliminate the one-month budget period option for families on MA and GAMC. Currently, families and children on MA and GAMC can choose to have their income compared to the allowable standard on either a monthly or a 6-month basis. This results in families with low income or high medical expenses in one or more months of a 6-month period to qualify with a lower spenddown (or no spenddown) in some months of the period. A change to a mandatory 6-month period would require families to contribute a greater amount toward their own medical costs. This change would also be a first step in moving toward a 12-month eligibility period, which would simplify administration and bring MA and GAMC in line with MinnesotaCare. Some families who no longer met a one-month spenddown would likely transfer to MinnesotaCare.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: Steps toward Alignment of Medical Assistance, General Assistance Medical Care and MinnesotaCare Policies for Non-Elderly/Non-Disabled Persons
(Continuation)

This change would require a federal waiver for MA. Effective date: 1-1-99 or upon approval of waiver.

3. Eliminate work expense deductions for adults without children on GAMC. This change will affect employed persons who are currently allowed a deduction for actual work expenses. Counting the gross income of employed persons will result in more income being considered in determining eligibility. Some people who previously qualified for GAMC without a spenddown will have spenddowns under the new policy, and those who qualified with spenddowns will have larger spenddown amounts. It is projected that some of these people will shift to MinnesotaCare if the MinnesotaCare premium is more affordable than the new spenddown under GAMC. That shift is reflected in the costs necessary under the Health Care Access Fund for purposes of staffing to handle the increased enrollment activity.

Effective date: 1-1-99

Benefits under MA and GAMC

4. Benefits under MA and GAMC would be redefined by beginning a phase-down of 3-month retroactive coverage. Beginning 1-1-98, retroactive coverage would be reduced from 3 to 2 months preceding the month of application. Beginning 1-1-99, the retroactive period would be further reduced from 2 to 1 month preceding the month of application. Beginning 1-1-2000, benefits for the retroactive period would be limited to inpatient hospital, emergency room, and related physician charges in the 1 retroactive month. Once the phase-down is complete, MA and GAMC will more closely mirror MinnesotaCare, which does not provide retroactive coverage. However, the availability of one-month retroactive coverage for hospital and related charges will provide a safety net for the uninsured who incur catastrophic expenses.

This change would require a federal waiver for MA. The effective dates listed above are contingent upon approval of the waiver.

PROGRAM OUTCOMES:

Beneficiaries:

Most families and adults without children will see little or no change in eligibility beginning with the application month. Those families with incomes below 275% FPG and adults without children with incomes under 135% FPG who lose MA or GAMC and are unable to provide for their own health insurance needs will be able to obtain MinnesotaCare coverage as a safety net. The largest impact will be on families and adults without children who incur bills before the month preceding

the month of application. Because coverage will no longer be available for these costs, educational efforts during the phase-down period are essential.

Counties:

Counties may experience a slight reduction in MA and GAMC caseloads, as some beneficiaries shift to MinnesotaCare eligibility. These numbers are likely to be fairly minimal, since most families and children will continue to be eligible for MA or GAMC with no spenddown.

DHS:

MinnesotaCare may have increased administrative costs and caseloads due to MA and GAMC beneficiaries shifting to MinnesotaCare. Initial implementation will require extensive efforts in beneficiary and provider education, particularly in the phase-down of retroactive coverage. Some expenditures will be required for producing notices and public service announcements and for systems changes.

LONG-TERM IMPACT:

This proposal will lead to a more seamless, premium-based system of providing subsidized health care to low income Minnesotans. It will simplify program administration and help to target limited resources to those most in need. It will also promote greater personal responsibility for health care costs for those able to contribute.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Basic Health Care Grants
 ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: Transition General Assistance Medical Care into MinnesotaCare

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
GAMC Grant	\$(176,181)	\$(178,436)	\$(181,526)	\$(186,529)
General fund Transfer	<u>\$153,971</u>	<u>\$153,971</u>	<u>\$153,971</u>	<u>\$ -0-</u>
NET	(22,210)	(24,465)	(27,555)	(186,529)
Health Care Access Fund				
GAMC Grants	\$176,181	\$178,436	\$178,134	\$21,616
MinnesotaCare Grants	-0-	-0-	2,420	126,315
Health Care Operations	<u>342</u>	<u>1,536</u>	<u>1,259</u>	<u>302</u>
NET	176,523	179,972	181,813	148,233
General Fund Transfer				
To HCA fund	<u>153,971</u>	<u>153,971</u>	<u>153,971</u>	<u>-0-</u>
NET	22,552	26,001	27,842	148,233
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256 and 256D

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the General Fund budget base of \$22,210,000 in F.Y. 1998 and \$24,465,000 in F.Y. 1999 as well as an increase in the Health Care Access Fund budget base of \$22,552,000 in F.Y. 1998 and \$26,001,000 in F.Y. 1999 by the transfer of General Assistance Medical Care (GAMC) fiscal liabilities to the Health Care Access Fund as of 7-1-97 in preparation for the incorporation of the GAMC program into MinnesotaCare by 7-1-2000. Current GAMC enrollees would have the opportunity to apply for MinnesotaCare. If eligible, they would make a gradually increasing contribution toward their health care costs as their income increases.

RATIONALE:

The purpose of this proposal is to forward Minnesota's policy goal of making publicly funded programs streamlined and premium-based, encouraging and supporting personal responsibility, and putting Minnesota's publicly funded health care programs on a course that is financially sustainable.

By transitioning GAMC enrollees to MinnesotaCare, policies, benefits and processes which were once parallel and different would be unified. In moving toward a premium based system, GAMC

enrollees would apply for MinnesotaCare and, beginning at a defined income level, would pay gradually increasing premiums as their income goes up. This would mean current GAMC enrollees would be treated similarly to other Minnesotans receiving health care through MinnesotaCare or through the private sector - actively arranging insurance to cover their health care needs. With the exception of undocumented non-citizens, individuals covered by GAMC are not elderly or disabled. Many need temporary assistance as they move toward a standard of providing for their own needs.

In addition to issues of streamlining and encouraging responsibility, this proposal speaks to a broader need to adapt Minnesota's health care purchasing strategies to respond to funding limits. While Minnesota's current economic forecast shows surpluses, this overshadows the fact that health care expenditures continue to grow at rates difficult to sustain. According to the November, 1996 General Fund balance, the DHS budget is consuming over 60% of the available new resources.

It is important to remember in making this change that regardless of incentives to plan ahead, some individuals will not and others simply cannot do so. By moving to the MinnesotaCare standard of no retroactive coverage, the issue of uncompensated care is raised. The transition which would take through 7-1-2000 would provide time to define how this issue should be addressed.

FUNDING

Beginning in F.Y. 1998, responsibility for the GAMC expenditures are proposed to be transferred from the General Fund to the Health Care Access Fund. Through F.Y. 2000 these costs would be offset by an annual transfer from the General Fund to the Health Care Access fund of approximately \$154 million. This amount represents the November, 1996 forecast for F.Y. 1997 GAMC expenditures. The General Fund transfers would end 6-30-2000 and the Health Care Access Fund would cover all GAMC recipients that were transferred to MinnesotaCare.

IMPLEMENTATION

GAMC

1. In F.Y. 2000, the GAMC program will be phased-out, and replaced with the MinnesotaCare program. Beginning in January of that year, GAMC recipients will be sent applications for MinnesotaCare at the time their 6-month GAMC income review is scheduled. If eligible, they will remain on GAMC through the end of the fiscal year and be approved for MinnesotaCare at zero premium.

MinnesotaCare

1. Renewal dates for GAMC recipients who become eligible for MinnesotaCare will be staggered. Premium amounts will be determined at the time of renewal. These changes are necessary to avoid an unusually large number of renewals due on 7-1-2001 and subsequent years.
2. Effective 1-1-2000, MinnesotaCare enrollment sites will be expanded to include county agencies. This will allow GAMC enrollees to conveniently apply for MinnesotaCare at the time of their regularly scheduled GAMC review. It will also provide ongoing support in the application and eligibility process for groups who might have difficulty with a mail-in, premium-based system. It will also allow for closer monitoring of people with a pending disability status who may become eligible for MA.
3. Effective 7-1-2000, MinnesotaCare coverage will be provided to GA and GRH enrollees in the first month for which that payment is made. Current policy will remain in place for all other MinnesotaCare enrollees, who receive coverage on the first of the month following receipt of the initial premium payment. There will still be coverage outside of MinnesotaCare for people in Institutions for Mental Disease (IMDs) who would be eligible for MA except for residency in an IMD.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Basic Health Care Grants
ACTIVITY: General Assistance Medical Care Grants

ITEM TITLE: Transition General Assistance Medical Care into MinnesotaCare
(Continuation)

4. Effective 7-1-2000, a zero premium is established for MinnesotaCare enrollees who are receiving GA or GRH payments, beginning with the first month of GA or GRH payment and continuing until the first renewal after GA or GRH eligibility ends.

ADMINISTRATIVE EFFORT

Administrative funds are requested to support the following:

1. F.Y. 1998: Two staff for project planning. They will coordinate procedural and technological changes; communicate plans to counties and current GAMC recipients; and establish a county advisory committee.
2. F.Y. 1999: Eight trainers prepare training curriculum and materials. Six months later, 8 additional trainers added to perform on-site training throughout Minnesota through 12-1-99. Two staff will provide supervision of trainers and coordinate work with counties.
3. F.Y. 2000: Policy and systems support. Counties and state begin dual application process in preparation for 7-1-2000 conversion.
4. F.Y. 2001: GAMC program converted to MinnesotaCare. Staff for this effort are reduced to 4 trainers who continue to train new county workers. Enrollees are provided a choice of state or county processing after initial MinnesotaCare determination.

Existing MinnesotaCare administrative resources will be used to handle the state enrollment in MinnesotaCare. County administrative involvement in MinnesotaCare enrollment efforts at the local level are anticipated to be supported by the elimination of GAMC efforts provided by the counties.

[Note: This proposal assumes that the department and the counties provide MinnesotaCare processing of applications and that the state provides the training to counties in preparation of their role in that processing.]

PROGRAM OUTCOMES:

Beneficiaries: Most current GAMC recipients who lack access to other health coverage will be able to obtain MinnesotaCare coverage at an affordable cost. People who will lose access to publicly funded health care will be those with access to other coverage, including employer-subsidized coverage within the last 18 months, and those with higher incomes (above 135% of federal poverty guidelines for adults without children and 275% for parents) with large one-time expenses. Currently, these higher income groups could qualify for GAMC or MA with a large spenddown, which leaves the individual or family responsible for a large share of the cost even when GAMC pays the balance. Other affected groups include non-citizens who are unable to obtain a Social Security Number and/or who don't meet MinnesotaCare residency requirements, and people otherwise eligible for MinnesotaCare who incur expenses prior to becoming eligible. This group would no longer have access to retroactive coverage for these bills.

Counties: County agencies will no longer be required to maintain GAMC cases; however, these reductions will likely be offset by the addition of counties as MinnesotaCare application sites. Some beneficiaries and new applicants may choose to apply for MinnesotaCare through their local county agencies on an ongoing basis. The addition of MinnesotaCare may result in some initial administrative costs for counties as a result of staff training time.

DHS: Some of the administrative costs previously borne by counties will be shifted to MinnesotaCare as some GAMC beneficiaries choose to apply for MinnesotaCare through DHS. MinnesotaCare will need enough staff to handle the increased efforts in beneficiary and provider education. Expenditures will be required for training counties and providers, producing notices and public service announcements, and for systems changes.

LONG-TERM IMPACT:

This proposal will position the state for further steps toward its long range vision of a premium-based health system. It would promote mutual responsibility for health care costs to the extent individuals and families are able to contribute. It will simplify program administration by merging two of the health care programs into a single program with multiple access sites and will help to target limited resources to those most in need as a step towards integration of all publicly funded Minnesota health care programs.

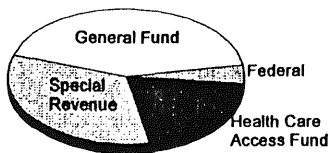
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1998-99 Biennial Budget

PROGRAM: Health Care Management
AGENCY: Human Services, Department of

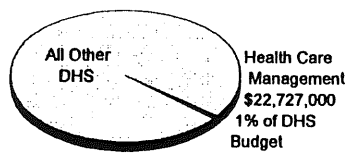
BUDGET SCOPE:

Health Care Management
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$53,871,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



DHS Total \$2,459,465,000

PROGRAM DESCRIPTION: Health Care Management exists to ensure effective and efficient management of the health care services purchased by the department.

Health Care Policy Administration

This activity manages the coordination of and access to services under the Medical Assistance (MA), the General Assistance Medical Care (GAMC) and MinnesotaCare programs in compliance with state and federal laws. This activity develops rules and policies on managed health care delivery and eligibility. It oversees the utilization, quality improvement, and federal relations functions of health care administration.

Responsibilities include initiation and administration of major managed care capitation contracts under which contractors provide health services for a monthly per person rate paid on a prospective basis; development and implementation of new and innovative delivery systems; eligibility policy development and management; quality improvement and data analysis program management; integration of the MA/GAMC/MinnesotaCare programs; promulgation of appropriate administrative rules; preparing and maintaining the MA state plan as required by the federal government; providing technical assistance in securing federal MA waivers and monitoring outcomes; and communication of these policies to health plans, counties, enrollees, advocates, and other interested parties.

Health Care Operations

This activity is responsible for administering centralized medical payment systems for the combined programs of MA, GAMC, and MinnesotaCare. It is the mission of this activity to ensure that all claims for health care services are paid promptly; all identified third parties are required to pay for medical expenses if liable; Medicare participation in the cost of long-term care (LTC) services is maximized; the medical care surcharge is properly billed to nursing facilities and inpatient hospitals and complies with federal laws and regulations; the new Medicaid Management Information System (MMIS) is federally certified; electronic media claims activity is increased, reducing state and

provider cost; program integrity is ensured through a viable post-payment review activity, and drug rebates are negotiated and recovered from drug manufacturers.

The MMIS is federally required technology which enhances Minnesota's efficiency in administering MA. The system is also used for joint administration of state health care programs serving populations not covered under MA (i.e., GAMC and MinnesotaCare). The current MMIS, implemented in Minnesota on 5-31-94, replaces the original MMIS implemented in 1974.

The Customer Service component of Health Care Operations recruits and enrolls health care providers, delivers training, provides technical assistance, and disseminates information regarding Minnesota's Health Care programs, including MA, GAMC and MinnesotaCare policies. This activity serves 24,000 enrolled health care providers and 400,000 clients.

The Customer Service activity utilizes a toll-free Provider and Client Help Desk, customer service specialists in each service area, frequent training opportunities, and user-friendly publications and tools to encourage provider participation, increase provider satisfaction, and decrease client confusion when dealing with Minnesota's Health Care Programs.

MinnesotaCare Administration exists to provide the administrative structure for extending health coverage to uninsured Minnesotans under the MinnesotaCare law and the MinnesotaCare Waiver Administration efforts focus on the administrative structure necessary for expanding access to quality health care and implementing the 1994 MinnesotaCare Health Care Reform Waiver.

PROGRAM STATUS:

- While it operates perhaps the biggest health coverage program in Minnesota, including the private sector, both administration and operations have been kept under 3% of dollars spent. This compares favorably with private sector insurers who typically have between 10 and 15% administrative costs. Health care cost increases have been related to health care inflation, a large past emphasis on institutional care, and increasing numbers of enrollees, rather than increases in administrative costs.
- When administrative costs have gone up, they have typically been driven by short term costs of transitioning from one way of doing business to another. These costs of doing business include adapting to changes in the marketplace. For example, at the same time it's been operating its fee-for-service system, Minnesota has increasingly become a purchaser of service packages through provider networks. This resulted in retention of fee-for-service administration, while investing in the new types of administrative oversight needed to assure that enrollees are getting what the state is paying for in managed care contracts.

PLANNED RESULTS:

- The department will continue to focus on directing available administrative resources to better management and purchasing strategies that reflect access, choice, and best practice for health care recipients.
- Support for the development of alternative health care purchasing models with tribes.
- Support for the alignment of GAMC and MA with MinnesotaCare, and
- Support for transitioning of GAMC into MinnesotaCare.

BUDGET SUMMARY:

Additional funds are requested to support county administration costs for Prepaid Medical Assistance Program (PMAP) enrollment and advocacy activities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: HEALTH CARE MANAGEMENT

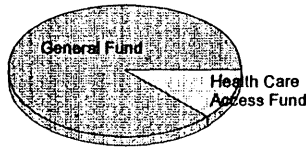
			FY 1998			FY 1999		
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
HEALTH CARE POLICY ADMIN	4,745	4,784	4,857	4,857	4,857	4,931	4,931	4,931
HEALTH CARE OPERATIONS	38,292	52,011	49,014	50,274	50,616	48,484	51,257	52,793
TOTAL EXPENDITURES BY ACTIVITY	43,037	56,795	53,871	55,131	55,473	53,415	56,188	57,724
AGENCY PLAN ITEMS:		FUND						
COUNTY ADMIN COSTS FOR PMAP		GEN		785			1,822	
PURCHASING MA/GAMC BY TRIBES		GEN		150			125	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN		325				
ALIGN MA-GAMC-MNCARE POLICIES		HCA					826	
TOTAL AGENCY PLAN ITEMS				1,260			2,773	
GOV'S INITIATIVES:		FUND						
(B) TRANSITION GAMC INTO MNCARE		HCA			342			1,536
TOTAL GOV'S INITIATIVES					342			1,536
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	10,557	12,089	22,727	23,987	23,987	22,958	24,905	24,905
HEALTH CARE ACCESS	6,185	11,351	10,800	10,800	11,142	10,960	11,786	13,322
STATUTORY APPROPRIATIONS:								
GENERAL	1	88						
SPECIAL REVENUE	25,319	30,853	17,896	17,896	17,896	17,560	17,560	17,560
FEDERAL	963	2,414	2,448	2,448	2,448	1,937	1,937	1,937
GIFT	12							
TOTAL EXPENDITURES	43,037	56,795	53,871	55,131	55,473	53,415	56,188	57,724
FTE BY EMPLOYMENT TYPE:								
REGULAR	390.7	429.4	438.6	454.6	456.6	435.1	451.1	468.1
TEMP/SEAS/PART_TIME	23.2	27.0	37.2	37.2	37.2	37.2	37.2	37.2
OVERTIME	5.6	4.1	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FTE	419.5	460.5	478.8	494.8	496.8	475.3	491.3	508.3

1998-99 Biennial Budget

BUDGET ACTIVITY: Health Care Policy Administration
PROGRAM: Health Care Management
AGENCY: Human Services, Department of

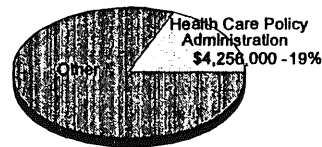
BUDGET SCOPE:

Health Care Policy Administration
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$4,857,000

Health Care Management
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$22,727,000

ACTIVITY DESCRIPTION:

This administrative activity is responsible for health care policy for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare. Its decisions, day-to-day administration and recommendations, affect over \$8 billion dollars in public expenditures each biennium. Rules, policies, contract management, managed care delivery, federal relations, service quality improvement, compliance with state and federal law are all part of this area. Over a half million Minnesotans are enrolled in programs affected by the decisions of this function.

Major milestones for this area include:

- Drafting and securing federal MA waivers that have expanded prenatal care for women on MinnesotaCare and have allowed, for the first time in the country, MA and Medicare funds to be pooled together to serve enrollees in managed care;
- Expanding access to provider networks for MinnesotaCare enrollees by negotiating managed care contracts; and
- Insuring that during times of welfare reform and health care reform transitions, Minnesota remains in compliance with federal policies and therefore continues to receive federal funding.

BUDGET ISSUES:

Additional funding requested for this budget activity is shown with other policy initiatives in other sections of the budget.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: HEALTH CARE MANAGEMENT
ACTIVITY: HEALTH CARE POLICY ADMIN

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,859	2,620	2,943	2,943	2,943	3,017	3,017	3,017
OPERATING EXPENSES	1,886	2,164	1,914	1,914	1,914	1,914	1,914	1,914
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	4,745	4,784	4,857	4,857	4,857	4,931	4,931	4,931
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,745	4,784	4,857	4,857	4,857	4,931	4,931	4,931
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	4,040	4,197	4,256	4,256	4,256	4,316	4,316	4,316
HEALTH CARE ACCESS	705	587	601	601	601	615	615	615
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,745	4,784	4,857	4,857	4,857	4,931	4,931	4,931
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	181	221	221	221	221	221	221	221
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	181	221	221	221	221	221	221	221
FTE BY EMPLOYMENT TYPE:								

REGULAR	53.5	49.0	49.0	49.0	49.0	49.0	49.0	49.0
TEMP/SEAS/PART_TIME	1.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
OVERTIME	.3							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	55.5	52.7	52.7	52.7	52.7	52.7	52.7	52.7

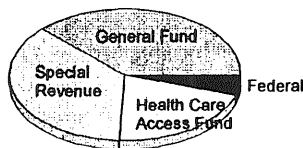
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1998-99 Biennial Budget

BUDGET ACTIVITY: Health Care Operations
PROGRAM: Health Care Management
AGENCY: Human Services, Department of

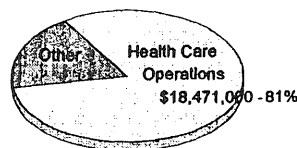
BUDGET SCOPE:

Health Care Operations
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$49,014,000

Health Care Management
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$22,727,000

ACTIVITY DESCRIPTION:

This administrative activity supports individuals in need of health care by providing the operation infrastructure necessary for effective and efficient delivery of health care. Specifically, this activity:

- administers centralized medical payment systems for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare.
- administers major managed care capitation contracts under which contractors provide health services for a monthly per person rate paid on a prospective basis.
- conducts eligibility determinations.
- conducts quality improvement and data analysis program management.
- communicates administrative procedures to health plans, counties, enrollees, advocates, and other interested parties.

Managed Care Capitation Contracts

The department has been engaged in managed care models over the past 10 years. As of November, 1996 the department has:

- MA managed care contracts with 8 health plans operating in 16 counties and serving 165,000 people.
- GAMC managed care contracts with 8 health plans operating in 16 counties and serving 15,000 people.

This activity supports the development and maintenance of contracting efforts.

Health Care Benefits Implementation

This activity manages coverage and rate setting policy for the MA, GAMC, MinnesotaCare, Child and Teen Checkups, and Human Immunodeficiency Virus (HIV) programs in compliance with state and federal law. Specific tasks include:

- Administering state and federal HIV service programs.
- Establishing and maintaining rate methodologies and data bases for all acute and preventative health services including inpatient, outpatient, physician and all other services.
- Administering utilization review activities, prior authorization and monitoring of utilization patterns.
- Administering provider and recipient appeals for all acute care services.

Health Care Systems

This activity is responsible for managing the Medicaid Management Information System (MMIS) and data bases critical for administration of the combined health care programs administered by the Department of Human Services and for operation of the centralized medical payment system which processes health care claims for Medical Assistance, General Assistance Medical Care and MinnesotaCare.

This activity includes:

- Coordinating system resource allocation consistent with long and short-term policy direction in the combined programs.
- Providing the technical systems necessary for implementation of waived services and of changes related to federal reform.
- Maintaining on-line system availability for claims operation, customer service and eligibility verification.
- Maintaining accurate data bases and providing reporting capability to support information needs of the department and the Legislature.
- Processing claims for health care services promptly and accurately.
- Maintaining a viable, responsive point-of-sale system, with prospective drug utilization review for pharmacy services.
- Increasing electronic media claim activity to streamline processing efficiency and to reduce administrative costs.
- Supporting the development and expansion of a comprehensive managed care system to ensure accurate payment of capitation payments, provision of enrollment information to the health plans and processing of encounter claims for quality assurance and performance measurement.
- Supporting the collection of MinnesotaCare premiums and the development of financial control programs capable of supporting additional premium-based health care purchasing concepts.
- Identifying all liable third parties required to pay for medical expenses before expenditure of state funds.
- Ensuring maximum Medicare participation in the cost of all services for dually eligible clients, with emphasis on Long-Term Care and Home Health services.
- Administering the medical care surcharge to ensure maximum receipt of surcharge funds from nursing care facilities and inpatient hospitals in compliance with federal laws and regulations.
- Managing the state drug rebate program.

The system and technical resources administered in this activity annually process approximately 22,500,000 claims for 24,000 enrolled health care providers (physicians, dentists, hospitals, etc.) and 500,000 claims for 800 long-term care facilities and related services. The payment of these claims must meet the requirements of state and federal laws, rules, and regulations. This portion of the health care operations activity earns federal financial participation at the rate of 75%.

BUDGET ACTIVITY: Health Care Operations
PROGRAM: Health Care Management
AGENCY: Human Services, Department of
 (Continuation)

REVENUE:

This activity generates dedicated and non-dedicated revenue. It earns federal administrative reimbursement at the rate of 75% for activities associated with operation of the integrated claims processing activity for Medicaid claims and 50% for all remaining Medicaid responsibilities.

Significant in the implementation of the MMIS is maintenance of an accurate client eligibility data base and centralization of the county/state interface for administration of eligibility policy, county financial worker training, county waiver worker training and help desks for waiver and financial workers. The eligibility data base also supports the eligibility verification system utilized by providers to determine eligibility of clients, benefit limits and potential third-party resources.

This budget activity has primary responsibility for ensuring maximization of all third-party resources and revenues. Third-party resources typically include health insurance, Medicare, workers' compensation, casualty/liability insurance, settlements awarded in court actions and persons or entities responsible to provide medical support.

The Customer Services component recruits and enrolls health care providers, delivers training, provides technical assistance, and disseminates information regarding Minnesota's Health Care programs, including, MA, GAMC and MinnesotaCare policies; and serves 24,000 enrolled health care providers and 400,000 clients. The Customer Service activity utilizes a toll-free Provider and Client Help Desk, and customer service specialists in each service area provide frequent training opportunities, and user-friendly publications and tools to encourage provider participation, increase provider satisfaction, and decrease client confusion.

The MinnesotaCare and MinnesotaCare Waiver Implementation efforts provide the necessary administrative structure for extending health coverage to uninsured Minnesotans under the MinnesotaCare law and subsequent federal approvals of Minnesota waiver requests to use Medicaid resources to improve health care access to Minnesotans. Administrative functions include:

- Determining eligibility of applicants.
- Processing applications and application renewals within a 30-day processing standard.
- Processing premium payments.
- Enrolling clients in managed care plans.
- Paying managed care plans per contract specifications.
- Developing rules for program administration.
- Performing random audits to verify reported income and eligibility.
- Publicizing the plan to get information to potential enrollees and operating a toll-free information number.
- Coordinating administration with the Medical Assistance (MA) program, the Department of Health, the Legislative Commission on Health Care Access and counties.
- Identifying and referring applicants and enrollees eligible for MA, GAMC and other programs.

BUDGET ISSUES:

Additional funds are requested to support county administration costs for Prepaid Medical Assistance Program (PMAP) enrollment and advocacy activities. In addition, funding changes are requested as a result of proposed policy change found in other sections of the budget.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: HEALTH CARE MANAGEMENT
ACTIVITY: HEALTH CARE OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	14,788	17,991	18,677	18,726	18,780	18,748	19,226	19,858
OPERATING EXPENSES	21,516	31,788	28,105	28,531	28,819	27,504	27,977	28,881
CAPITAL OUTLAY	4							
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	36,308	49,779	46,782	47,257	47,599	46,252	47,203	48,739
LOCAL ASSISTANCE	1,984	2,232	2,232	3,017	3,017	2,232	4,054	4,054
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	38,292	52,011	49,014	50,274	50,616	48,484	51,257	52,793
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
COUNTY ADMIN COSTS FOR PMAP		GEN		785			1,822	
PURCHASING MA/GAMC BY TRIBES		GEN		150			125	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN		325				
ALIGN MA-GAMC-MNCARE POLICIES		HCA					826	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				1,260			2,773	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) TRANSITION GAMC INTO MNCARE		HCA			342			1,536
=====		=====			=====		=====	
TOTAL GOV'S INITIATIVES					342			1,536
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	6,517	7,892	18,471	19,731	19,731	18,642	20,589	20,589
HEALTH CARE ACCESS	5,480	10,764	10,199	10,199	10,541	10,345	11,171	12,707
STATUTORY APPROPRIATIONS:								
GENERAL	1	88						
SPECIAL REVENUE	25,319	30,853	17,896	17,896	17,896	17,560	17,560	17,560
FEDERAL	963	2,414	2,448	2,448	2,448	1,937	1,937	1,937
GIFT	12							

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: HEALTH CARE MANAGEMENT
ACTIVITY: HEALTH CARE OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL EXPENDITURES	38,292	52,011	49,014	50,274	50,616	48,484	51,257	52,793
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	20,532	25,217	19,170	19,170	19,170	18,834	18,834	18,834
FEDERAL	332	619	632	632	632	632	632	632
TOTAL REVENUES COLLECTED	20,864	25,836	19,802	19,802	19,802	19,466	19,466	19,466
FTE BY EMPLOYMENT TYPE:								
REGULAR	337.2	380.4	389.6	405.6	407.6	386.1	402.1	419.1
TEMP/SEAS/PART_TIME	21.5	23.3	33.5	33.5	33.5	33.5	33.5	33.5
OVERTIME	5.3	4.1	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FTE	364.0	407.8	426.1	442.1	444.1	422.6	438.6	455.6

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Health Care Management
ACTIVITY: Health Care Operations

ITEM TITLE: County Administrative Costs for Prepaid Medical Assistance Program Enrollment and Advocacy

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s):				
General Fund				
Health Care Operations	\$785	\$1,822	\$1,822	\$1,822
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ☐ No ☒

If yes, statute affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$785,000 in F.Y. 1998 and \$1,822,000 in F.Y. 1999 for expansion of Prepaid Medical Assistance Program (PMAP) to additional Minnesota counties. These funds will be used for the education, enrollment and advocacy services to PMAP enrollees. The anticipated date for enrollment will vary by county. DHS must negotiate the implementation time-line with each county board.

RATIONALE:

Expansion of the PMAP program will improve access to providers and quality of care for Minnesota Medical Assistance and General Assistance Medical Care (GAMC) enrollees, while reducing program costs and increasing Minnesota's predictability of cost increases in the future. Unlike a fee-for-service program, where total expenditures per-person are based on the number of services that are provided, the managed care program costs per-person can be specifically budgeted each year, based on changes in the capitation rate. This expenditure control will allow Minnesota to better manage these program costs in an environment of limited funding.

Education for managed care will enable recipients to make an informed choice of a health plan which best fits their health care needs and provides an avenue for consumers to resolve complaints. Additional administrative costs for education and advocacy services are necessary to successfully implement the managed care program and achieve quality improvements and cost control measures. Without these additional funds, the department will be unable to convince counties to expand the program beyond current participation or to further reduce program costs.

The success of counties providing education and advocacy services can be measured by Minnesota's low health plan assignment rate, which reduces administrative costs and improves continuity of care for individuals.

PROGRAM OUTCOMES:

This initiative will improve access and quality care for enrollees in the expansion areas and increase Minnesota's ability to manage costs in the future for these recipients.

LONG-TERM OUTCOMES:

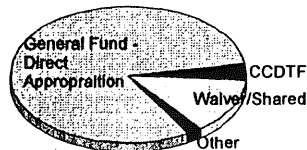
This initiative will ensure the state will be able to appropriately manage the change in costs of medical services per enrollee on a prospective basis each year.

1998-1999 BIENNIAL BUDGET

PROGRAM: State Operated Services
AGENCY: Human Services, Department of

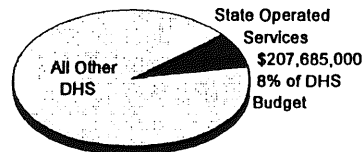
BUDGET SCOPE:

State Operated Services
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$257,719,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total Budget \$2,459,465,000

PROGRAM DESCRIPTION:

The Department of Human Services (DHS) is a direct provider of services to people with mental illness, developmental disabilities, chemical dependency, traumatic brain injuries and to elderly individuals needing nursing care. These services are provided through eight regional treatment centers (RTC), community service programs and group homes. Additionally, DHS operates the Minnesota Sexual Psychopathic Personality Treatment Center in Moose Lake which treats persons committed as sexual psychopaths. Collectively, these RTCs, group homes and other services are called State-Operated Services (SOS). Over 5,200 DHS employees work in SOS facilities. The primary mission is to help clients get the treatment they need to function well in society and return to their communities.

PROGRAM STATUS:

RTCs are located in Anoka, Brainerd, Cambridge, Faribault, Fergus Falls, St. Peter, Willmar and Walker. Clients are referred to the RTCs by physicians, courts, county and community social services or directly by the client or a family member. The RTCs have different disability treatment programs. Some provide services to just one population, while others have more than one disability treatment program on campus. As treatment has changed over time, many have developed specialty programs such as those for adolescents with behavior problems and chemical dependency treatment programs designed specifically for women and Native Americans. Client care is paid for from a number of sources: through public funded programs like Medicare and Medical Assistance (MA), by private insurance, and with personal funds.

Mental Health Services

When the first RTC opened as a "State Hospital for the Insane," in the late 19th century, people with mental illness were among the first residents. The goal, however, was not to provide active treatment with an expected return to their family but to keep these individuals out of sight and away from society. With the development of new treatment models and the discovery of new medications, understanding of mental illness and expectations for clients have changed dramatically. Today, the RTCs are one player in a broader spectrum of community-based services that help clients cope with their disabilities and successfully function in society.

Developmental Disabilities Services

Care has also changed over time for persons with developmental disabilities. Many strategies are used to bring the developmentally disabled out of large institutions into more home-like settings. Smaller, state-staffed group homes and other services have been established in surrounding communities. These services have allowed more people with developmental disabilities to live independently.

Chemical Dependency Services

The marketplace for chemical dependency services has changed over time. Today, fewer people are going to in-patient treatment when out-patient treatment can provide success at a lower cost. This has meant RTCs must be more entrepreneurial to attract business since these in-patient programs compete in the marketplace with other providers and live on their own revenues. With the drop in business, mergers of programs must be contemplated where there is no longer a demand for services.

Services for the Elderly

Selected RTCs provide nursing home care for the elderly. Many of these elderly individuals have challenging behaviors that make it difficult for most private nursing homes to provide care.

Psychopathic Personality Treatment

The Minnesota Sexual Psychopathic Personality Treatment Center opened in Moose Lake in 1995; it receives clients who are committed by the courts. The number of individuals committed as sexual psychopaths continues to rise with an average of ten individuals sent to the Center each year.

PLANNED RESULTS:

- Reduce RTC long-term in-patient treatment stays.
- Provide transition, out reach and crisis intervention services in the community to avoid the need for admission to a RTC.
- Provide consultation to enhance the community service provider's capacity to serve individuals with challenging behaviors.

BUDGET SUMMARY:

Changes requested in this biennial budget include:

- Continued downsizing of regional treatment center developmental disabilities programs, and development of safety-net services for these individuals in the community.
- Implementation of adult mental-health pilots in all areas of the state that are able to meet the legislative criteria for adult mental-health pilots, by reallocating RTC non-fiscal resources to local mental-health authorities on a limited pilot basis.
- Negotiated cost-of-living increases for state employees working in state-operated group homes for the mentally ill that are not currently funded by statute.
- Negotiated cost-of-living increases for state employees working in state-operated group homes for the developmentally disabled.
- Changes in RTC billing to move from per-diem rates to itemized bills (see Agency Management - Financial Operations section).

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1998		FY 1999			FY 1999		
	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
RTC FACILITIES	212,898	217,286	216,438	215,820	215,820	219,974	210,624	210,624
STATE OPERATED COMM SERV MI	5,403	6,114	6,114	6,181	6,181	6,114	6,250	6,250
STATE OPERATED COMM SERV DD	29,414	38,048	35,167	36,373	36,373	35,167	37,627	37,627
TOTAL EXPENDITURES BY ACTIVITY	247,715	261,448	257,719	258,374	258,374	261,255	254,501	254,501
AGENCY PLAN ITEMS:		FUND						
RTC DD DOWNSIZING		GEN		<1,978>			<9,850>	
SOCS - COLA ADJUSTMENT		GEN		1,206			2,460	
ADULT MH PILOTS PHASE II		GEN		860				
MH TRANSITION SERVICES-COLA		GEN		67			136	
PSYCHOPATHIC PERSONALITY ADDL STAFFING		GEN		500			500	
TOTAL AGENCY PLAN ITEMS				655			<6,754>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	202,938	209,451	207,685	208,340	208,340	211,293	204,539	204,539
STATUTORY APPROPRIATIONS:								
GENERAL	28,407	35,447	33,721	33,721	33,721	33,653	33,653	33,653
SPECIAL REVENUE	851	1,198	1,145	1,145	1,145	1,145	1,145	1,145
FEDERAL	133	143	142	142	142	138	138	138
AGENCY	3,866	4,223	4,153	4,153	4,153	4,153	4,153	4,153
GIFT	15	41	28	28	28	28	28	28
ENDOWMENT	13	22	22	22	22	22	22	22
CHEMICAL DEPENDENCY TREATMENT	11,492	10,923	10,823	10,823	10,823	10,823	10,823	10,823
TOTAL EXPENDITURES	247,715	261,448	257,719	258,374	258,374	261,255	254,501	254,501
FTE BY EMPLOYMENT TYPE:								
REGULAR	4,531.9	4,298.9	4,294.2	4,165.2	4,165.2	4,291.5	3,998.5	3,998.5
TEMP/SEAS/PART_TIME	10.3	10.3	10.3	10.3	10.3	10.2	10.2	10.2
OVERTIME	31.0	31.5	30.9	30.9	30.9	30.9	30.9	30.9
	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
TOTAL FTE	4,585.2	4,352.7	4,347.4	4,218.4	4,218.4	4,344.6	4,051.6	4,051.6

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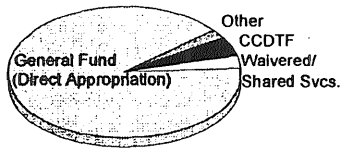
1998-99 Biennial Budget

BUDGET ACTIVITY: Regional Treatment Center Facilities
PROGRAM: State-Operated Service
AGENCY: Human Services, Department of

BUDGET SCOPE:

RTC Facilities

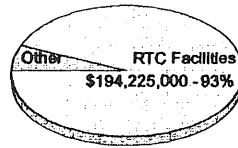
Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$216,438,000

State Operated Services

State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$207,685,000

PROGRAM DESCRIPTION:

The Department of Human Services operates 9 regional treatment center (RTC) facilities providing services to persons with mental illness (MI), developmental disabilities (DD), chemical dependency (CD), traumatic brain injuries (TBI), elderly individuals in need of nursing care (NF), and persons committed as sexual psychopathic personalities (PP). The RTCs are located throughout the state:

Ah-Gwah-Ching Center in Walker, MN
 Anoka Metro Regional Treatment Center
 Brainerd Regional Human Services Center
 Cambridge Regional Human Services Center
 Faribault Regional Center
 Fergus Falls Regional Treatment Center
 Moose Lake Regional State Operated Services
 St. Peter Regional Treatment Center
 Willmar Regional Treatment Center

The Department also funds ongoing worker compensation claims for two closed facilities, the Rochester State Hospital, which closed in 1982, and Oak Terrace Nursing Home, which closed in 1991.

The average daily population for the RTCs has declined over the past five fiscal years primarily as the result of increased availability of more state-supported and privately funded community-based alternatives for persons with mental illness and developmental disabilities.

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996
MI	1,229	1,190	1,212	1,145	1,010
DD	1,082	931	773	622	419
CD	198	196	193	218	183
TBI	-	-	-	4	11
NF	312	295	279	263	257
PP	35	55	60	68	85
Total	2,856	2,667	2,517	2,320	1,965

AH-GWAH-CHING CENTER

Ah-Gwah-Ching Center (AGCC) is a 343-bed nursing home facility which also has 40 Rule 35 chemical dependency beds located in a free-standing unit on the AGCC campus.

Nursing Facility: AGCC serves as a resource for community nursing homes, hospitals and the Veterans Administration. It provides services for Minnesota's geriatric population with nursing care needs and severe behavioral problems. The behavior problems which clients show include physical and verbal assaultiveness, sexually inappropriate behavior and socially inappropriate behavior.

Chemical Dependency: Lakeside Chemical Dependency Treatment Center was opened in 1983. This program provides both inpatient and outpatient treatment for individuals with chronic chemical dependencies. Its goal is to help individuals who have been unsuccessful in previous treatment programs.

ANOKA METRO REGIONAL TREATMENT CENTER

The Anoka Metro Regional Treatment Center (AMRTC) provides services for persons with mental illness who are citizens of Anoka, Dakota, Hennepin, Ramsey, Sherburne and Washington Counties; inpatient and outpatient treatment for any chemically dependent person in Minnesota; and detoxification services for Anoka County residents.

Mental Health: The Mental Health Program provides active psychiatric treatment services on 7 inpatient units staffed by multi-disciplinary treatment teams. Currently 98% of the clients are admitted to the program under court order, primarily civil commitment. Most of the clients are admitted directly from community hospital mental-health units, where they have received some acute care prior to court commitment.

AMRTC Mental Health Program provides specialized treatment services to persons with a Borderline Personality Disorder, clients with a dual diagnosis (mental illness and chemical dependency), geriatric or physically disabled individuals, and clients who need independent living skills training in order to make a successful transition to the community. At the referral of the County Case Manager and the Inpatient Treatment Team, AMRTC staff provide limited transitional outpatient services to clients, whose needs cannot be met by existing community providers.

AMRTC also has established contracts with 3 local hospitals to treat committed clients who are eligible for MA and whose treatment can be completed in 45 days or less.

Chemical Dependency : The chemical dependency treatment program at AMRTC provides a structured, therapeutic environment for persons with chemical dependency. Services consist of diagnostic and overall needs assessment; group, individual and family counseling; education; aftercare services; referrals and follow up. AMRTC also provides CD treatment to clients on Methadone maintenance.

1998-99 Biennial Budget

BUDGET ACTIVITY: Regional Treatment Center Facilities
PROGRAM: State-Operated Service
AGENCY: Human Services, Department of
(Continuation)

In 1993, AMRTC established a 12-bed, sub-acute detoxification unit. This program serves Anoka County under a contractual agreement. Detox clients also receive CD education, chemical assessments and information about AA meetings. Referrals are made for housing assistance, Rule 25 assessment for CD treatment, mental health and medical services and civil commitments.

BRAINERD REGIONAL HUMAN SERVICES CENTER

The Brainerd Regional Human Services Center (BRHSC) provides inpatient services to persons with mental illness, chemical dependency, developmental disabilities, traumatic brain injuries and the elderly in need of nursing care. Most clients are from the 12 counties of north central and northeastern Minnesota. The Adolescent and TBI programs serve clients from the entire state.

Mental Health: The Timberland Adult Program is a 110-bed inpatient psychiatric hospital serving individuals 18 years or older who require more intensive care than provided in an outpatient setting. Clients are referred through the courts, county and community social-service agencies, mental-health centers, physicians, or directly by the client or family members. The average length of stay is 95 days. The goal of treatment is to restore an individual to his/her optimum level of physiological, psychological, and social functioning so that he/she may return to the community, where he/she can resume independent living.

The Timberland Adolescent and Children's Program (TACP) provides inpatient services (25 beds) to adolescents between the ages of 12 and 18 with severe emotional problems. In March of 1996, a special 6-bed unit opened for clients who have cognitive deficits as well as emotional problems. Referrals to TACP are generally through the county juvenile-justice system, community social-service agencies and family members. Emergency services are provided for peace officer or physicians initiating 72-hour hold orders based on bed availability. The average length of stay is 94 days.

Developmental Disabilities: The BRHSC DD Program currently provides residential and medical services and habilitation training to 55 individuals. The majority of admissions are for temporary crisis care up to 90 days in length. BRHSC also operates 5 state-operated community services (SOCS) waiver homes and 2 day-training and habilitation programs off-campus.

Nursing Facility: Woodhaven Senior Community (WSC), was opened on BRHSC's campus in 1989. WSC is a 28-bed nursing facility serving elderly persons who require nursing care and exhibit severe or challenging behaviors or require treatment for an underlying mental illness. It is a health-care resource for elderly persons with disruptive behaviors which, in combination with health-care needs, preclude their admission to private nursing homes.

Chemical Dependency: The CD units at BRHSC operate specialized treatment programs. The Aurora Unit provides 28-day residential primary treatment, 96-hour outpatient primary treatment, 60-day extended care residential treatment, and 48-hour outpatient extended-care treatment. In addition, the Aurora Unit provides chemical abuse/dependency services to the Central Minnesota Juvenile Detention Center and the Minnesota Neurorehabilitation Hospital. The Four Winds Lodge Unit

provides specialty primary residential and extended-care residential treatment to meet the unique cultural needs of Native Americans. This program has been recognized for outstanding contributions made to Minnesota's Native Americans. BRHSC also operates an outpatient program located on the Ojibwa Indian Reservation and at the Grand Casino in Hinckley.

Traumatic Brain Injury: Established in January of 1995, the Minnesota Neurorehabilitation Hospital (MNH) serves individuals with acquired brain injury who have challenging behaviors. The 12-bed program serves the entire state. The average length of stay is 300 days.

CAMBRIDGE REGIONAL HUMAN SERVICES CENTER

The Cambridge Regional Human Services Center (CRHSC) provides residential, habilitative, therapeutic and health-care services for persons with developmental disabilities throughout the state. CRHSC operates specialized residential and day-training programs on and off campus for severely and profoundly mentally retarded persons who have additional functional problems such as physical disabilities or significant health problems, and for mildly to moderately retarded persons who have challenging behaviors or exhibit significant signs of mental illness. A significant number of admissions to CRHSC are committed through the judicial process. CRHSC operates 10 State-Operated Community Services (SOCS) Waivered Services homes, 2 ICF/MR SOCS homes for clients who have been discharged from the regional human services center and 2 day-training and habilitation programs. A Community Support Services team from CRHSC assists community facilities to serve difficult clients and prevent admissions to a regional center. CRHSC also operates a Community Health Clinic (Health Source) that provides medical, psychiatric and dental services to individuals with developmental disabilities who are unable to obtain these services in the community.

FARIBAULT REGIONAL CENTER

Faribault Regional Center (FRC) has a century-long history of providing services to persons with developmental disabilities. The population has steadily declined from its peak in 1955 to an average daily population of 126 during F.Y. 96. This decline in population is attributable to an increasing availability of programs in the community and a commitment to help individuals with developmental disabilities live less institutional lives.

The development of community-based living, training and habilitation services has become increasingly important in meeting the needs of persons with developmental disabilities. FRC provides community-based transitional services, community and facility-based residential and day-program services, crisis services, habilitation services, and medical, psychiatric and dental services for individuals with developmental disabilities from Southeastern Minnesota; including Hennepin, Dakota and Olmsted counties. By the end of the next biennium, all FRC clients are expected to be transitioned to community living.

FERGUS FALLS REGIONAL TREATMENT CENTER

The Fergus Falls Regional Treatment Center (FFRTC) provides inpatient and outpatient care, treatment, rehabilitation, and habilitation services to persons with mental illness, chemical dependency, and developmental disabilities. The majority of clients are from 17 northwest counties of Minnesota, although client referrals to the CD program are accepted from throughout the state.

Mental Health: The Mental Health Division of FFRTC assists people to find mental health through a program of individualized professional psychiatric treatment services. MHD serves clients who are 18 years of age or older; elderly persons who have behavioral problems which are complicated by medical problems and physical disabilities; and, serious and persistent mentally-ill adults with behavioral problems which makes community treatment difficult.

1998-99 Biennial Budget

BUDGET ACTIVITY: Regional Treatment Center Facilities
PROGRAM: State-Operated Service
AGENCY: Human Services, Department of
(Continuation)

Developmental Disabilities: The Developmental Disabilities program at FFRTC provides residential and day-training and habilitation services. Services are based upon individualized assessments and directed by an interdisciplinary team. The Community Support Services program provides consultation, training, and on-site assistance to maintain persons in their own homes. The Community Services program also operates 4 SOCS waiver group homes, each serving 4 clients.

Chemical Dependency: The Drug Dependency Rehabilitation Center (DDRC) assists people to develop a healthy lifestyle, free from chemical dependency, through a program of individualized professional treatment, counseling and rehabilitation services. DDRC serves both adolescent and adults in its outpatient, primary and extended-care programs.

MOOSE LAKE REGIONAL STATE OPERATED SERVICES

In 1995, the Moose Lake Regional Treatment Center closed and the majority of the campus turned over to the Minnesota Department of Corrections. As a result, its chemical dependency programs have been relocated, and its mental-health and developmental disabilities services reconfigured. Mental-health services are now being provided through mobile crisis teams and a 15-bed inpatient unit. Services for the developmentally disabled include; a full range of community support services including technical assistance, crisis intervention, state-operated residential and day-program services, supported employment, consultation and training. These services are known as Moose Lake Regional State Operated Services and mainly serve individuals from Northern Minnesota.

Chemical Dependency: The CD Program is designed to treat clients not readily served in the private sector. The program offers 2 types of extended care for men: the Stabilization Model designed for "fragile" CD clients who have long-term withdrawal issues, cognitive deficits, and/or need monitoring/evaluation to stabilize appropriate medication for mental disorders; and the Relapse Model, designed to help the male client who has not maintained sobriety after primary treatment.

The Liberalis Program is designed specifically for women who are chemically dependent. The programming focuses on recovery needs and behavioral changes with emphasis on personal strengths. An aftercare component helps clients increase independence by learning how to mobilize personal and community resources. Liberalis offers primary and extended-care programming with varying lengths of stay.

Minnesota Sexual Psychopathic Personality Treatment Center: Individuals who have been committed under the Sexually Psychopathic Personality and Sexually Dangerous Person statute present an imminent danger of grave harm to others. The programming at Minnesota Sexual Psychopathic Personality Treatment Center concentrates on sex offender therapy, and includes educational, industrial, and recreational treatment.

ST. PETER REGIONAL TREATMENT CENTER

St. Peter Regional Treatment Center (SPRTC) provides inpatient treatment and rehabilitation services

to persons with mental illness, chemical dependency, and developmental disabilities.

Mental Health: The Mental Health Program at SPRTC provides high-quality, comprehensive mental-health services to adults in south central and southeastern Minnesota. The MH Program specializes in treating individuals with serious and/or persistent mental illness and geriatric clients with mental and physical problems and minimal self-care abilities. The program also offers comprehensive inpatient psychiatric and psychological services to clients who are mentally ill and hearing-impaired.

Developmental Disability: The Developmental Disability Program serves individuals who have a primary diagnosis of mental retardation and whose service needs are frequently complicated by additional physical, behavioral, and/or mental health disabilities. Staff also work with other human services agencies and community vendors to facilitate transition to community living and prevent readmission to an RTC.

Chemical Dependency: The Johnson Chemical Dependency Center (JCDC), offers an Alcoholics Anonymous-based CD treatment program for men and women 18 years and older. It has a licensed bed capacity of 58 and provides outpatient, primary care, extended-care and specialty programs for women and dual-diagnosed individuals. JCDC also includes a family program which provides education and support to a client's family members and significant other; aftercare services to all clients who have completed treatment and a relapse program for clients who have completed treatment within the past 12 months, but were unable to maintain sobriety.

Forensic Program: The Forensic Program, known as the Minnesota Security Hospital (MSH), provides multi disciplinary forensic evaluation and therapy services in a 214-bed secure setting. This facility serves male and female adults from all 87 counties of Minnesota, who are admitted pursuant to judicial or other lawful orders for assessment and/or treatment of acute and chronic major mental disorders.

The MSH has been praised by outside reviewers as one of the finest forensic hospitals in the U.S. It provides comprehensive court-ordered forensic psychiatric evaluations, including competency to stand trial, and pre-sentence mental-health evaluations. In addition to evaluation services, MSH treats clients who are mentally ill and mentally ill and dangerous.

WILLMAR REGIONAL TREATMENT CENTER

Willmar Regional Treatment Center (WRTC) provides specialty health services, including inpatient treatment, rehabilitation, developmental services, community-based transitional services, community-based residential and day-program services, outpatient services, and crisis services for adults with mental illness, adolescents with mental illness, individuals with chemical dependency, and persons with developmental disabilities.

Mental Health: The Mental Health Treatment Program at WRTC provides active psychiatric treatment through multi disciplinary teams. Specialized services include: stabilization services for persons needing short-term, high-intensity treatment; transition services for clients on the threshold of chronic mental illness; geriatric services for elderly clients and others who have organic and physiological illnesses which require significant additional medical and nursing care; behavior therapy services for persons with serious and persistent mental illness; psychiatric rehabilitation services for persons who have regressive behavioral and vocational skills deficits; and, MI/CD services.

Willmar's Adolescent Mental Health Program serves 12 to 18 year olds with severe emotional disturbances. The adolescent program provides active inpatient psychiatric treatment for adolescents referred from throughout the state who have emotional problems which cannot be addressed with community-based services. They often have experienced longstanding multiple problems within the

1998-99 Biennial Budget

BUDGET ACTIVITY: Regional Treatment Center Facilities
PROGRAM: State-Operated Service
AGENCY: Human Services, Department of
 (Continuation)

family, community and school. The Adolescent Mental Health Services utilize an interdisciplinary team approach to address the multiple treatment needs of the adolescents. A unique educational partnership with the local school district exists, resulting in innovative educational services while in treatment.

Developmental Disabilities: WRTC Developmental Disabilities Program consists of 6 SOCS residential programs and 2 day-training and habilitation programs. The goal of these programs is to teach individuals with DD skills they need to live as independently as possible and to provide experiences that will enrich their lives. WRTC also provides short-term crisis services and community-support services.

Chemical Dependency: WRTC has provided treatment to persons with chemical dependency for 80 years. The Bradley Center houses WRTC's inpatient programs and offers an array of intensive treatment programs. The Bradley Center's Primary Residential Treatment Program uses a combination of individual and group therapy, and educational and spiritual services. For clients who are prone to relapse and require a fully structured environment, Bradley's Extended Care Program deals with barriers to recovery and develops coping techniques to improve daily living skills. The Bradley Center has the State's only public Cocaine/Opiate Withdrawal and Treatment Program. The Bradley Center also offers a halfway house for men and women transitioning back into the community.

Willmar's other program, the Cardinal Recovery Center, operates a Primary Outpatient Treatment Program for adults who can maintain sobriety during treatment. The Cardinal Center also operates a Women's Day Treatment Program designed to be sensitive to the special needs of chemically dependent women. An outpatient program for adolescents, the Cardinal Youth Program, is designed to guide young drug and alcohol abusers, ages 13 to 18, to an understanding of their relationship with their chemical of choice. Cardinal's Prairie Youth Program is an adolescent program for adjudicated youths housed at Prairie Lakes Detention Center. Through a cooperative agreement with the detention center, this program is offered to male and female youth on a concurrent basis with their correctional program.

BUDGET ISSUES:

- A Community Support Services Program that will ultimately be coordinated with county and private services under the DHS Mental Health Pilot Projects, is currently being developed by the Mental Health Programs at the RTCs. The goal is to assist clients in transition from hospital to community, and to remain in the community after discharge. This program includes both direct transitional aftercare services and consultation to community providers.
- DHS is developing a new program at Cambridge designed to serve individuals who are both developmentally disabled and present a safety risk to the public. This program, currently referred as the Minnesota Extended Treatment Options (METO), will provide both residential and outreach services and is slated to begin operations July 1, 1997. Bonding has been authorized for construction of 36 beds, with plans for an additional 36 beds. Minor remodeling of existing

buildings for day-training and recreational use is also authorized. Funding for staff and services is being sought.

- The number of individuals with developmental disabilities being served in the RTCs has declined over the years. As downsizing of the DD programs at the RTCs continues, it is anticipated that the only RTC DD population will be in the secure beds of the METO program.
- Safety-net services must be in place in areas where clients with developmental disabilities would otherwise go without services.

REVENUE:

RTCs generate dedicated and non-dedicated revenue. The majority of revenue generated by the RTCs is used to cover the cost of care for clients. Cost of care is calculated on a per-diem basis for each fiscal year by dividing the sum of all anticipated costs by projected client days. Cost of care revenue is collected by the Reimbursement Division and deposited into the general fund. Information regarding Reimbursement Division collections for the RTCs is found on the Financial Operations budget page.

The following are per-diem rates for the RTCs effective 7/1/96:

	<u>MI</u>	<u>TBI</u>	<u>NH</u>	<u>DD</u>	<u>PP</u>
AGCC			\$197		
AMRTC	\$321				
BRHSC	\$366	\$638	\$259	\$447	
CRHSC				\$447	
FRC				\$447	
FFRTC	\$368			\$477	
MLRSOS					\$350
SPRTC	\$314			\$447	
WRTC	\$316			\$447	

RTC per-diem rates have increased over the years due to increased costs and loss of economies of scale as programs downsize. DD rates are calculated on a systemwide basis while MI, TBI, NH, and PP rates are hospital-specific.

Chemical Dependency treatment rates are determined by negotiated host-county contracts. The rates differ by facility and types of services provided. RTC CD programs are enterprises, therefore, revenues collected are deposited into the appropriate RTC accounts. RTCs also generate a small amount of revenue from shared service agreements, lease agreements, seminars, and social-welfare accounts.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: RTC FACILITIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	178,248	178,838	180,708	179,695	179,695	185,063	175,297	175,297
OPERATING EXPENSES	29,912	33,119	30,967	31,362	31,362	30,149	30,565	30,565
CAPITAL OUTLAY	192	522	41	41	41	41	41	41
SUBTOTAL STATE OPERATIONS	208,352	212,479	211,716	211,098	211,098	215,253	205,903	205,903
PAYMENTS TO INDIVIDUALS	4,495	4,777	4,702	4,702	4,702	4,701	4,701	4,701
LOCAL ASSISTANCE	1	10						
OTHER EXPENSES	50	20	20	20	20	20	20	20
TOTAL EXPENDITURES	212,898	217,286	216,438	215,820	215,820	219,974	210,624	210,624
AGENCY PLAN ITEMS:		FUND						
RTC DD DOWNSIZING		GEN		<1,978>			<9,850>	
ADULT MH PILOTS PHASE II		GEN		860				
PSYCHOPATHIC PERSONALITY ADDL STAFFING		GEN		500			500	
TOTAL AGENCY PLAN ITEMS				<618>			<9,350>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	190,772	194,337	194,225	193,607	193,607	197,833	188,483	188,483
STATUTORY APPROPRIATIONS:								
GENERAL	5,990	7,000	6,493	6,493	6,493	6,425	6,425	6,425
SPECIAL REVENUE	617	597	552	552	552	552	552	552
FEDERAL	133	143	142	142	142	138	138	138
AGENCY	3,866	4,223	4,153	4,153	4,153	4,153	4,153	4,153
GIFT	15	41	28	28	28	28	28	28
ENDOWMENT	13	22	22	22	22	22	22	22
CHEMICAL DEPENDENCY TREATMENT	11,492	10,923	10,823	10,823	10,823	10,823	10,823	10,823
TOTAL EXPENDITURES	212,898	217,286	216,438	215,820	215,820	219,974	210,624	210,624

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: RTC FACILITIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	7,235	6,625	6,380	6,380	6,380	6,286	6,286	6,286
SPECIAL REVENUE	753	774	755	755	755	732	732	732
FEDERAL	139	140	138	138	138	138	138	138
AGENCY	3,734	4,264	4,387	4,387	4,387	4,402	4,402	4,402
GIFT	11	25	25	25	25	25	25	25
ENDOWMENT	10	10	10	10	10	10	10	10
CHEMICAL DEPENDENCY TREATMENT	12,022	12,456	12,520	12,520	12,520	12,520	12,520	12,520
NONDEDICATED:								
GENERAL	65	49	35	2,101	2,101	35	1,627	1,627
=====								
TOTAL REVENUES COLLECTED	23,969	24,343	24,250	26,316	26,316	24,148	25,740	25,740
FTE BY EMPLOYMENT TYPE:								

REGULAR	3,812.4	3,581.1	3,576.4	3,447.4	3,447.4	3,573.7	3,280.7	3,280.7
TEMP/SEAS/PART_TIME	6.1	6.1	6.1	6.1	6.1	6.0	6.0	6.0
OVERTIME	7.4	8.0	7.4	7.4	7.4	7.4	7.4	7.4
=====								
TOTAL FTE	3,825.9	3,595.2	3,589.9	3,460.9	3,460.9	3,587.1	3,294.1	3,294.1

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: State Operated Services
ACTIVITY: RTC Facilities

ITEM TITLE: Developmental Disabilities Downsizing and Safety-Net Services

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)				
General fund				
RTC Facilities	\$(1,978)	\$(9,850)	\$(9,850)	\$(9,850)
MA LTC Facilities	(3,235)	(7,204)	(7,204)	(7,204)
TOTAL	\$(5,213)	\$(17,054)	\$(17,054)	\$(17,054)
Revenues: (\$000s)				
General Fund				
Non-Dedicated	\$(4,502)	\$(13,406)	\$(13,406)	\$(13,406)
Statutory Change? Yes <u>X</u> No <u> </u>				
If yes, statutes(s) affected: M.S. 252.025				

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$5,213,000 in F.Y. 1998 and \$17,054,000 in F.Y. 1999, to continue downsizing of programs for persons with developmental disabilities (DD) operated at the regional treatment centers (RTCs) and to assure safety-net services are available in the community.

RATIONALE:

Since 1960, when the number of persons with DD cared for in RTCs was in excess of 6,000 persons, the population has steadily declined to an average daily population of 329. This downsizing will continue through the 1998-1999 biennium.

This request asks for downsizing to continue, and that 3 items to assure safety-net services are available in the community.

First, medical, psychiatric, and dental services are being provided to individuals with developmental disabilities by community health clinics at Cambridge (Health Source) and Faribault (Southern Cities). DD individuals who cannot find a health care provider get their care at these clinics. While the goal is to ultimately have these clients get care from community providers, continuation of these services is needed in the interim. Funding is requested to continue clinic operations.

Second, while most DD individuals flourish in community settings, a small population present a public safety risk. In response to this, the 1995 Legislature authorized start-up of the Minnesota Extended Treatment Options program (METO).

The METO program includes two components: secure inpatient treatment beds, and state-operated Community Support Services (CSS). The maximum inpatient capacity of secure beds is 72. The METO program is planned to be funded through the current RTC ICF/MR reimbursement structure. The staffing ratio for the secure-bed component increases from the current 1.54:1 used in the RTC DD programs to 1.938 as required in 1995 legislation. This staff ratio is necessary due to high supervision needs.

Third, additional funding is requested for METO's second component - Community Support Services. Community Support Services are designed to support client needs in the community and avert admission to an RTC by providing client needs evaluations, crisis services, and consultation with family and other care providers.

Expenditure and revenue breakdowns related to continued downsizing of RTC DD programs, establishment of the METO program (including secure beds and CSS), and additional funding for community health clinics, are as follows:

EXPENDITURES

	F.Y. 1998	F.Y. 1999
RTC Facilities		
RTC DD Downsizing (Salaries - at 1.54:1 staff to client ratio)	\$(12,447)	\$(24,186)
METO (Secure Beds-Salaries only, CSS-Salary and Non-Salary)		
Secure Beds-Transfer of Base amount (at 1.94:1 ratio)	4,758	4,758
Secure Beds-Additional Salary Needs (at 1.94:1 ratio)	1,186	4,753
CSS (Currently Rev Based) - Transfer of base amount	3,200	3,200
CSS - New Services, Currently off-the-top of RTC Approp.	750	750
CSS - New Services, BRHSC	200	500
Comm. Health Clinics (Cost above MA Reimb.)	375	375
TOTAL	\$(1,978)	\$(9,850)
MA LTC Facilities (State's Share of MA):		
RTC DD Downsizing	\$(4,166)	\$(9,964)
METO		
Secure Beds-Transfer of Base amount (in DD Downsizing)	N/A	N/A
Secure Beds-Additional Salary Needs	570	2,282
CSS (Currently Rev Based)- Transfer of Base amount	N/A	N/A
CSS-New Services, Off-the-top	285	287
CSS-New Services, BRHSC	76	191
Comm. Health Clinics (Cost above MA Reimb.)	N/A	N/A
TOTAL	\$(3,235)	\$(7,204)
NON-DEDICATED REVENUE - Gain/(Loss):		
RTC DD Downsizing	\$(9,108)	\$(21,956)
METO		
Secure Beds-Transfer of Base amount (in DD downsizing)	N/A	N/A
Secure Beds-Additional Salary Needs	1,286	4,990
* CSS (Currently Rev Based) - Transfer of Base amount	2,560	2,560
CSS New Services, Off-the-top	600	600
CSS-New Services, BRHSC	160	400
Comm. Health Clinics (Cost above MA Reimb.)	N/A	N/A
TOTAL	\$(4,502)	\$(13,406)
*Revenue collected for the CSS revenue based program will now be deposited into the general fund.		
NET EXPENDITURES & REVENUES:	\$(711)	\$(3,648)

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: State Operated Services
ACTIVITY: RTC Facilities

ITEM TITLE: Developmental Disabilities Downsizing and Safety Net Services
(Continuation)

PROGRAM OUTCOMES:

1. Continued coverage for dental and other health care needs for individuals with DD who cannot otherwise get services.
2. A smooth, non-disruptive, transition for DD clients to the community.
3. Capacity to serve DD clients who pose a public safety risk.

LONG-TERM IMPACT:

As the state moves to purchase health and dental care for persons with disabilities under managed care, community alternatives will be regulated to serve clients, and funding for community health clinics will no longer be required.

When normal downsizing of RTC DD inpatient programs is completed during the 2000-0001 biennium, the METO program will have the only on-campus RTC beds in the system. The secure beds will provide the necessary security for persons with DD who present a risk to public safety that cannot safely be managed in a community setting. CSS will work collaboratively with counties and other providers to provide the needed array of services that will enhance community capacity to safely include all individuals with DD.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: State Operated Services
ACTIVITY: Regional Treatment Center Facilities

ITEM TITLE: Psychopathic Personality Additional Staffing Needs

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General fund				
RTC Facilities	\$500	\$ 500	\$500	\$500
Revenues: (\$000s)				
General Fund	\$50	\$50	\$50	\$50

Statutory Change? Yes ☐ No ☒

If yes, statutes(s) affected: M.S. 252.025

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$500,000 in F.Y. 1998 and \$500,000 in F.Y. 1999 for 10 additional FTE staff needed to meet the security and treatment needs of persons committed as Psychopathic Personality/Sexually Dangerous Persons.

RATIONALE:

The increase in the number of individuals served as Sexual Psychopathic Personality/Sexually Dangerous Persons (SPP/SDP) has fluctuated over the past 5 years, but has averaged an increase of 12 persons per year. However, in the most recent 12 month period the increase has been 16 persons. In addition to committed individuals, the increase includes persons on hold orders and the commitment of 2 juvenile sexual offenders upon reaching the age of 19. The latter population represents a potential growth element and is in addition to the historic population projections of 12 per year.

The Minnesota Sexual Psychopathic Personality Treatment Center (MSPPTC) at Moose Lake has a capacity of 100 and a current population of 94 clients. As the population nears 100, it will be necessary to develop increased program flexibility at the Minnesota Security Hospital (MSH) at St. Peter Regional Treatment Center in order to meet the security and treatment needs for clients unable to be served at MSPPTC. The secure physical setting at MSH results from the 1995 expansion.

In addition, public concern has heightened surrounding the development of therapeutic activities and discharge planning for those clients attaining the requisite treatment progress. It can be anticipated that this public concern will only increase with the sex offender community notification requirements which became effective 1-1-97. These concerns are expected to result in increased lengths of stay and more staff-intensive efforts directed at client placements in the community.

PROGRAM OUTCOMES:

This proposal will maintain the provision of statutorily required treatment services for an increasing population of Sexual Psychopathic Personality/Sexually Dangerous Persons.

LONG-TERM IMPACT:

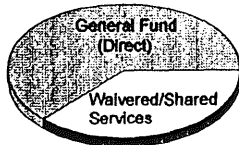
Maintains provision of services in secure setting and in recognition of public safety interests.

1998-99 Biennial Budget

BUDGET ACTIVITY: State-Operated Community Services for the Mentally Ill
PROGRAM: State-Operated Services
AGENCY: Human Services, Department of

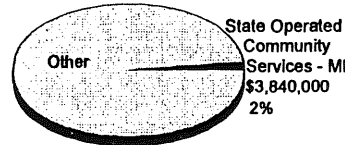
BUDGET SCOPE:

State Operated Community Services - MI
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$6,114,000

State Operated Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$207,685,000

ACTIVITY DESCRIPTION:

With the closure of the Moose Lake Regional Treatment Center in 1995, mental health services provided were reconfigured. This activity describes that reconfiguration serving the Moose Lake catchment/service area.

INPATIENT PSYCHIATRIC SERVICES (EVELETH)

The program focus of the 15-bed inpatient psychiatric hospital unit, located in Eveleth, is to serve persons with mental illness who require hospitalization for longer than 45 to 60 days.

MOBILE CRISIS TEAM (EVELETH)

This small-scale crisis team is co-located with the 15-bed inpatient psychiatric unit and is responsible for responding to off-hours (evenings and weekend) crisis calls. As many interventions as possible are made by phone contact. However, staff also provide on-site assistance within a radius of 1 hour driving time.

This team serves former clients of the 15-bed inpatient unit, and former clients of Moose Lake Regional Treatment Center that have been identified by the case manager as potentially at risk. Meetings with the staff of Mesabi Medical Center's psychiatric unit, the 15-bed state-operated unit, Range Mental Health Center and county case managers occur on a regular basis to identify clients who are potentially at risk or have been served by the crisis team. The team also responds to needs in area nursing facilities.

12 BED TRANSITIONAL FACILITY, INCLUDING 8 STABILIZATION BEDS AND 4 CRISIS BEDS (DULUTH)

The other residential program provides services to persons: 1) who do not require hospitalization but need evaluation and/or stabilization; or 2) to shorten the length of hospital stay by providing a

structured transition program until the person is ready to return to independent living. The 8 bed stabilization unit was designed to serve those individuals who no longer need active treatment or do not need to be hospitalized but still require the level of services and supervision that would fall between a hospital setting and a Rule 36. It also serves clients who can be discharged on a commitment. An additional 4 beds are available as crisis beds. Referrals include clients from the contract beds in Duluth and the 15-bed unit in Eveleth, as well as clients seen by the crisis team in need of crisis/respite care. Admissions are jointly approved by the unit's program manager and the county case manager. Coordination with the case manager is ongoing.

MOBILE CRISIS TEAM (DULUTH)

This program is similar to the Eveleth program but services are provided on a 24-hour, seven-day-a-week schedule within a radius of 1 hour driving time from Duluth.

In addition to crisis services, the team also provides:

1. Psychiatrist and RN consultation to identified target population in Lake and Cook Counties -- i.e., one day per month medication management "clinic".
2. Consultation to area nursing facilities for behavioral management.
3. Psychiatric examinations for persons who are committed to Miller Dwan contract beds.

CRISIS/TRANSITIONAL SERVICES (REGION 7E - CAMBRIDGE)

Region 7E includes counties in the southern half of the former MLRTC catchment area. A crisis/transitional services team delivers individualized services to prevent relapse and avert hospitalization for the 12-15 Region 7E clients who have used MLRTC extensively in the past. These services are coordinated with the case manager, CSP and psychiatrist. Services include, but are not limited to, teaching daily living skills to clients in their homes, accompanying clients to medical/dental appointments, crisis planning, medication monitoring, accompanying clients to community-based services (i.e., day treatment, social/recreational activities). In addition, crisis services are provided to these individuals. Services are delivered in the community or, if clinically indicated, the client is transported to the appropriate setting.

BUDGET ISSUES:

- Negotiated cost-of-living increases for state employees working in state-operated mental-health services are not currently funded by statute and are requested.

REVENUE:

The 15-bed inpatient psychiatric unit in Eveleth is funded with direct appropriations. Revenue is generated to cover the cost of care for clients. Cost of care is calculated on a per-diem basis. The per-diem for the Eveleth inpatient unit as of 7-1-96 is \$377. Revenues are collected by the Reimbursement Division and deposited into the general fund. Information regarding Reimbursement Division collections for the Eveleth inpatient unit is included on the financial operations budget page.

Mobile crisis teams and crisis/transitional services are funded with state mental-health grants. Grants are awarded to the counties and service agreements are entered into between the county and Moose Lake Regional State Operated Services Center to provide the services. Revenues are collected and deposited into the appropriate accounts.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: STATE OPERATED COMM SERV MI

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,541	3,053	3,053	3,120	3,120	3,053	3,189	3,189
OPERATING EXPENSES	667	863	863	863	863	863	863	863
SUBTOTAL STATE OPERATIONS	3,208	3,916	3,916	3,983	3,983	3,916	4,052	4,052
PAYMENTS TO INDIVIDUALS	2	3	3	3	3	3	3	3
LOCAL ASSISTANCE	2,193	2,195	2,195	2,195	2,195	2,195	2,195	2,195
TOTAL EXPENDITURES	5,403	6,114	6,114	6,181	6,181	6,114	6,250	6,250
AGENCY PLAN ITEMS:		FUND						
MH TRANSITION SERVICES-COLA		GEN		67			136	
TOTAL AGENCY PLAN ITEMS				67			136	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	3,364	3,840	3,840	3,907	3,907	3,840	3,976	3,976
STATUTORY APPROPRIATIONS:								
GENERAL	2,039	2,274	2,274	2,274	2,274	2,274	2,274	2,274
TOTAL EXPENDITURES	5,403	6,114	6,114	6,181	6,181	6,114	6,250	6,250
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	2,697	2,380	2,380	2,380	2,380	2,380	2,380	2,380
TOTAL REVENUES COLLECTED	2,697	2,380	2,380	2,380	2,380	2,380	2,380	2,380

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: STATE OPERATED COMM SERV MI

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1
TEMP/SEAS/PART_TIME	.3	.3	.3	.3	.3	.3	.3	.3
OVERTIME	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
TOTAL FTE	63.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: State Operated Services
ACTIVITY: State Operated Community Services MI

ITEM TITLE: Mental Health Transition Services Cost-of-Living Adjustment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
SOCS MI	\$67	\$136	\$136	\$136
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$67,000 in F.Y. 1998 and \$136,000 in F.Y. 1999 to provide negotiated salary, benefit, and step increases for transitional mental-health services in the Moose Lake area.

RATIONALE:

The State Legislature mandated, with the closure of Moose Lake Regional Treatment Center (RTC), the transition of certain mental-health services into the community to serve persons with mental illness. Mental-health services include both inpatient and crisis/transitional services. State general fund appropriations fund the inpatient services while state mental-health grants fund the crisis services. This request is only related to the community mental-health services provided in the Duluth and Cambridge area.

PROGRAM OUTCOMES:

This proposal will maintain continuation of mental-health transition services in Moose Lake to maintain people in the community and reduce the need for RTC beds. Without funding, the mental-health system infrastructure put in place as the result of the Moose Lake closure will be decreased.

LONG-TERM IMPACT:

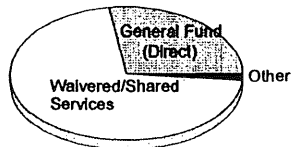
Maintain state-operated services for the mentally ill in Northern Minnesota.

1998-99 Biennial Budget

BUDGET ACTIVITY: State-Operated Community Services for Developmentally Disabled
PROGRAM: State Operated Services
AGENCY: Human Services, Department of

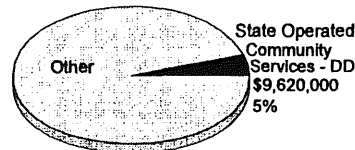
BUDGET SCOPE:

State Operated Community Services - DD
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$35,167,000

State Operated Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$207,685,000

ACTIVITY DESCRIPTION:

State-operated community services (SOCS) for the developmentally disabled (DD) include Intermediate Care Facilities for the Mentally Retarded (ICFs/MR), Waiver Services, and Community Support Services (CSS).

Intermediate Care Facilities for the Mentally Retarded

This activity supports the transition out of the Regional Treatment Centers (RTCs) into community based services for persons with DD. It consists of 15 6-bed community-based residences certified as ICFs/MR. Each program provides active treatment to 6 individuals who have been discharged from the RTCs. Services include assisting the individual's participation in activities of daily living, nursing care, and ancillary support services.

Waiver Services

This activity supports the transition out of the RTCs into community residences for persons with DD. At the end of the 1998-1999 biennium there will be approximately 72 residential sites and 20 day training and habilitation (DT&H) sites. The residential sites provide the necessary supports to enable individuals with DD to live in a community residence. Services include assisting the individual in activities of daily living, nursing care, and ancillary support services. The DT&H programs provide vocational support services which includes vocational evaluation, vocational training and supportive employment.

Community Support Services

In 1990 the RTC system began providing "pre-admission evaluation" services for persons with developmental disabilities who were at risk of RTC placement. These services evolved into state-operated Community Support Services (CSS) and expanded to include community-based transition services with the closure legislation from the Moose Lake and Faribault regional centers.

The 1995 Legislature created the Minnesota Extended Treatment Options (METO) program which will serve persons with DD who present a public-safety risk. The METO program will include secure bed capacity and statewide Community Support Services.

Counties and statewide CSS teams will collaborate on the design of services in each region of the state. Community capacity to include persons with DD will increase leading to a corresponding reduction in the use of RTC DD programs and inappropriate use of psychiatric hospitals. Ultimately most RTC beds in use will be those secure beds in the METO program used to protect public safety.

BUDGET ISSUES:

- Community Support Services are currently funded through RTC appropriations via preadmission evaluation, DD waiver, and ICF/MR 186 funds. These funding streams were not intended to fund these types of services, are cumbersome and not responsive to delivery of person-centered, flexible, and innovative services. A direct appropriation will provide the flexibility needed to provide appropriate community support services.
- Negotiated cost-of-living increases for state employees exceed rate increases available through waiver services funding. Authority to fund cost-of-living adjustments exists, but the rider language expires 6-30-97.

REVENUE:

ICFs/MR and a small portion of CSS are funded with direct appropriations. Revenue is collected by the reimbursement division and deposited to the general fund. Information regarding reimbursement division collections for the ICF/MR sites and CSS is included on the financial operations budget page.

Waivered services and the majority of CSS are revenue-based programs. Revenues are collected and deposited into the appropriate accounts.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: STATE OPERATED COMM SERV DD

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	24,325	29,719	27,885	29,091	29,091	27,885	30,345	30,345
OPERATING EXPENSES	4,850	7,996	6,950	6,950	6,950	6,950	6,950	6,950
CAPITAL OUTLAY	10							
SUBTOTAL STATE OPERATIONS	29,185	37,715	34,835	36,041	36,041	34,835	37,295	37,295
PAYMENTS TO INDIVIDUALS	214	330	330	330	330	330	330	330
OTHER EXPENSES	15	3	2	2	2	2	2	2
TOTAL EXPENDITURES	29,414	38,048	35,167	36,373	36,373	35,167	37,627	37,627
AGENCY PLAN ITEMS:		FUND						
SOCS - COLA ADJUSTMENT		GEN		1,206			2,460	
TOTAL AGENCY PLAN ITEMS				1,206			2,460	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	8,802	11,274	9,620	10,826	10,826	9,620	12,080	12,080
STATUTORY APPROPRIATIONS:								
GENERAL	20,378	26,173	24,954	24,954	24,954	24,954	24,954	24,954
SPECIAL REVENUE	234	601	593	593	593	593	593	593
TOTAL EXPENDITURES	29,414	38,048	35,167	36,373	36,373	35,167	37,627	37,627
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	21,281	26,463	25,202	25,202	25,202	25,204	25,204	25,204
SPECIAL REVENUE	390	525	525	525	525	525	525	525
TOTAL REVENUES COLLECTED	21,671	26,988	25,727	25,727	25,727	25,729	25,729	25,729

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: STATE OPERATED SERVICES
ACTIVITY: STATE OPERATED COMM SERV DD

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	657.4	655.7	655.7	655.7	655.7	655.7	655.7	655.7
TEMP/SEAS/PART_TIME	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
OVERTIME	22.5	22.4	22.4	22.4	22.4	22.4	22.4	22.4
	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
TOTAL FTE	695.8	694.0	694.0	694.0	694.0	694.0	694.0	694.0

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services
PROGRAM: State Operated Services
ACTIVITY: State Operated Community Services DD

ITEM TITLE: State Operated Community Services Cost-of-Living Adjustment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
SOCS-DD	\$1,206	\$2,460	\$2,460	\$2,460
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,206,000 in F.Y. 1998 and \$2,460,000 in F.Y. 1999 to provide negotiated salary, benefit, and step increases for staff providing state-operated community-based residential and day training and habilitation services for persons with developmental disabilities that are based on revenue funding.

RATIONALE:

The State Legislature mandated development of state-operated community-based residential and day training and habilitation services for persons with developmental disabilities. These services are operated on revenue funding. Negotiated salary increases for state employees exceed rate increases available through revenue funding. Authority to fund cost-of-living adjustments exists but the Rider expires 6-30-97.

PROGRAM OUTCOMES:

This proposal will maintain continuation of state-operated community-based residential and day training and habilitation services for persons with developmental disabilities and those mandated by the Legislature to be developed in the future. Failure to establish this supplement will create insolvency in the State Operated Community Services (SOCS) system. The SOCS system would reduce service capacity, presumably in its less profitable operations, in order to operate within available revenue.

LONG-TERM IMPACT:

Funding will help maintain a strong system of service to the developmentally disabled.

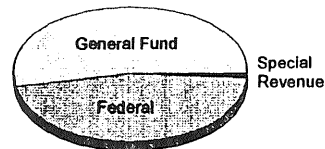
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1998-1999 BIENNIAL BUDGET

PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

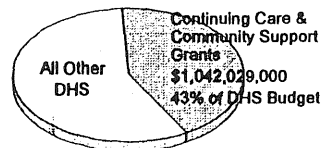
BUDGET SCOPE:

Continuing Care & Community Support Grants
 Total Program Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$2,141,627

Department of Human Services
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total Budget \$2,459,465,000

PROGRAM DESCRIPTION:

The department's health care budget is divided into Basic Health Care Grants and Continuing Care and Community Support Grants. Basic Health Care Grants focus on acute health care needs such as hospital services, and Continuing Care and Community Support Grants address on-going, chronic, or residential care needs and social services.

The overall objective of Continuing Care and Community Support Grants is to help elderly, vulnerable, and disabled Minnesotans to be safe, have access to care, and live independently when possible. Each of the specific grant areas provides services that support that objective. Some service areas address only one population group, while others serve multiple groups. A major funding source for both Basic Health Care and Continuing Care is Medical Assistance (MA).

PROGRAM STATUS:

This area's service grants are organized into the following categories:

- **Aging and Adult Services** — these represent some of the first interventions to keep elderly Minnesotans independent and living at home. These grants fund, among other things, Meals on Wheels and senior volunteer programs.
- **Alternative Care Grants** — these grants provide elderly individuals at risk of going on MA and into a nursing home with state funded assistance in purchasing selected services to remain living at home.
- **Medical Assistance Long-Term Care Waivers and Home Care** — these grants are targeted to serve elderly and disabled individuals who are eligible for MA. Home care is a standard set

of MA benefits that promote living at home; waivers are a category under MA that provide additional home care benefits and case management services. Waivered services offer more flexibility to tailor and mix services.

- **Consumer Support Grants** — these grants are a relatively new independent living strategy that gives money directly to consumers and their families to purchase services. These grants are available to individuals already on MA. They provide the state portion of MA funding, previously spent on care, directly to a client and their family to purchase services themselves.
- **Developmental Disabilities Community Support Grants** — these grants consist of Semi-Independent Living Services (SILS) and Family Support Grants. SILS services enable persons with mental retardation to live more independently. Family Support Grants help families, who would otherwise look to out-of-home placement for a mentally retarded child, pay for services and goods to maintain their child at home.
- **Group Residential Housing (GRH) funding** — GRH is between independent living and medically licensed residential care. GRH provides state supplements to the income of persons with an illness or incapacity who reside in settings licensed by DHS such as foster homes or by the Minnesota Department of Health such as board and lodge, board and care homes, and other supervised living facilities. These supplements primarily assist in paying for room and board. To receive GRH, an individual must live in a facility as part of a care plan approved by the county. GRH is different from other long-term care because the settings are not health care facilities certified to receive MA payments.
- **Medical Assistance Long-Term Care Facilities funding** — when independent or semi-independent living is no longer an option, this grant area provides residential/institutional care funding for elderly and disabled individuals. Nursing facilities, group homes called Intermediate Care Facilities for the Mentally Retarded (ICFs/MR), and Day Treatment and Habilitation services are funded through this grant activity.
- **Mental Health Grants** — a variety of mental health services are funded for children and adults through Mental Health Grants. The goal is to provide care so individuals can live independently. These grants are separate from MA, General Assistance Medical Care (GAMC), and MinnesotaCare payments for mental health services.
- **Deaf and Hard of Hearing Grants** — these grants assist deaf and hard of hearing individuals with interpreter services and adaptive equipment. Additionally, this activity promotes greater understanding of deaf and hard of hearing issues throughout other service areas.
- **Chemical Dependency Entitlement Grants** — these grants pay for chemical dependency treatment for individuals who are enrolled in MA/GAMC or meet MA/GAMC income limits.
- **Chemical Dependency Non-entitlement Grants** — these grants pay for chemical dependency treatment for individuals not eligible for MA or GAMC.
- **Community Services Block Grants** — these grants are provided to counties to supplement services to children, elderly, chemically dependent, disabled and mentally ill individuals.

1998-1999 BIENNIAL BUDGET

PROGRAM: Continuing Care and Community Support Grants (Continuation)

Grant monies are delivered to clients in a number of ways:

- Money is given to counties to purchase services for people or to create services to meet local needs.
- Money is paid directly from the state to service providers for services rendered.
- Money is given directly to individuals to buy the services they need. Services are also provided directly to clients.

A variety of trends and issues affect this service area:

- The number of elderly will continue to grow as baby boomers mature. This will likely create additional pressure on publicly funded programs.
- Spending for publicly funded long-term care is rising and is projected to out pace incoming state revenues, primarily related to growth in home and community-based care utilization and per person long-term care costs. Minnesota tends to institutionalize seniors — the most expensive type of service — at a greater rate than most other states. Minnesota ranks 6th in the nation for the number of nursing home beds per 1,000 seniors.
- The need to find ways to purchase services that satisfy clients while being affordable to taxpayers is critically important as health care consumes a growing proportion of the budget. Minnesota's health care marketplace continues to change with consolidation of health care providers and facilities into managed care networks. Publicly funded continuing care programs must take advantage of the quality, access, and cost containment benefits of a capitated, managed care approach. Various pilot efforts are underway to understand how better coordination of care, through various managed care strategies, can be used to meet the needs of elderly and disabled individuals. An important aspect of this is coordinating the acute and long-term care needs of individuals to assure continuity of care and to reduce incentives for unnecessary institutionalization.
- Complementing, rather than replacing, the assistance that families, churches, community groups, and friends provide to clients continues to be an important goal for this service area.

PLANNED RESULTS:

- Elderly and disabled individuals can purchase goods and services that support living in their own or in their family's home.
- When elderly and disabled individuals need help, they have options that meet their needs and are easy to access.
- Services are provided to the most vulnerable elderly and disabled citizens; referrals or other

community options are suggested to those who need help but do not qualify for public assistance.

- More consumer choice is built into services; consumer feedback is a meaningful part of the purchasing and service equation.
- Long-term care costs are slowed so that services are available for other seniors or disabled individuals in the future.

BUDGET SUMMARY:

A number of changes are proposed consistent with the state's overall direction toward integrated management of health care, continuing care and community support with emphasis on control of the growth in costs and increased flexibility of services to meet individual needs. These include:

- Phase II of the adult mental health pilot projects.
- Changes in chemical dependency grants to control costs and adjust the Chemical Dependency Consolidated Treatment Fund to reflect increased use of managed care.
- Changes in nursing facility funding to control the growth in long term care costs.
- Expansion of alternative care grants to provide alternatives to nursing facility placement.
- Development of demonstration projects to provide managed, integrated health care services for persons with disabilities.
- Reduction in the unnecessary and untimely placement of individuals in nursing homes through expansion of at-home care and decertification of nursing home beds.
- Enhanced coordination of acute and long-term care for the elderly by including one year of long-term care in Pre-paid Medical Assistance Plans (PMAPS).

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
COMMUNITY SERVICES BLOCK GRANT	100,820	95,945	92,883	92,883	92,883	92,883	92,883	92,883
CONSUMER SUPPORT GRANTS		1,232	1,757	1,757	1,757	1,757	1,757	1,757
AGING ADULT SERVICES GRANTS	20,290	25,238	25,043	25,043	25,043	25,046	25,046	25,046
DEAF & HARD OF HEARING GRANTS	502	650	1,119	1,119	1,119	1,119	1,119	1,119
MENTAL HEALTH GRANTS	47,855	53,366	51,843	52,543	52,543	51,843	53,871	53,871
DD COMMUNITY SUPPORT GRANTS	7,480	6,208	6,218	6,218	6,218	6,168	6,168	6,168
MA LTC WAIVERS & HOME CARE	417,575	489,432	489,222	532,906	515,421	489,222	607,480	578,745
MA LONG TERM CARE FACILITIES	1,219,176	1,282,061	1,282,061	1,264,294	1,222,024	1,282,061	1,290,359	1,228,535
ALTERNATIVE CARE GRANTS	37,965	45,669	45,729	51,432	48,787	45,729	57,465	53,608
GROUP RESIDENTIAL HOUSING	50,652	59,447	59,447	73,621	65,276	59,447	82,205	68,840
CD ENTITLEMENT GRANTS	58,967	76,204	65,655	59,139	59,139	66,185	61,241	61,241
CD NON-ENTITLEMENT GRANTS	19,726	21,347	20,650	20,650	20,650	20,650	20,650	20,650
TOTAL EXPENDITURES BY ACTIVITY	1,981,008	2,156,799	2,141,627	2,181,605	2,110,860	2,142,110	2,300,244	2,192,463
AGENCY PLAN ITEMS:		FUND						
ADULT MH PILOTS PHASE II		GEN		700			2,028	
RSDI AND MEDICARE PROJECT		GEN		<30>			<127>	
RSDI AND MEDICARE PROJECT		GEN		<444>			<1,869>	
ICF - MR INFLATION		GEN		1,431			3,962	
NF INFLATION & WAIVER LIMIT INCREASES		GEN		27			91	
NF INFLATION & WAIVER LIMIT INCREASES		GEN		12,186			28,167	
EXPANSION OF ALTERNATE CARE PROGRAM		GEN		5,799			11,826	
EXPANSION OF ALTERNATE CARE PROGRAM		GEN		<3,935>			<10,412>	
ELIMINATE DUPLICATE SERVICE FUNDING		GEN		<472>			<688>	
NF COST BASED & CONTRACT RATESETTING		GEN		<1,948>			<4,299>	
NF VOLUNTARY CLOSURE OR DECERTIFY		GEN					<260>	
NF VOLUNTARY CLOSURE OR DECERTIFY		GEN					60	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN					<2,236>	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN					<2,038>	
LIMIT RATE INCREASES UNDER CCDTF		GEN		<469>			<1,467>	
ADJUST MAINT. OF EFFORT FOR CD FUND		GEN		1,500			1,500	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		1,063			2,522	
FORECAST ADJUSTMENT		GEN		376			15,381	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,590			6,249	
PURCHASING MA/GAMC BY TRIBES		GEN		1,316			965	
RTC DD DOWNSIZING		GEN		<3,235>			<7,204>	

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
FORECAST ADJUSTMENT		GEN		12,498			21,300	
FORECAST ADJUSTMENT		GEN		<8,863>			<5,942>	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,592			4,015	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<96>			<90>	
FORECAST ADJUSTMENT		GEN		24,753			61,645	
FORECAST ADJUSTMENT		FED		16,314			52,251	
FORECAST ADJUSTMENT		FED		<23,675>			<17,196>	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				39,978			158,134	
=====	=====	=====	=====	=====	=====	=====	=====	=====
GOV'S INITIATIVES:		FUND						
=====	=====	=====	=====	=====	=====	=====	=====	=====
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			3,161			<436>
(B) ELIMINATE COUNTY SHARE		GEN			<11,506>			<12,929>
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			975			<231>
(B) ELIMINATE COUNTY SHARE		GEN			<3,620>			<3,626>
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			15,566			<2,489>
(B) ELIMINATE COUNTY SHARE		GEN			<57,836>			<59,335>
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			6,440			<1,157>
(B) ELIMINATE COUNTY SHARE		GEN			<23,925>			<27,578>
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL GOV'S INITIATIVES					<70,745>			<107,781>
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES BY FUND:								
=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:								
LOCAL GOVERNMENT TRUST	50,499							
GENERAL	820,818	997,100	1,042,029	1,083,219	1,109,361	1,041,982	1,152,365	1,148,052
STATUTORY APPROPRIATIONS:								
GENERAL	74,805	92,339	92,439	98,588	1,701	92,439	105,135	1,667
SPECIAL REVENUE	61,328	79,802	23,407	23,407	23,407	23,937	23,937	23,937
FEDERAL	973,541	987,534	983,744	976,383	976,383	983,744	1,018,799	1,018,799
GIFT	17	24	8	8	8	8	8	8
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,981,008	2,156,799	2,141,627	2,181,605	2,110,860	2,142,110	2,300,244	2,192,463

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS

			FY 1998			FY 1999		
		Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1996	FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	30.6	28.6	26.6	26.6	26.6	26.6	26.6	26.6
TEMP/SEAS/PART_TIME	.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
OVERTIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	32.1	30.6	28.6	28.6	28.6	28.6	28.6	28.6

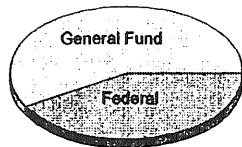
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1998-99 Biennial Budget

BUDGET ACTIVITY: Community Services Block Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

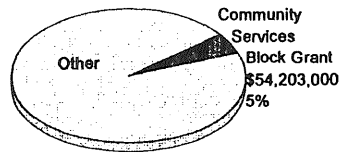
BUDGET SCOPE:

Community Services Block Grant
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$92,883,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Community Services grants are some of the most flexible funds for counties to use to support the elderly, vulnerable, and disabled to live independently and safely. Community services funds are used for social services which supplement other continuing care services to meet local needs. Community services funding is used by counties to: address out-of-home placement for children; prevent chemical dependency among youth; supplement mental health services for children and adults; supplement child care or encourage its development; provide additional supports for developmentally disabled individuals to live in the community; and provide different, less formal supports for the elderly.

There are 9 target groups for community services funding:

- Children in need of protection
- Pregnant adolescents
- Adolescent parents and their children
- Persons under the guardianship of the Commissioner of Human Services
- Adults who are vulnerable and in need of protection
- Those 60 or more years of age who need help living independently
- Emotionally disturbed adolescents and children/acutely mentally ill adults
- Mentally retarded/developmentally disabled individuals
- Chemically dependent and intoxicated persons

Counties use the biggest percentage of community services funds to augment child welfare services.

Community services funding includes state dollars and federal Title XX monies that are combined in a block grant to counties. Each county is required to levy an amount for social services at least equal to its allocation.

The following is a summary of services paid for through these grants:

■ Adoption Services

Component services and activities may include counseling the biological parent(s), recruitment of adoptive homes, and pre- and post-placement training and/or counseling.

Case Management Services

Case management services include individual service plan development; counseling; monitoring; developing, securing, and coordinating services; monitoring and evaluating client progress; and assuring that client's rights are protected.

■ Counseling Services

Counseling services include therapeutic help to resolve personal, family, situational, or occupational problems to improve individual or family functioning.

■ Family Planning Services

Family planning services are educational, comprehensive medical or social services or activities which enable individuals, including minors, to determine freely the number and spacing of their children and to select the means by which this may be achieved. These services include a broad range of acceptable and effective methods to limit or enhance fertility, including contraceptive methods (including natural family planning and abstinence); preconception counseling, education, and general reproductive health care, including diagnosis and treatment of infections which threaten reproductive capability. Family planning services do not include pregnancy care (including obstetric or prenatal care).

■ Foster Care Services for Adults and Children

Foster care services include arranging substitute care and alternate living situations suitable to the individual's needs. Individuals may need such services because of social, physical, or mental disabilities, or as a consequence of abuse or neglect. Activities include assessment of the individual's needs; case planning and case management to assure that the individual receives proper care in the placement; counseling to help with personal problems and adjusting to new situations; assistance in obtaining other necessary supportive services; determining, through periodic reviews, the continued appropriateness of and need for placement; and recruitment and licensing of foster care homes and facilities.

■ Protective Services for Adults and Children

Protective services are those services designed to prevent or remedy abuse, neglect, or exploitation of persons who are unable to protect their own interests. Examples of situations that may require protective services are injury due to maltreatment or family violence; lack of adequate food, clothing, or shelter; lack of essential medical treatment or rehabilitation service; and lack of necessary financial or other resources. Component activities include investigation; immediate intervention; emergency medical services; emergency shelter; developing case plans; initiation of legal action (if needed); counseling for the individual and family; assessment/evaluation of family circumstances; arranging alternative or improved living arrangements; preparing for foster placement, if needed; and case management and referral to service providers.

BUDGET ACTIVITY: Community Services Block Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of
 (Continuation)

■ Residential Treatment Services

Residential treatment services provide short-term residential care and comprehensive treatment and services for children or adults whose problems are so severe or are such that they cannot be cared for at home or in foster care and need services provided by specialized facilities. Component services may include diagnosis and psychological evaluation; alcohol and drug detoxification services; individual, family, and group therapy and counseling; remedial education and General Education Degree preparation; vocational or pre-vocational training; training in activities of daily living; supervised recreational and social activities; case management; transportation; and referral to and utilization of other services.

■ Special Services for Persons with Developmental, Emotional, or Physical Disabilities

Special services for persons with developmental or physical disabilities include personal and family counseling; respite care; family support; recreation; transportation; assistance with independent functioning in the community; and training in mobility, communication skills, the use of special aids and appliances, and self-sufficiency skills. Residential and medical services may be included only as an integral, but subordinate, part of the services.

■ Substance Abuse Services

Substance abuse services deter, reduce, or eliminate substance abuse or chemical dependency. Except for initial detoxification services, medical and residential services may be included but only as an integral but subordinate part of the services. Component substance abuse services may include a comprehensive range of personal and family counseling, methadone treatment for opiate abusers, or detoxification treatment for alcohol abusers. Services may be provided in alternative living arrangements such as institutional settings and community-based halfway houses.

■ Transportation Services

Transportation services are paid for in some circumstances so individuals can access services or obtain medical care or employment.

■ Public Guardianship - Child and Adult

Public guardianship services are provided to wards of the Commissioner of Human Services. They include assuring the emotional, health, vocational, and educational needs of these individuals and an 18-month review of the physical, mental, and social circumstances of each ward.

BUDGET ISSUES:

For the second year, there will be a 15% reduction in Minnesota's allotment for Title XX. The source of community social services funds has been transferred from the local government trust fund to the state general fund.

GRANTS FUNDS

Dollars in Thousands

	F.Y. 1996	F.Y. 1997	Comments
Red Lake Indian Band - State General Fund	\$ 496	\$ 496	
Community Social Services Loan Government Trust Fund (LGTF)	50,499		
CSSA Inflation State General Fund	514	\$52,439	Transferred from LGTF to General Fund and Inflation increase repealed.
CSSA SILS MA Waiver State General Fund			
Title XX County Grants Federal Block Grant	44,600	\$35,780	Title XX reduced 15% in last quarter of federal fiscal 1996 and 15% reduction in base allotment beginning in 1997. Reflects 15% reduction in base allotment.
Hennepin County Formerly GRH State General Fund	228	228	
GRH Henn. Co. Soc. Serv. Grants State General Fund	463	463	
Urban Enterprise Comm Grant Federal Title XX - Dedicated City of Mpls. City of St. Paul	2,947	0	Dept of Housing & Urban Develop Economic Development Grant DHS serves as the state pass through fiscal agent
Minor Parent Evaluation State General Fund	330	330	
Henn. County DT&H CSSA State General Fund		36	

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: COMMUNITY SERVICES BLOCK GRANT

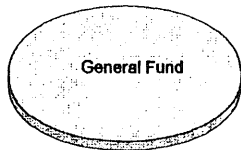
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	1,224	1,250	1,250	1,250	1,250	1,250	1,250	1,250
SUBTOTAL STATE OPERATIONS	1,224	1,250	1,250	1,250	1,250	1,250	1,250	1,250
LOCAL ASSISTANCE	99,596	94,695	91,633	91,633	91,633	91,633	91,633	91,633
TOTAL EXPENDITURES	100,820	95,945	92,883	92,883	92,883	92,883	92,883	92,883
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
LOCAL GOVERNMENT TRUST	50,499							
GENERAL	3,641	54,019	54,203	54,203	54,203	54,203	54,203	54,203
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2							
FEDERAL	46,678	41,926	38,680	38,680	38,680	38,680	38,680	38,680
TOTAL EXPENDITURES	100,820	95,945	92,883	92,883	92,883	92,883	92,883	92,883
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	1	3	3	3	3	3	3	3
FEDERAL	49,679	40,060	40,060	40,060	40,060	40,060	40,060	40,060
TOTAL REVENUES COLLECTED	49,680	40,063	40,063	40,063	40,063	40,063	40,063	40,063
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

1998-99 Biennial Budget

BUDGET ACTIVITY: Consumer Support Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

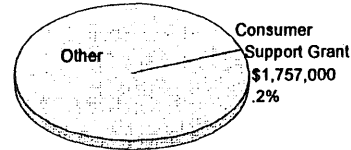
BUDGET SCOPE:

Consumer Support Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$1,757,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Consumer Support Grants (CSG) provide consumers who are at risk of out-of-home placement with more cost effective alternatives to traditional home- and community-based care programs. These grants enable consumers and families to directly purchase the support needed to maintain the person in the home while also giving the consumer more control, flexibility, and responsibility over the support they need. Consumers must already be receiving services from an existing program to qualify for CSG.

These grants serve consumers of any age with a functional limitation which puts them at risk of out-of-home placement. CGS is currently available to persons receiving services from the Alternative Care Program, Medical Assistance Home Care Services, Personal Care Attendant services and recipients of Developmental Disabilities Family Support Grants who reside in a county participating in CGS. Participation in the program is completely voluntary for both counties and consumers. The consumer may return to his/her original program at any time.

The first CSG will be issued in January 1997. Based on preliminary estimates, these grants will serve approximately 270 people in 9 counties during the first 12 months of operation.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

This activity is funded entirely with the state's share of the cost of service(s) the consumer was receiving through their original/previous program; e.g., alternative care.

GRANTS:

The department estimates that participation in the Consumer Support Grant Program will result in the transfer of state funds from the following sources:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Alternative Care	315,000	315,000	315,000	315,000
PCA Services	917,000	917,000	917,000	917,000
DD Family Support	<u>525,000</u>	<u>525,000</u>	<u>525,000</u>	<u>555,000</u>
TOTALS	1,757,000	1,757,000	1,757,000	1,757,000

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: CONSUMER SUPPORT GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
LOCAL ASSISTANCE		1,232	1,757	1,757	1,757	1,757	1,757	1,757
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES		1,232	1,757	1,757	1,757	1,757	1,757	1,757
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL		1,232	1,757	1,757	1,757	1,757	1,757	1,757
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES		1,232	1,757	1,757	1,757	1,757	1,757	1,757
FTE BY EMPLOYMENT TYPE:								

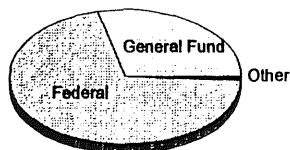
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

1998-99 Biennial Budget

BUDGET ACTIVITY: Aging and Adult Services Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

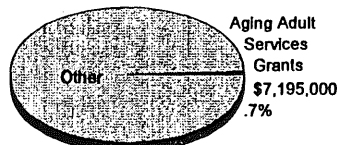
BUDGET SCOPE:

Aging Adult Services Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$25,043,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

The first approach to keep seniors independent is for them to stay engaged in community life and to use their patience, expertise and wisdom as a community resource, among children and among their peers. The grants and services in this area accomplish this goal in a number of ways.

- Nutritional services through congregate dining and home delivered meals are funded. Elderly Minnesotans receive food this way each week at sites throughout the state. Besides ensuring good nutrition for seniors, this activity promotes companionship and friendship.
- Seniors themselves are tapped to get other seniors to congregate dining or to drop off home delivered meals. This occurs through the Retired and Senior Volunteer Program (RSVP). Through RSVP, seniors also perform a variety of services including work at senior centers, family and children's agencies, schools, child care centers, hospitals, libraries and community centers.
- Low-income seniors are tapped as a resource to serve as foster grandparents for children with exceptional or special needs. Through the Foster Grandparents Program, seniors get a stipend and may work a maximum of 20 hours each week.
- Low-income seniors are selected as companions to other less active seniors, to befriend, help and assist in daily activities. Those receiving help may be living in their own homes or in residential settings. Senior companions also receive a stipend.
- Seniors who need a little extra help are served in their own homes through neighborhood living at home/block nurse programs (LAH/BN). Preventive care, blood pressure checks, nutritional guidelines, and breaks for family members providing care are among the services provided.

Funding for these grants comes primarily from the federal Older Americans Act, with some supplemental state funds for congregate dining and home delivered meals, and from the Corporation for National and Community Services funded volunteer programs. These grants are administered by the Minnesota Board on Aging (MBA) which in turn runs these grants with Area Agencies on Aging located in geographical centers around Minnesota.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

	Dollars in Thousands			
	FY 1996	FY 1997	FY 1998	FY 1999
Congregate Meals				
State General Fund	\$2,000	\$2,000	\$2,000	\$2,000
Other	6,000	6,000	6,000	6,000
Home Delivered Meals				
State General Fund	225	225	225	225
Other	2,000	2,000	2,000	2,000
Co. Maint. Meals				
State General fund	150	150	150	150
Foster Grandparents				
State General Fund	716	866	866	866
Senior Companion				
State General Fund	425	575	575	575
RSVP				
State General Fund	422	572	572	572
Congr. Housing Serv. Coord.				
State General Fund	60	60	60	60
Nutrition Support				
State General Fund	-0-	600	600	600

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: AGING ADULT SERVICES GRANTS

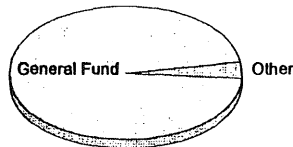
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	572	591	637	637	637	640	640	640
OPERATING EXPENSES	436	236	280	280	280	280	280	280
SUBTOTAL STATE OPERATIONS	1,008	827	917	917	917	920	920	920
LOCAL ASSISTANCE	19,282	24,411	24,126	24,126	24,126	24,126	24,126	24,126
TOTAL EXPENDITURES	20,290	25,238	25,043	25,043	25,043	25,046	25,046	25,046
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	6,035	7,443	7,195	7,195	7,195	7,198	7,198	7,198
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	220	233	233	233	233	233	233	233
FEDERAL	14,035	17,561	17,614	17,614	17,614	17,614	17,614	17,614
GIFT		1	1	1	1	1	1	1
TOTAL EXPENDITURES	20,290	25,238	25,043	25,043	25,043	25,046	25,046	25,046
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	250	233	233	233	233	233	233	233
FEDERAL	14,685	18,257	18,332	18,332	18,332	18,332	18,332	18,332
GIFT		1	1	1	1	1	1	1
TOTAL REVENUES COLLECTED	14,935	18,491	18,566	18,566	18,566	18,566	18,566	18,566
FTE BY EMPLOYMENT TYPE:								
REGULAR	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
TOTAL FTE	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0

1998-99 Biennial Budget

BUDGET ACTIVITY: Deaf and Hard of Hearing Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

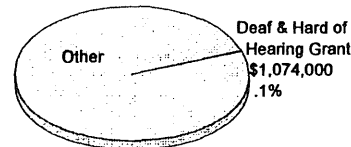
BUDGET SCOPE:

Deaf & Hard of Hearing Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$1,119,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Independence and community living are the key goals of this strategy to serve Minnesotans who are deaf and hard of hearing or have multiple disabilities including deafness. There are three primary functions in this service area: providing direct services/adaptive equipment and providing a "clearinghouse" function for interpreter services statewide; working with mental health providers on specialized mental health services for deaf and hard of hearing persons; and awarding grants to community providers to provide help to persons with deafblindness. This area serves 240,000 deaf and hard of hearing Minnesotans.

The department provides direct services/adaptive equipment and provides interpreter services and referrals from various regional offices. The 1980 Hearing Impaired Services Act (HISA) gives authority and funding responsibility to the Department for coordination of statewide interpreter referral (M.S. 256C.25). DHS also contracts with different types of vendors to achieve better assistance for deaf and hard of hearing individuals in other disciplines or services.

In greater Minnesota, where the pool of qualified providers is severely limited, funding is awarded to individuals as sole source vendors. In the metro area, funding is awarded through the request for proposal process to a community based organization to provide referral services. In the metro area, the Minnesota Foundation for Better Hearing and Speech (MFBHS) has been the recipient of this grant award since the mandate for interpreter referral was established.

Services include:

- Interpreter referral to match clients with proper interpreting expertise as requests are made.
- Technical assistance to teach both deaf and hard of hearing persons and agencies how to effectively use interpreters and to explain what is required under ADA.
- Interpreter evaluation: in the metro area, done by the Minnesota Foundation for Better Hearing and Speech; in greater Minnesota, done by staff in regional offices.

The Specialized Mental Health Services Grants are awarded to community based vendors to provide specialized mental health services to deaf and hard of hearing persons and their families, enabling one-on-one therapy without the aid of an interpreter. The mainstream mental health community is ill-equipped to provide comprehensive, preventative or crisis mental health services for the unique communication and cultural needs of persons who are deaf or hard of hearing. Specialized staff provide expertise in treating the cultural and communication issues unique to these populations.

Beginning in F.Y. 1998, \$573,000 will be transferred from the mental health division to Deaf and Hard of Hearing Grants to provide for a portion of these special services.

Services include:

- Assessment including diagnostic intake and psychological evaluation.
- Direct services providing psychological therapy in the person's preferred mode of communication.
- Technical assistance to other mental health providers statewide who may be unfamiliar with treating a deaf and hard of hearing person.
- Community support services to be provided granted which create both group home and in home support for deaf or hard of hearing clients with mental illness. Staff are fluent communicators and knowledgeable about persons with multiple diagnoses along with hearing loss.

Services to Persons with Deafblindness grants are awarded to community based providers serving persons with deafblindness. These grants are awarded to specialized community based providers statewide. The entire allocation goes to direct service providers and community agencies to provide specialized services to individuals and their families in gaining and maintaining self-sufficiency.

- Assessment of client through a skilled communicator to determine needs.
- Advocacy for clients if barriers prevent access to services.
- Independent living skills to allow deafblind clients to remain in their homes.
- Technical assistance to agencies who are unfamiliar with the needs of deafblind people.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

Deaf and Hard of Hearing Grants				
Dollars in Thousands				
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Interpreter Referral	\$201	\$201	\$201	\$201
Mental Health Services	100	200	673	673
Deafblindness Services	110	200	200	200
TOTAL	\$411	\$601	\$1,074	\$1,074

REVENUE:

This activity is funded with 100% state dollars.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: DEAF & HARD OF HEARING GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	91	49	45	45	45	45	45	45
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	91	49	45	45	45	45	45	45
LOCAL ASSISTANCE	411	601	1,074	1,074	1,074	1,074	1,074	1,074
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	502	650	1,119	1,119	1,119	1,119	1,119	1,119
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	487	601	1,074	1,074	1,074	1,074	1,074	1,074
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	1							
FEDERAL	11	40	40	40	40	40	40	40
GIFT	3	9	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	502	650	1,119	1,119	1,119	1,119	1,119	1,119
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	286	230	230	230	230	230	230	230
GIFT	10	2	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	296	232	235	235	235	235	235	235
FTE BY EMPLOYMENT TYPE:								

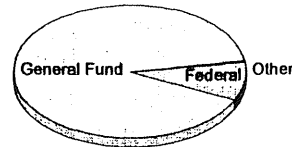
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

1998-99 Biennial Budget

BUDGET ACTIVITY: Mental Health Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

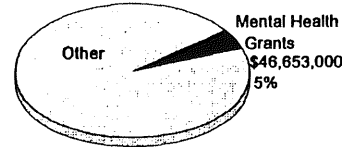
BUDGET SCOPE:

Mental Health Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$51,843,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

This area's purpose is to serve Minnesotans with mental illness - to spur development of non-institutional treatment options, to pay for mental health services for children and adults when they cannot afford to pay, and to set overall policy related to mental health services received by enrollees in publicly funded programs. It supports the overall objective of promoting assistance for people to live independently, when possible, and when not, to live in treatment settings that are clean, safe, caring, and effective.

Note: Children and adults receive publicly subsidized mental health services through multiple state and federal funding sources including: Medical Assistance (MA), MinnesotaCare, Community Social Services Act (CSSA), and Mental Health Grants. While this grant area (and the mental health portion of Continuing Care and Community Support Management) sets policy direction for all these funding streams, this area has responsibility for only the specific services referenced here which are funded by state and federal categorical grants.

While mental health policy is guided by multiple department core values, one is especially worth noting--that the agency is about safety nets and ladders up. People do recover from mental illness. Department policies believe in the recovery concept, recognizing that effective services focus on people's needs while supporting their existing strengths. Services must be structured so that people can get the ladder up they need without being forced to take more than necessary. Additionally, services must acknowledge that the best ladder up is a job and home in the community; service efforts are designed to support this ideal.

Using federally recognized statistical measures, approximately 32,000 adults and 130,000 children have some serious mental health need. However, because private insurance exists for some of these individuals and covers some, if not all, of their needs, 24,000 adults and 32,500 children in Minnesota are estimated to need publicly subsidized mental health services. These individuals are part of special target groups.

1. **Mental health services for children.** This grant area covers children who are diagnosed with serious emotional disturbance (SED). Children under this definition may have psychoses or clinical depression, or other conditions that seriously impact their ability to function.

A policy direction for children's mental health has been greater integration of services and collaborative efforts at the local level. A child with SED may have a therapist, a mental health case manager at the county, and a special education teacher. Making collaboration easy between these different professionals with different chains of authority has been a top priority. To serve these children, a number of grant strategies exist:

- **Children's Mental Health Collaborative/Integrated Fund.** This was formerly part of mental health grants but is now a part of the Children's Grant program.
- **Children's Community-Based Mental Health Services (Rule 78).** These funds assist counties in developing different family support services such as day treatment, foster care with therapeutic support, medication monitoring, independent living skills development, parenting skills development, and professional home-based family treatment. These funds are used for services which cannot be paid for by Medical Assistance. The grants are also necessary because many children with SED are not eligible for MA or for MinnesotaCare; they have private insurance, which does not pay for these services either.
- **Mental Health Screening and Treatment for children in detention or child protection.** This grant funds 16 projects serving 18 counties to improve family stability and reduce criminal behavior of children alleged or found to be delinquent or children reported or found to be in need of protection services. These pilots screen and refer to mental health assessments and then on to appropriate treatment.
- **Services for Adolescents with Serious Emotional Disturbance and Violent Behavior.** Grant awards for services for pre-adolescents and adolescents were started in 1996 to 10 counties and mental health collaboratives.
- **Mental Health Screening for Homeless Youth.** Grants were started in 1996 to 9 non-profits and 3 counties to screen homeless adolescents and make referrals to treatment.
- **TEFRA Alternatives.** In 1995, the legislature changed rules governing who would get access to Medical Assistance through the TEFRA eligibility mechanism. Many of the children who received services in the past but did not meet new level of care needs had mental health problems as their main diagnosis. To provide alternatives for those children, TEFRA Alternatives was created. Many families were using more medically oriented personal care attendants to provide respite care. This alternative strategy includes money to counties to develop more appropriate respite care for families.
- **Federal Mental Health Block Grant.** Federal law requires these funds to be used to carry out Minnesota's mental health plan. Federal law sets a base amount of funds that must be used for community mental health services for children. These funds cannot be used for in-patient hospital services or for acquisition of land or construction. Funds are available for a 2-year period. Minnesota, under state law, has opted to allocate its block grant monies so that at least 55% is provided for statewide demonstration projects for services to children and under-served populations. Beginning with calendar year 1994, federal block grant funds for children's mental health services were made available to counties on a formula allocation through combined application with Children's Rule 78 funds in the CSSA/Mental Health Plan.

1998-99 Biennial Budget

BUDGET ACTIVITY: Mental Health Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of
 (Continuation)

Of the 32,500 children estimated to need publicly subsidized mental health services, 25,500 are currently served by these grants.

2. Mental health services for adults. This grant area covers adults with serious and persistent mental illness (SPMI). This definition corresponds to a national definition of serious mental illness and does not include people with developmental disabilities or chemical dependency unless these conditions co-exist with mental illness.

Greater integration of services in the community and non-institutional settings is a key policy direction. Included in this area are a number of specific grants:

- **Adult Mental Health Initiative/Integrated Fund.** This activity seeks to integrate a variety of funding sources to serve adults by expanding services, improving access, and integrating the state facilities and human resources into the community mental health system.
- **Adult Residential Grants (Rule 12).** This grant primarily pays for residential facilities staff to provide care to people with mental illness. County Boards apply for Rule 12 funds on behalf of local residential facilities to assist in meeting program licensing standards.
- **Alternatives to Institutions for Mental Disease (IMD).** Residential facilities for the mentally ill with over 16 beds and nursing facilities specializing in care for the mentally ill were deemed Institutions for Mental Disease (IMD) by the federal government. This meant that residents of these institutions who are under the age of 65 were made ineligible for Medical Assistance (including doctor visits, dental care, and medications). This grant has assisted facilities in downsizing or developing more appropriate non-IMD alternatives for these individuals.
- **Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78).** These grants to counties provide client outreach; provide medication monitoring; assist people to develop independent living skills; develop employability skills; provide psychosocial rehabilitation; and support day treatment or case management for non-MA eligible persons. These funds are allocated by formula, primarily based on a county's population. This grant has proven effective in reducing the number of clients needing hospitalization and in increasing their employability. Twenty-one percent of clients receiving these types of services were hospitalized versus 52% prior to being in these programs.
- **Crisis Housing.** This grant provides financial help when an individual is hospitalized and needs helping paying for rent or housing. Eligible individuals need to be in inpatient care for up to 90 days and have no other help to pay housing costs. In the first 6 months of 1996, 57 people received crisis housing help.
- **Anoka and Moose Lake Regional Treatment Center Alternatives.** This grant helps increase the level of non-institutional mental health services in these 2 areas. In Anoka, this effort has sped up patient discharge because alternative services were brokered for clients. Readmission rates tend to be lower because they have a plan in place for most aspects of their needs. At Moose

Lake, these grants have helped build a community mental health infrastructure that reduces the needed length of stay in in-patient settings.

- **Compulsive Gambling Treatment and Education.** This service area was created in 1990 in response to concerns about the social consequences of large scale gambling expansion. Minnesota ranks third nationally in spending on gambling. Research conducted in 1990 found that 1.2% of Minnesota adults were classified as problem gamblers and 3.2% had increasing negative consequences because of their gambling. This area funds the following:
 1. a state-wide toll-free hotline providing information and referral services for problem gamblers;
 2. six outpatient gambling treatment programs;
 3. a fee-for-service pilot project that pays for treatment in the southeastern part of the state;
 4. training for mental health professionals, addiction counselors, and related professionals;
 5. public awareness, education, and prevention programs; and
 6. evaluation of treatment effectiveness.
- **Federal Mental Health Block grant services.** Of the federal block grant, Minnesota has allocated about 55% for children's services. By law, at least 25% is used for Indian mental health services, not more than 15% for planning and evaluation, and not more than 5% for statewide administration. DHS has kept its administrative costs below 4% to free up more money for services. Grants provided for Indian mental health services fund 9 projects on reservations and 3 in the metro area.
- **Projects for the Homeless (PATH).** Under the federal McKinney Act, monies are provided to counties to address mental illness among the homeless. Grants to counties are made in combination with Rule 78/Community Support Program funds. In 1995, PATH served 5,293 people.
- **Consumer and Family Networks.** This federal grant increases consumer and family involvement in implementing a solid, state-wide community mental health system.

BUDGET ISSUES:

The level of funding for mental health services in the community is far less than what is needed to fully implement Minnesota's Comprehensive Mental Health Act. Additional funding is needed to pay for services that are not reimbursable through MA, particularly to provide crisis, employability, and housing support services statewide. Rather than simply requesting more money for more services, the department's key initiatives relating to mental health - Integrated Services for Children's Mental Health, Adult Mental Health Pilots Phase II, and Demonstration Projects for Persons with Disabilities - focus on system redesign and more efficient use of existing funds.

Summary by Grant Category

State Mental Health Grants - Children

	F.Y. 1996	F.Y. 1997
1. Children's Community-based MH (Rule 78)	3,474	1,685
2. Screening & Treatment of Delinquents and CHIPS	962	318
3. Services for children with SED/ violent	100	3,900
4. MH services for homeless	372	725
5. TEFRA alternatives	693	572
SUB-TOTAL	\$5,601	\$7,200

1998-99 Biennial Budget

BUDGET ACTIVITY: Mental Health Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of
 (Continuation)

REVENUE:

This activity does not generate federal administrative reimbursement or other revenue. However, laws which provided for General Fund appropriations for the compulsive gambling program (see #8 above) also required the Minnesota Lottery to deposit funds into the General Fund to offset part of the costs of the compulsive gambling program.

State Mental Health Grants - Adults

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
1. Adult MH Integrated Fund:		
a. Implementation Grants	\$ 200	\$ 1,642
b. Integration of categorical grants	5,227	7,660
2. Adult residential (Rule 12) *	16,152	15,500
3. IMD Alternatives	847	712
4. Community support (Rule 78)	11,591	10,264
5. Crisis housing	50	137
6. Anoka/Moose Lake RTC Alternatives	2,897	3,363
7. Compulsive Gambling **	972	1,622
9. Other Special projects	252	54
SUB-TOTAL:	\$38,188	\$40,954

Federal Mental Health Grants

1. MH Block Grant	\$3,571	\$4,538
2. PATH Homeless	320	345
3. Consumers and Families	123	115
SUB-TOTAL:	\$4,014	\$4,998

Other Mental Health Grants

1. Conference Fees ***	\$ 16	\$ 152
2. MI - MMIS	22	50
3. Self-help Evaluation	14	4
4. Robert Wood Johnson Foundation	-0-	8
SUB-TOTAL:	\$ 52	\$ 214

TOTAL ALL MH GRANTS	\$ 47,855	\$ 53,366
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* Rule 12 grants include \$573,000 per year which is being transferred to Deaf and Hard of Hearing Grants as a base adjustment. These funds will continue to be used for services for persons with mental illness and hearing impairment.

** Compulsive Gambling includes \$840,000 of one-time funds in F. Y. 1997. This is not included in the base for future years.

*** "Conference fees" reflects expenditure of fees collected for statewide training conducted by the Mental Health Division. The fees offset the cost of the training.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: MENTAL HEALTH GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	591	559	560	560	560	560	560	560
OPERATING EXPENSES	816	1,065	1,041	1,041	1,041	1,041	1,041	1,041
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,407	1,624	1,601	1,601	1,601	1,601	1,601	1,601
LOCAL ASSISTANCE	46,448	51,742	50,242	50,942	50,942	50,242	52,270	52,270
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	47,855	53,366	51,843	52,543	52,543	51,843	53,871	53,871
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
ADULT MH PILOTS PHASE II		GEN		700			2,028	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				700			2,028	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	43,789	48,152	46,653	47,353	47,353	46,653	48,681	48,681
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	38	202	190	190	190	190	190	190
FEDERAL	4,014	4,998	4,998	4,998	4,998	4,998	4,998	4,998
GIFT	14	14	2	2	2	2	2	2
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	47,855	53,366	51,843	52,543	52,543	51,843	53,871	53,871
=====								
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	87							
SPECIAL REVENUE	8							
FEDERAL	3,941	4,998	4,998	4,998	4,998	4,998	4,998	4,998
GIFT	16	3	2	2	2	2	2	2
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	4,052	5,001	5,000	5,000	5,000	5,000	5,000	5,000
=====								

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: MENTAL HEALTH GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	11.2	8.6	8.6	8.6	8.6	8.6	8.6	8.6
TOTAL FTE	11.2	8.6	8.6	8.6	8.6	8.6	8.6	8.6

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Mental Health Grants

ITEM TITLE: Adult Mental Health Pilots Phase II

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Mental Health Grants	\$700	\$2,028	\$2,028	\$2,028
RTC Facilities	<u>860</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$1,560	\$2,028	\$2,028	\$2,028
Revenues: (\$000s)				
General Fund				
RTC Collections	(\$923)	(\$1,231)	(\$1,231)	(\$1,231)

Statutory Change? Yes X No

If yes, statutes(s) affected: Laws of 1995, Chapter 207, Article 8, Section 41

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,560,000 in F.Y. 1998 and \$2,028,000 in F.Y. 1999 to implement Phase II of the adult mental health pilot projects. These projects will provide new funding to implement adult mental health pilots in all areas of the state that are able to meet the legislative criteria.

RATIONALE:

The goals of the adult mental health pilot projects are to:

- encourage and support local multi-county system redesigns that result in building community-based capacity;
- improve the range and scope of mental health service options as close to an individual's home community as possible; and
- reduce the reliance on more restrictive and costly institutional care.

In the 1995 legislative session, Minnesota began this effort through Phase I of the adult mental health pilots. This request expands Phase I to include funding for all pilot areas.

Phase I of other pilot projects involved the creation of 2 single-county and 10 multi-county partnerships to develop, with all mandated stakeholders, an implementation plan to address the goals of the pilot legislation. Twelve county groups, representing 57 counties, initiated systems redesign

planning. Projects have identified concrete ways to integrate regional treatment center (RTC) based staff into newly designed community-based services, such as crisis and assertive community treatment teams, to reduce the need for facility-based care. Systems redesign also includes methods to reduce administrative barriers and to simplify regulatory oversight while ensuring quality outcomes. An extensive evaluation that includes consumer outcome measures to judge the efficacy and effectiveness of these new models is currently being designed with input from stakeholder groups.

The interest shown by counties at the local/regional level far exceeded the \$1.6 million in new funds provided by the 1995 Legislature. Additional funding is needed to capitalize on the momentum to change the delivery system that has developed at the local level and to fully implement all 12 projects as originally envisioned in the 1995 governor's recommendation.

Note: Within Medical Assistance (MA), Long Term Care Waivers and Home Care is another decision page titled "Demonstration Project for Persons with Disabilities." That initiative includes adults with mental illness but focusses on MA purchasing strategies for all MA disabled eligibles, while this initiative focuses on capacity building within the adult mental health service system.

PROGRAM OUTCOMES:

This proposal will provide additional resources, beginning with 1-1-98, to fund adult mental health pilots in all areas of the state that are able to meet the legislative criteria. The new funds will be used to expand/enhance community-based mental health services in order to both discharge long term RTC clients to their home community with intensive supports and prevent the need for extended hospitalizations for those individuals living in the community. Services include but are not limited to 24 hour assertive community treatment teams, consumer self help groups, mobile crisis teams, housing support and housing subsidies for adults with serious and persistent mental illness in the community.

LONG-TERM IMPACT:

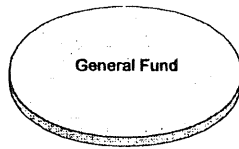
- Increased flexibility in providing services needed by consumers.
- Decreased disruption to lives of consumers and their families.
- DHS partnering with communities to develop state/county/private options to serve the mental health needs of consumers.
- Decreased use of RTC inpatient services and increased use of RTC staff in community-based settings.
- Clarification of the number of RTC beds needed in Minnesota.

1998-99 Biennial Budget

BUDGET ACTIVITY: Developmental Disabilities Community Support Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

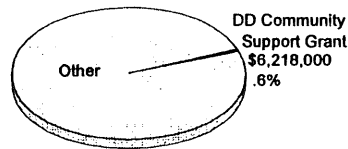
BUDGET SCOPE:

DD Community Support Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$6,218,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

This activity consists of 2 grants.

SILS Grants

The mission of Semi-Independent Living Services (SILS) grants is to "provide support for persons with mental retardation or related conditions to live as independently as possible in the community." One of the objectives of these service grants is to reduce unnecessary use of intermediate care facilities or home and community-based waived services for persons with mental retardation or related conditions.

This program provides funds to enable between 1,300 and 1,400 persons with mental retardation or related conditions to live more independently in their communities. SILS services include training and assistance in managing money, preparing meals, shopping, maintaining personal appearance and hygiene, and other activities which are needed to support and improve a person's ability to live in the community. SILS services are provided in community settings such as the client's own home, apartment, or rooming house. To be eligible for these grants, an individual must be: 1) age 18 or older; 2) unable to function independently without SILS services; and, 3) at risk of placement in an intermediate care facility for persons with mental retardation in the absence of less restrictive services.

All counties are eligible to receive reimbursement for the provision of SILS to eligible persons. Counties determine specific levels of funding and service arrangements per recipient. The state appropriation for SILS pays for 70% of total service costs, up to a specified limit per county, which is adjusted by current and historical usage. Counties use dollars from other sources to pay the balance.

Family Support Grants

Developmental Disability (DD) Family Support Grants were established under M.S. 252.32 to prevent or delay the out-of-home placement of children with mental retardation or a related condition and to support families in maintaining their child in the family home.

To enable families to purchase services and items above the ordinary care for their child's support in the home, family support grants provide up to \$3,000 per year to families with a child:

- under the age of 22;
- who has mental retardation or a related condition; and
- who has been determined to be at risk of institutionalization.

Counties assist families in the application process. The department awards grants to families based on approved applications submitted by counties. Each family's level of need is assessed and each eligible applicant is placed on a waiting list. The waiting list is not first come, first served. An applicant's status continually changes as new applications are received and grants are awarded to eligible applicants. Criteria for assessing a family's eligibility for a subsidy include: 1) the potential for placement of the child outside the home; 2) the likelihood that the child would be returned to his/her natural or adoptive home if subsidy funds were available; 3) the severity of the physical and mental disabilities of the child; 4) the amount of emotional stress of the family; and, 5) the availability of support to the caregiver(s). Grants are awarded as openings occur. Family Support Grant funds may only be used to purchase items and services for which there are no other public or private funds available to the family. Each service or item purchased with a Family Support Grant must: 1) be over and above the normal costs of caring for the child if the child did not have a disability; 2) be directly attributable to the child's disabling condition; and, 3) enable the family to delay or prevent the out-of-home placement of the child.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

Summary by Grant Category - State General Fund

	F.Y. 1996	F.Y. 1997
SILS Grants	\$ 5,846	\$ 4,609
Family Support Grants	1,634	\$ 1,599
Total	\$ 7,480	\$ 6,208

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: DD COMMUNITY SUPPORT GRANTS

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
LOCAL ASSISTANCE	7,480	6,208	6,218	6,218	6,218	6,168	6,168	6,168
TOTAL EXPENDITURES	7,480	6,208	6,218	6,218	6,218	6,168	6,168	6,168
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	7,480	6,208	6,218	6,218	6,218	6,168	6,168	6,168
TOTAL EXPENDITURES	7,480	6,208	6,218	6,218	6,218	6,168	6,168	6,168
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	58							
TOTAL REVENUES COLLECTED	58							
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

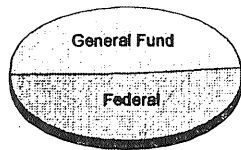
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1998-99 Biennial Budget

BUDGET ACTIVITY: MA LTC Waivers and Home Care
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

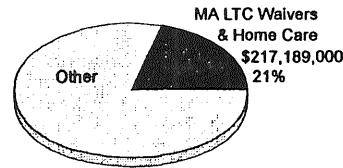
BUDGET SCOPE:

MA Long Term Care Waivers & Home Care
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$489,222,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

When persons who are elderly or disabled have limited financial resources or when they are impoverished due to a medical condition, Medical Assistance (MA) becomes an option to pay for needed care. This activity provides MA funded alternatives to institutional care.

An individual may receive MA services through a home care or "waiver" service plan. MA home care offers standardized services. Long-term care waivers allow the state to develop flexible and individualized service alternatives for elderly and disabled people who would otherwise be eligible for institutionalization. Home care provides medically oriented services such as nursing care. Long-term care waivers offer medical services as well as supportive services such as assistance with home making.

For Children and Adults any age:

- **For children and adults any age who have health care needs:** Home care provides an array of medical services including home health aides, personal care attendants, private duty nursing, and skilled nursing. Registered Nurses from the local county or private agency assist individuals in determining their home care needs, developing a plan of care, and coordinating services. Approximately 12,000 Minnesotans each year receive home care.

When a person needs more than medical support services, a waiver may be an alternative. Individuals apply for waivers at their county human services agency, which assists them to determine what programs they may be eligible for, helps to develop a plan of care, and provides care coordination.

- **For children and adults any age who have mental retardation or a related condition who require a 24 hour plan of care and need the kind of services provided in an Intermediate**

Care Facility for persons with Mental Retardation: The waiver for persons with Mental Retardation or Related Conditions (MR/RC) provides case management, care giver training and education, adult day care, day training and habilitation, supported employment, specialist services, supportive living services, housing access coordination, in-home family support, personal support, homemaker services, environmental modifications, assistive technologies, respite care, and 24 hour emergency assistance. The MR/RC Waiver serves approximately 6,000 Minnesotans.

For Children and Younger Adults:

- **For children and adults under the age of 65 who have chronic acute medical needs and need the cares like those provided in a hospital:** The Community Alternative Care (CAC) Waiver provides services such as case management, extended home health care, family counseling and training, foster care, homemaker, minor home modifications, nutrition services, respite care, supplies and equipment, and transportation to help individuals live outside of a hospital. The CAC Waiver serves approximately 200 Minnesotans each year - mostly children.
- **For children and adults under the age of 65 who need cares like those provided in a nursing facility:** The Community Alternative for Disabled Individuals (CADI) Waiver provides services such as case management, adult day care, assisted living, extended home health services, family counseling and training, foster care, home delivered meals, homemaker services, independent living skills training, minor home adaptations, respite care, and supplies and equipment to help people live outside of nursing facilities. Each year approximately 2,500 Minnesotans use the CADI program.
- **For children and adults under the age of 65 who have traumatic or acquired brain injuries who need care that only specialized nursing facilities or hospitals can provide:** The Traumatic Brain Injury Waiver (TBIW) Nursing Facility (NF) level offers services like those included in CADI plus behavioral services, structured day activities, and extended therapies including cognitive therapy and psychological services. The TBIW-NF Waiver serves 360 Minnesotans. For individuals with severe behavioral complications who need hospital level of services, the TBI Waiver Neurobehavioral (NB) level provides the same services as TBIW-NF; however, the amounts of services can be higher. The TBI-NB Waiver serves up to 75 Minnesotans.

For Older Persons:

For adults over the age of 65 who need the kind of cares provided in nursing facilities: The Elderly Waiver (EW) provides case management, caregiver training and support, adult day care, home health aides, companion services, home delivered meals, homemaker services, supplies and equipment, and respite care to help people remain in the community. Over 7,000 Minnesotans are served by EW.

BUDGET ISSUES:

- Demand for home care and waiver services has increased due to: a growing number of elderly who are or become eligible for assistance; a growing number of persons with disabilities who are eligible and in need of long term care services; consumer interest in remaining in the community living in as normal an environment as possible; and the state's commitment to supporting consumers in the community whenever possible.
- Waivers have spurred the growth of services in local communities leading to decreased reliance on institutional services.

1998-99 Biennial Budget

BUDGET ACTIVITY: MA LTC Waivers and Home Care
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of
(Continuation)

- Home care and waiver costs are increasing on two fronts: more people are using these services and the average cost per individual is increasing for some waivers.
- The average cost per person for community based services is less than the average cost for institutional services. While some individual rates may be higher in the community, the policy of supporting a community based approach has saved money overall when compared to the cost of having maintained a more institutional system for a growing case load.

Additional details regarding amounts expended for MA waivers and home care can be found in the current forecast for DHS medical programs.

REVENUE:

MA grants are funded with approximately 54% federal dollars and 46% state and local dollars.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: MA LTC WAIVERS & HOME CARE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	416,658	468,224	468,014	508,134	508,134	468,010	578,745	578,745
LOCAL ASSISTANCE	917	21,208	21,208	24,772	7,287	21,212	28,735	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	417,575	489,432	489,222	532,906	515,421	489,222	607,480	578,745
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
NF INFLATION & WAIVER LIMIT INCREASES		GEN		27			91	
NF VOLUNTARY CLOSURE OR DECERTIFY		GEN					60	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN					<2,038>	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,590			6,249	
FORECAST ADJUSTMENT		GEN		24,753			61,645	
FORECAST ADJUSTMENT		FED		16,314			52,251	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				43,684			118,258	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			6,440			<1,157>
(B) ELIMINATE COUNTY SHARE		GEN			<23,925>			<27,578>
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					<17,485>			<28,735>
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	174,031	217,399	217,189	241,969	248,409	217,189	276,947	275,790
STATUTORY APPROPRIATIONS:								
GENERAL	15,652	21,540	21,540	24,130	205	21,540	27,789	211
FEDERAL	227,892	250,493	250,493	266,807	266,807	250,493	302,744	302,744
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	417,575	489,432	489,222	532,906	515,421	489,222	607,480	578,745

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care

ITEM TITLE: Medical Assistance Long-Term Care Waivers and Home Care Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Medical Assistance				
Long-term Care Waivers and Homecare	\$24,753	\$61,645	\$99,815	\$140,123
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$24,753,000 in F.Y. 1998 and \$61,645,000 in F.Y. 1999 to fully fund the forecasted Medical Assistance (MA) expenditures for long-term care waivers and home care.

RATIONALE:

An unusually large change (a reduction of 1.46 percentage points) in the rate of federal funding for Minnesota's MA program adds \$5 million to F.Y. 1998 costs and \$9 million per year to costs for the later years.

Apart from this effect, about 2/3 of the increases in requested funding for this activity is for waiver services for the developmentally disabled (DD) waivers, about 15% is for the Traumatic Brain Injury (TBI) waiver, and about 14% (after F.Y. 1998) is for personal care services.

Increasing costs for the DD waivers are driven about 1/3 by growth in the number of recipients and about 2/3 by growth in the average cost of waiver services including the cost of new placements of people with more intense needs.

TBI waiver costs are driven about 2/3 by increases in the number of recipients and 1/3 by growth in the average cost of services.

Increased costs for personal care result from projected increases in the number of recipients.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Continuing Care and Community Support Grants
 ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care

ITEM TITLE: Demonstration Projects for Persons with Disabilities

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA Basic Health Care				
Grants-Elderly and Disabled	\$773	\$18,317	\$(7,781)	\$(9,654)
MA LTC Waivers and Home Care	-0-	(2,038)	(4,895)	(6,157)
MA LTC Facilities	-0-	(2,236)	(4,694)	(5,836)
Cont. Care & Com Support				
Mgmt.	1,225	455	305	305
Health Care Operations	<u>325</u>	<u>- 0-</u>	<u>- 0-</u>	<u>0-</u>
TOTAL	\$2,323	\$14,498	\$(17,065)	\$(21,342)
Revenues: (\$000s)				
General Fund	\$575	\$195	\$120	\$120

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256B

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$2,323,000 in F.Y. 1998 and \$14,498,000 in F.Y. 1999, and expects savings of \$17,065,000 in F.Y. 2000 and \$21,342,000 in F.Y. 2001 as the result of implementation of comprehensive managed care demonstration projects for persons with disabilities. These projects will test the effectiveness of a managed care approach to control the growth of health care costs for this population while providing services that are more flexible and more appropriate to client needs. This request assumes a cash flow cost in F.Y. 1998 and F.Y. 1999 as a result of a partial switch to pre-payment and a savings of 5% on service dollars in the first 2 years of each project (in comparison to forecasted costs per person). Rates will be adjusted based on forecasted growth in costs per person in the first 2 years (estimated at 2% per year) with no adjustment in subsequent years.

RATIONALE:

Medical Assistance payments for services to persons with disabilities have been one of the fastest growing parts of the department's budget, and now totals over a billion dollars per year. These payments have been made under a fee-for-service system which has encouraged increased utilization of a variety of state-specified services, without any significant incentives to control costs, to coordinate services, or to tailor services to meet individual needs. People who are MA-eligible,

based on a disability, have been exempt from enrollment in pre-paid managed care, partly because traditional HMOs and other existing managed care structures are very limited in their ability to address the needs of persons with disabilities and partly because there have been no financial incentives for persons with disabilities to be served in managed care systems.

Under current statutory mandates, counties use local and state funds to provide a large variety of non-MA reimbursed services for persons with disabilities. Often, health care for persons with disabilities is not effective unless the individual's non-health care needs are also met in a coordinated approach. An extreme but simple example is the person with clinical depression who loses job and home because of the illness, spends two weeks in a hospital for the depression, but then is discharged without the necessary supports to survive in the community and thus returns to the hospital in a short period. Health and non-health care services are both essential for this person, and they must be provided in a coordinated manner that supports the person's ability to function in the community.

These demonstration projects will address the complexity of providing care for persons with disabilities by testing a number of different, locally designed approaches. The projects will develop public/private partnerships that utilize the expertise and resources of the various systems now serving persons with disabilities. All of the projects will incorporate the following major policy changes:

1. **Integration of Demonstration Projects for Persons With Disabilities.** This proposal integrates diverse pilot projects and initiatives under one demonstration project, which encompasses the current developmental disabilities pilot project sites, which are Olmsted County and the multi-county group including Blue Earth, Rice, Freeborn and LeSueur; Itasca County; the Northeast Joint Powers group, which includes St. Louis, Lake, Cook, Carlton and Koochiching; and will include one site in the metropolitan area. The project will provide for locally designed models to serve persons with physical, mental, or developmental disabilities who are eligible for medical assistance. The demonstration will permit the phase-in of various disability groups. Models will include acute and continuing care services and supports and will coordinate or integrate other state and local funding sources at the option of the local agency. In addition, DHS may seek federal waivers to integrate Medicare and Medicaid funding and services. Funds for county start-up costs are requested, as counties have invested significant development costs and they will not be able to complete project design and implementation without some state financial support. Currently, state funds are provided to cover a portion of county administrative expenses for PMAP.

At least one of the sites will integrate an adult mental health pilot project with a demonstration project for persons with disabilities. The mental health pilots focus on a narrower population and have more emphasis on building community-based service capacity and broader integration of the overall mental health system, particularly inclusion of state-operated services. Since state-operated mental health services are not usually reimbursed by MA, they are not expected to be a major part of most demonstration projects for persons with disabilities.

2. **Testing of Alternative Case Management Systems.** This project will create innovative, consumer-responsive delivery systems for persons with disabilities as alternatives to the current highly prescribed case management systems which apply to various persons. These alternative case management systems will provide flexibility for innovation at the service delivery level, while maintaining strong consumer protections.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Medical Assistance Long-Term Care Waivers and Home Care

ITEM TITLE: Demonstration Projects for Persons with Disabilities
(Continuation)

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3. **Testing of Alternative Guardianship Services.** The demonstration models provide for counties to be Managed Care Organizations (MCOs) for long term support services. Counties will assume financial risk for a package of services. New county roles as at-risk MCOs present potential conflicts with their current roles as public guardians for vulnerable consumers. An independent guardianship role will need to be established for those persons under public guardianship in the project. Funds requested would support a half-time position, systems maintenance, printing and evaluation (\$75,000 in F.Y. 1998 and \$65,000 in F.Y. 1999.) Current state funds are insufficient to support this function.
4. **Maximization of Medicare Revenues.** MCOs participating in the demonstration will be required to maximize the use of Medicare as a funding source. The discount on the capitation rates assumes increased use of Medicare revenues, which has historically been low in Minnesota. (NOTE: This may be a problem, as HCFA sets Medicare capitation using a state's prior history. If we succeed in getting a Medicare cap from HCFA., it will be based on the adjusted average per capita cost (ADJUSTED AVERAGE PER CAPITA COST (AAPCC)), which will reflect our past history of failure to maximize Medicare revenues. The result might be an underpayment of managed care organizations.)

For the first 2 years of each project, the capitation will be based on 95% of the per person costs that would otherwise have been paid under Medical Assistance fee-for-service. Therefore, for 2 years, the capitation will grow at the same rate as the current forecasted budget for this population (about 2% per year). This growth is essential while these projects are in their start-up phase. After 2 years, the projects should be able to become more effective and provide appropriate services without any additional growth in costs per person.

Cash flow costs for this proposal assume that only the portion of costs related to basic ("acute") health care will be pre-paid (43% of total costs). The rest of the capitation will be paid on the same timelines as currently apply to fee-for-service.

Administrative costs include: actuary contract, \$135,000 for F.Y. 1998 and \$90,000 per year thereafter; consumer enrollment, \$200,000 per year; development of assessment tool, \$75,000, F.Y. 1998 only; guardianship services (see item 3 above); consumer focus groups \$30,000 F.Y. 1998 only; consultant contract, technical assistance to MCOs, \$110,000 for F.Y. 1998; 2 FTEs for clerical and quality management functions, \$100,000 per fiscal year; MMIS systems development at \$325,000 (state share only of 75% FFP); and \$500,000 for county start-up costs, including project staff, systems development and consultant services.

PROGRAM OUTCOMES:

This project will test the effectiveness of various delivery models to serve the needs of persons with disabilities. The following changes in the system will be measured and evaluated: county delivery

models with financial risk; new partnerships between counties and health care delivery networks; consumer self-determination models; risk-adjusted capitation payments; integration of acute and long term care services; integration of Medicare and Medicaid funding and services; new guardianship models; innovative care management systems; and innovative performance measures encompassing both clinical and quality of life indicators. The demonstration project will include a formal, comprehensive evaluation, focusing on costs, quality, access, societal impacts, and consumer and family satisfaction.

LONG-TERM IMPACT:

This initiative will tie together locally-led efforts to develop demonstration projects. DHS will work in partnership with counties to design the models and service delivery networks. We will also work closely with health plans and other care delivery networks, as well as providers and consumers. Models will provide the flexibility and incentive to maintain and create supports for persons with disabilities through family and community connections. In order to implement a demonstration project which provides for maximum flexibility in care management and service delivery to cost effectively meet the needs of consumers, waivers of applicable laws and regulations will be needed.

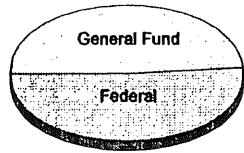
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1998-99 Biennial Budget

BUDGET ACTIVITY: MA Long Term Care Facilities
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

BUDGET SCOPE:

MA Long Term Care Facilities
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$1,282,061,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

When the time comes, nursing home care can be the safest and most appropriate living situation for the elderly. Nursing home care, though, is costly. And for seniors with modest incomes, paying for care can exhaust life savings. The state and federal government have made a commitment to pay for nursing home care, through Medical Assistance (MA), when an individual has no other options. The purpose of this area of Continuing Care and Community Support Grants is to buy quality nursing home care for seniors who cannot afford it, yet also, at a price that the public, through its tax dollars, can afford. MA is the only publicly funded program where state revenues pay for nursing home care. MinnesotaCare and General Assistance Medical Care (GAMC) do not.

In addition to nursing home care, this activity funds facility-based residential care and day training and habilitation for persons with mental retardation or related conditions who need 24-hour care and supervision.

There are more than 1,000 long term care (LTC) facilities whose payment rates are established annually by the Department of Human Services. Types of facilities include approximately:

- 441 certified nursing facilities (NFs) and boarding care homes;
- 324 intermediate care facilities for the mentally retarded (ICFs/MR); and
- 236 day training and habilitation (DT&H) vendors.

In 1996, MA certified NFs and boarding care homes provided services to more than 30,000 persons per month receiving MA at a monthly average payment of \$2,495 per person. ICFs/MR served more than 3,600 persons per month receiving MA at a monthly average payment of \$4,057 per person. DT&Hs served approximately 3,100 persons per month receiving MA at a monthly average payment of \$1,174 per person.

BUDGET ISSUES:

- According to Minnesota Planning, by 2020, the median age of Minnesotans will reach 40 and nearly a quarter of the population will be over 65. As the population grows older, so will the need for subsidized long-term care. It is crucial that state policy makers develop and commit to a long term strategy that addresses the health and social service needs of the elderly and disabled in a manner that includes nursing facilities for those with the greatest needs and that enhances alternative care and informal supports such as family and community for others.
- Minnesota has the 6th highest rate in the nation for institutionalizing the elderly. Institutionalizing is one of the most expensive options, particularly if an individual could live independently and safely if lower-cost alternative care was available and affordable.

By and large, when given a choice, elderly Minnesotans would rather live in their own homes for as long as possible rather than move to an institution.

- A number of steps have been taken over the years to divert seniors from nursing homes when they do not need that level of care. A moratorium was placed on building more nursing home beds. Alternative care has been developed and funded.

DHS is working with providers, consumers, and Medicare in a project to integrate Medicare and MA funding within a managed care framework. This will help reduce the cost-shifting between these programs which can result in clients being moved to different settings to maximize revenues.

Additionally, DHS has been working with the nursing home industry to try different ways of payment to increase the flexibility homes have in serving clients.

Last year, DHS and the nursing home industry began an important project that involves contracting with nursing homes to set their payment rates. This contracting is less prescriptive and its intent is to become more outcome focused through development of outcome measures and incentive payments. As of 1-1-97, 112 NFs have signed contracts under the Contractual Alternative Demonstration project. Also passed last year was legislation that makes high functioning class A individuals ineligible for NF placement. These individuals will be eligible for special service allowance grants, instead.

- This year's legislative package includes several initiatives that promote this long-term care strategy. This includes:
- A proposal to reduce the statewide NF institutional capacity and increase community capacity. This will be accomplished through selection of nursing facilities for voluntary closure or decertification.
- The redesign of the prepaid MA program to include 1 year of nursing facility benefit.
- Adjustments to NF cost-based and contract rate setting.
- Rate adjustments to support the continued operation of NFs and intermediate care facilities for persons with mental retardation (ICFs/MR).

The F.Y. 1998 forecast and the affects of changes proposed in this biennial budget will result in approximately \$450 million dollars of state payments for nursing facility costs.

REVENUE:

MA grants are funded with approximately 54% federal dollars and 46% state and local dollars.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: MA LONG TERM CARE FACILITIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	1,216,508	1,225,539	1,225,539	1,204,411	1,204,411	1,225,533	1,228,535	1,228,535
LOCAL ASSISTANCE	2,668	56,522	56,522	59,883	17,613	56,528	61,824	
TOTAL EXPENDITURES	1,219,176	1,282,061	1,282,061	1,264,294	1,222,024	1,282,061	1,290,359	1,228,535
AGENCY PLAN ITEMS:		FUND						
RSDI AND MEDICARE PROJECT		GEN		<30>			<127>	
ICF - MR INFLATION		GEN		1,431			3,962	
NF INFLATION & WAIVER LIMIT INCREASES		GEN		12,186			28,167	
EXPANSION OF ALTERNATE CARE PROGRAM		GEN		<3,935>			<10,412>	
NF COST BASED & CONTRACT RATESETTING		GEN		<1,948>			<4,299>	
NF VOLUNTARY CLOSURE OR DECERTIFY		GEN					<260>	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		1,063			2,522	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN					<2,236>	
RTC DD DOWNSIZING		GEN		<3,235>			<7,204>	
FORECAST ADJUSTMENT		GEN		376			15,381	
FORECAST ADJUSTMENT		FED		<23,675>			<17,196>	
TOTAL AGENCY PLAN ITEMS				<17,767>			8,298	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			15,566			<2,489>
(B) ELIMINATE COUNTY SHARE		GEN			<57,836>			<59,335>
TOTAL GOV'S INITIATIVES					<42,270>			<61,824>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	506,273	568,095	568,095	572,940	588,506	568,095	591,067	588,578
STATUTORY APPROPRIATIONS:								
GENERAL	47,459	57,269	57,269	58,332	496	57,269	59,791	456
FEDERAL	665,444	656,697	656,697	633,022	633,022	656,697	639,501	639,501

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: MA LONG TERM CARE FACILITIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,219,176	1,282,061	1,282,061	1,264,294	1,222,024	1,282,061	1,290,359	1,228,535
FTE BY EMPLOYMENT TYPE:								
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Medical Assistance Long-Term Care Facilities

ITEM TITLE: Medical Assistance Long-Term Care Facilities Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Medical Assistance				
Long-term Care Facilities	\$376	\$15,381	\$28,767	\$37,410
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes _____ No <u>X</u>				
If yes, statutes(s) affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$376,000 in F.Y. 1998 and \$15,381,000 in F.Y. 1999 to fully fund the forecasted Medical Assistance expenditures for long-term care facilities.

RATIONALE:

An unusually large change (a reduction of 1.46 percentage points) in the rate of federal funding for Minnesota's MA program adds \$13 million to F.Y. 1998 costs and \$18 million per year to costs for the later years. If not for this federal change, this request would show reductions for F.Y. 1998 and F.Y. 1999 because nursing facility caseload is lower than the projection on which the F.Y. 1997 appropriation was based.

The steady increment in funding in this request results from forecasted increases in the nursing facility caseload. Forecasted caseload increases are approximately 2% per year. The current law provides no inflation increases for nursing facilities, so no increases are included in the forecast.

Forecasted cost increases for nursing facilities are offset about 10% by small decreases for Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) and Day Training and Habilitation services. These decreases result from small case load reductions in community ICFs/MR facilities.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Medical Assistance Long-Term Care Facilities

ITEM TITLE: Intermediate Care Facilities for the Mentally Retarded Rate Adjustment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
Medical Assistance				
Long-Term Care				
Facilities	\$1,431	\$3,962	\$4,840	\$4,744
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes ____ No X

If yes, statute affected: rider

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,431,000 in F.Y. 1998 and \$3,962,000 in F.Y. 1999 to increase payment rates each year of the biennium for all Intermediate Care Facilities for the Mentally Retarded (ICFs/MR).

RATIONALE:

This proposal grants increases to the allowable operating costs of each ICFs/MR, using the factor specified in law under current fee-for-service payment mechanisms.

PROGRAM OUTCOMES:

ICFs/MR will receive additional funding to continue providing services to Minnesotans with developmental disabilities in need of an ICF/MR level of care.

LONG-TERM OUTCOMES:

Rate adjustments will support continued operation of ICF/MR services which Minnesota purchases through a fee-for-service mechanism.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Medical Assistance Long-Term Care Facilities

ITEM TITLE: Nursing Facility Rate Adjustments and Waiver Limit Increases

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
MA, Long Term Care Facilities	\$12,186	\$28,167	\$30,667	\$31,290
MA LTC Waivers and Home Care	<u>27</u>	<u>91</u>	<u>126</u>	<u>154</u>
TOTAL	\$12,213	\$28,258	\$30,793	\$31,444
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statute affected: rider

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$12,213,000 in F.Y. 1998 and \$28,258,000 in F.Y. 1999 to provide fee-for-service rate increases to nursing facilities (NFs).

Because certain waived service program limits are indexed to NF rates, this page also shows the affect of granting rate increases to NFs on the following waivers and programs: Elderly Waiver, Community Alternatives for Disabled Individuals Waiver (CAD), and Traumatic Brain Injury Waiver for people at risk of NF placement.

RATIONALE:

In F.Y. 1998, the state is projected to spend \$441 million (non-federal share) for NF services. This proposal grants increases to each NF's allowable operating costs, using the inflation factor specified in law.

The increases to the above waived services and programs occur because their limits (or caps) are based on the average NF rate. When NF rates increase, the waiver limits automatically increase. Although there is not an automatic increase in all service rates, as new recipients enter the waiver, a proportion will have care plans developed with service costs exceeding the prior limit.

PROGRAM OUTCOMES:

By providing rate increases, NFs will receive funding to continue providing services to elderly Minnesotans in need of NF care.

LONG-TERM OUTCOMES:

Rate adjustments will support operations of NFs.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Continuing Care and Community Support Grants
 ACTIVITY: MA Long Term Care Facilities

ITEM TITLE: Nursing Facility Cost-based and Contract Ratesetting Changes

	1998-99 Biennium		200-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (000s):				
General Fund				
MA Long Term Care Facilities:	\$(1,948)	\$(4,299)	\$(4,589)	\$(4,639)
Continuing Care and Community Support Management	275	175	75	75
TOTAL	\$(1,673)	\$(4,124)	\$(4,514)	\$(4,564)
Revenues: (\$000s):				
General Fund	\$138	\$88	\$38	\$38

Requires Statutory Change? Yes X No
 If yes, statute affected: 256B.431 and 256B.434

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$1,673,000 in F.Y. 1998 and \$4,124,000 in F.Y. 1999 for changes to nursing facility (NF) cost-based and contract payment rates and to develop and implement outcome measurements that will improve services to clients, improve satisfaction among clients, simplify administrative and regulatory oversight, and reduce the growth of health care increases into the future.

RATIONALE:

In F.Y. 1998, the state is projected to spend approximately \$440 million (non-federal share) for NF services. This proposal adjusts NF expenditures by modifying the cost-based rate setting method (Rule 50) and reducing contract facility rates. This results in a reduction in state spending of approximately \$2 million in F.Y. 1998; a decrease of less than 1/2 percent. The Governor's budget also includes approximately \$12 million to grant increase inflation increases. Therefore, even with this rate adjustment, NFs will receive inflation increases resulting in an overall rate increase of \$10 million.

Across cost-based facilities, there continues to be a substantial range in NF rates across the state. To reduce this range and promote greater equity, it is reasonable to adjust payments to the higher cost facilities within similar groups. Therefore, proposed reductions for F.Y. 1998 focus on the highest cost facilities (which are in the best position to absorb additional limits) and contract facilities (which are not subject to the cost-based limits scheduled to take effect in 1997).

■ For cost-based facilities, NFs with rates between the median plus .3 and 1.0 standard deviations above the median of their group would have a 3% high cost reduction. NFs with an operating rate above the median plus 1.0 standard deviation for their group would have a 4% reduction. No rate would be reduced below their median plus .3 std deviation limit. This change will affect 76 (of 368) NFs.

■ The efficiency incentive calculation would be changed for hospital-attached facilities. The other operating limits applied to freestanding facilities would be used to calculate their efficiency incentive. This change will affect 63 (of 368) NFs.

Sixteen NFs would be affected by both the high cost limit and the efficiency incentive change. Therefore, a total of 123 NFs would be affected by the proposed rate adjustments.

■ NFs participating in the Contractual Alternative Payment Demonstration Project for Nursing Homes have rates that are not subject to the cost-based payment system. For these contract NFs, the base payment rate would be reduced by 2% effective 7-1-98. There are currently 73 facilities (out of 441) which have signed contracts under this project. Up to 40 more will be participating before the end of F.Y. 1997. Under existing law, they are scheduled to receive their existing rate, plus inflation at the CPI.

Contract NFs, on average, have substantially higher rates than cost-based NFs, even after accounting for differences in average case mix. For example, the average 7-1-96 case mix F rate for contract facilities is \$101.06, while the average case mix class F rate for cost-based facilities is \$92.42. Using these rates as an example, a 2% reduction to the contract NF rate would result in an average average class F rate of \$99.04; still substantially above cost-based facilities.

The proposal assumes cost-based facility reductions would become effective 7-1-97. Contract rate changes will be effective 7-1-98. (Because contracts are renewed April 1st of each year, contracts for the 7-1-97 rate year will be signed before the 1997 session is completed, which is too late to adjust their rate for the 1997 contract period.)

The affect to contract and cost-based facilities is shown below

	Dollars in Thousands			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Contract facilities	\$(0)	\$(2,019)	\$(2,267)	\$(2,301)
Cost-based	\$(1,948)	\$(2,280)	\$(2,322)	\$(2,338)
Total	\$(1,948)	\$(4,299)	\$(4,589)	\$(4,639)

This proposal includes \$75,000 per year to provide administrative funds to support external evaluation of the department's application of rate setting methodology and \$300,000 for the biennium to fund the development of outcome measures for contract facilities.

	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
External rate setting analysis/evaluation	\$75	\$75	\$75	\$75
Outcomes study	\$200	\$100	\$-0-	\$-0-

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA Long Term Care Facilities

ITEM TITLE: Nursing Facility Cost-based and Contract Ratesetting System Changes
(Continuation)

Outcome Measures for Contract Facilities: The Contractual Alternative Payment Demonstration Project for Nursing Homes statutes include the development of outcome based measures, data collection, and incentive payments for NFs participating in the contract project. Originally, funding for this project was to come from a fee of \$50 per NF bed per year. DHS sought approval for this from the U.S. Department of Health and Human Services (DHHS). DHHS would not approve this and instead approved a charge of \$1,000 per year per participating facility, which raises up to \$115,000 toward development. This sum, however, is not enough to fully fund development and implementation of the outcome-measures process. This proposal requests supplemental funding of \$200,000 in F.Y. 1998 and \$100,000 in F.Y. 1999 to move the outcomes project forward.

The funding will be used to pay for consultants to develop the outcome measures, set up data collection processes, and perform analysis and evaluation. The outcome measures developed will be used to provide incentive payments (in addition to the base contract rate) for NFs participating in the contract project who achieve certain outcomes.

Examples of possible outcomes may be: 1) decreased length of NF stays through increases in rehabilitation; 2) decreased pharmacy utilization; 3) incentives to improve case mix; and 4) reduced MA paid hospital (acute care) admissions.

PROGRAM OUTCOMES:

Applying reduction measures to both contract and cost-based facilities is a more equitable result than impacting only cost-based facilities.

Development of outcome measures and incentive payments will benefit residents, as outcomes can be selected that improve quality of life (i.e. reduced hospitalizations). It will benefit NFs by providing additional payments for achieving outcomes.

LONG-TERM OUTCOMES:

Continued targeting of the highest cost facilities will reduce the gap between the lowest and highest cost providers. Implementation of incentive payments for achieving cost-effective outcomes will encourage providers to achieve outcomes that benefit residents while slowing the growth in MA spending. The project's goal in this area is to develop outcomes that would decrease health care expenditures in other areas of the budget.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA Long Term Care Facilities

ITEM TITLE: Redesign the Prepaid Medical Assistance Program to Include One Year of Nursing Facility Benefit

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA-Long Term Care Facilities	\$-0-	\$-0-	\$2,370	\$(2,855)
Continuing Care and Community Support Mgmt	<u>-0-</u>	<u>150</u>	<u>100</u>	<u>75</u>
TOTAL	\$-0-	\$150	\$2,470	\$(2,780)
Revenues: (\$000s)				
General Fund	\$-0-	\$75	\$50	\$38

Statutory Change? Yes X No ____

If yes, statutes(s) affected: M.S. 256B.69, 256B.0915, and 256B.431

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$150,000 in F.Y. 1999 to redesign the Prepaid Medical Assistance Program (PMAP) to include a nursing facility (NF) stay of up to one year in the capitation for persons at risk of nursing home placement living in the community.

Estimated savings through F.Y. 2005 are approximately \$39 million .

RATIONALE:

Within Continuing Care and Community Support Grants there are a number of efforts to bridge acute and continuing care services using forms of managed care. For example, there are pilot project expansions proposed for serving the disabled in ways that effectively package health care, residential, and social services. There are mental health projects that pull together different levels of care for severely mentally ill people, so that a more coordinated continuum of services exists. This proposal addresses a need to explore better coordination of acute and nursing facility care by incorporating a year of nursing home benefits into the service package for elderly served by PMAP. Capitated PMAP providers will have strong incentives to keep PMAP elderly in the community through use of alternative services.

This proposal does not affect individuals who are already in nursing homes and not in PMAP.

The PMAP expansion with the inclusion of a long term care NF benefit is a natural progression of the current Minnesota policy of utilizing managed care for achieving both cost containment and integration of acute and long term care services. This proposal will not supplant the Minnesota Seniors Health Options Demonstration Waiver (which integrates Medicare and Medicaid funds in delivery of services to some elderly Minnesotans), but to augment it. This proposal would expand our collective experience in serving the elderly and integrating the care continuum, while demonstrating savings.

This proposal includes \$150,000 for actuarial services and consultation in F.Y. 1999, \$100,000 in F.Y. 2000 and \$75,000 each year thereafter.

PROGRAM OUTCOMES:

The proposal will foster acute and long term care service integration, as well as cost effective community and home based services options to nursing facility care.

LONG-TERM IMPACT:

The proposal further implements Minnesota's current policy direction, and will provide a valuable knowledge base for deciding whether, and to what extent, managed care will work for the MA elderly. The savings associated with this proposal results from building discounts of projected long term care expenditures for NF care and waived services into prepaid health care contracts. The savings also assumes that PMAP would be statewide by July 2001 and that NF capitation would begin in July 1999.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
 PROGRAM: Continuing Care and Community Support Grants
 ACTIVITY: MA Long Term Care Facilities

ITEM TITLE: Selection of Nursing Facilities for Voluntary Closure or Decertification

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)				
General Fund				
MA Long Term Care Facilities	\$-0-	\$(260)	\$(910)	\$(2,210)
MA LTC Waivers and Home Care	-0-	60	210	510
Continuing Care and Community Support Management	165	424	294	144
TOTAL	\$165	\$224	\$(406)	\$(1,556)
Revenues: (\$000s)				
General Fund	\$83	\$212	\$147	\$72

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256B.431 and 256B.434

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$165,000 in F.Y. 1998 and \$224,000 in F.Y. 1999 to plan for and implement voluntary closures of nursing facilities (NFs) beginning in 1998 and reduction of Medical Assistance (MA) certified beds through decertification of selected NFs beginning in F.Y. 2000.

RATIONALE:

Minnesota's supply of nursing home beds per 1,000 elderly aged 65 and over (81 per 1,000) significantly exceeds the national average (53 per 1,000). In order to shape Minnesota's long-term care service system to serve persons first in their own homes or in the community, the unnecessary utilization of NF services must be reduced. This is a proposal to reduce the statewide NF institutional capacity and to increase community capacity to serve elderly Minnesotans in their own homes or community-based settings. This initiative will be achieved through a combination of:

- Voluntary NF closures with incentives to providers to develop community-based services;
- Permitted growth in community-based services;
- Education of the public and health care professionals regarding alternatives to NFs; and
- Reduction of MA certified beds through decertification of a predetermined number of NFs.

Voluntary Closures: This initiative will create a process and provide funding for the Department of Human Services (DHS) and NFs to plan for the voluntary closure of NFs in those areas of the state that have excess capacity of beds. Emphasis will be on the careful relocation of current residents to alternative living and service arrangements, targeted use of remaining NF capacity, and development of alternative uses for the physical plant of closed NFs. DHS would develop criteria for selecting NFs for voluntary closure. Selected providers agreeing to close would receive one-time incentive payments of up to \$1,000 per bed to help defray remodeling costs for planned alternative use. An interim rate might be needed for some short period of time to allow for the relocation of residents after planning is completed.

This proposal for voluntary closures assumes that 5 NFs will elect to close by 1999. With an average number of 100 residents per facility, it is reasonable that 500 people could be relocated. If this initiative is successful, and demographic, utilization, and occupancy trends continue, voluntary closures could be expanded in the next biennium, and fewer mandatory decertifications would be needed.

Reduction of MA Certified NF Beds: Under the current system, any NF that satisfies the MA application requirements and signs a provider agreement may participate in the MA program. This practice stems from DHS' traditional role as a reimbursor rather than purchaser of MA services. Under this proposal, if the marketplace does not adequately respond to the voluntary decertification option, DHS would pursue a federal waiver to implement a new competitive bidding process for contracting with NFs in order to reduce the number of MA certified NF providers/beds. All NFs in the state would compete for the MA beds needed. Ultimately DHS would cancel all current provider agreements and recertify a predetermined number of MA certified beds, selecting only those facilities offering the most cost-effective, quality service in areas where there is a need for beds. Facilities not selected would no longer be certified as MA providers.

In determining NF decertification criteria to be used, the Commissioner of Human Services shall establish an advisory committee. This committee's composition would include consumers or their representatives, service providers, counties, and legislators, as well as representatives from the Minnesota Departments of Health and of Human Services.

This proposal assumes 20 facilities will close or be decertified (via voluntary closures and MA decertifications) with 60% of the class A residents going to community placements at a savings of 50%. Remaining residents go to other NFs. Total savings of 20 closures/decertifications (approximately 2,000 MA NF beds) is estimated at \$4,000,000, but figures above are reduced to adjust for timing of closures throughout the year.

Administrative costs under Continuing Care and Community Support Management include both incentive payments for voluntary closures and staff support for the activity. These costs are shown below:

	FY 98	FY 99	FY 00	FY 01
Incentive Payments	\$100,000	\$250,000	\$150,000	\$0
Support Staff	<u>\$ 65,000</u>	<u>\$174,000</u>	<u>\$144,000</u>	<u>\$144,000</u>
Total	\$165,000	\$424,000	\$294,000	\$144,000

\$500,000 of the total administration cost over 3 years will fund incentive payments for voluntary closures. The remaining administrative costs fund one FTE in the first year to do planning and develop criteria and 2 additional FTE's in remaining years to oversee selection and provide technical assistance to counties for discharge planning/relocation.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: MA Long Term Care Facilities

ITEM TITLE: Selection of Nursing Facilities for Voluntary Closure or Decertification
(Continuation)

PROGRAM OUTCOMES:

More elderly Minnesotans in need of long term care will be served in their own homes or in community based settings. NF services will continue to be available for those individuals who cannot effectively be served in the community.

LONG-TERM IMPACT:

Minnesota would plan for and realize an increased use of alternative services as a percent of long term care expenditures for the elderly. A negotiation process for needed NF beds would also result in better targeting and cost effectiveness. The nursing home infrastructure will be intentionally and thoughtfully "right sized" for future utilization and demand.

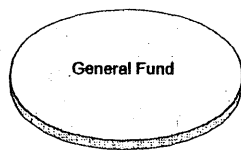
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1998-99 Biennial Budget

BUDGET ACTIVITY: Alternative Care Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

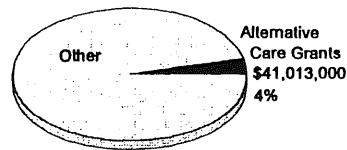
BUDGET SCOPE:

Alternative Care Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$45,729,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Most seniors would like to avoid nursing home care and live in their own homes for as long as possible. Continuing Care and Community Support Strategies work in a number of ways to accomplish that goal. The purpose of this activity area is to keep seniors independent and living in their homes for as long as it makes physical and financial sense. It does this by providing funding so that seniors, who have very little money and are at risk of going on Medical Assistance (MA) and likely into a nursing home, can purchase in-home services that they need. Alternative Care (AC) grants are, in some ways, the first net catching seniors directly at risk of institutionalization. AC is another step along the continuum, a little more targeted and more medically oriented than services provided by grants available from Adult and Aging Services. The income guidelines are more generous than MA. This reduces the need for seniors to completely impoverish themselves in order to get some extra help. However, service levels are less than MA.

In 1996, AC funded services for over 5,200 persons per month.

This activity is 100% state funded with counties acting as agents to provide direction to participants and providers.

Services funded through the AC program include:

- Respite care, both in-home and at approved facilities, to provide a break for caregivers.
- Case management to assure that care provided is appropriate.
- Adult day care.
- Home health aide services and personal care services to assist with activities of daily living.

- Homemaker services to assist in assuring a safe living environment.
- Companion service to enhance quality of life.
- Assisted living for those in greater need of assistance.
- Caregiver training and education to provide caregivers with the knowledge and support necessary to adequately care for the client.
- Chore services to provide assistance with heavy household tasks such as snow shoveling.
- Home health nursing.
- Transportation to medically-related appointments.
- Nutrition services to assure dietary balance.
- Residential care services for clients living in a board and lodge setting.
- Adult foster care for clients living in licensed foster care.
- Medically necessary supplies and equipment.
- Telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits.

BUDGET ISSUES:

- AC is a service strategy that fits the overall Health Care Initiative Priority by providing cost-effective, consumer choices in long-term care. Because AC pays for services that are less expensive than nursing home care and delays or shortens eventual needed NF services, overall costs are reduced.
- Although AC is not an entitlement, it is part of the budget forecast because it has a direct effect on reducing the number of MA entitlement expenditures related to entitlement nursing home services.

REVENUE:

AC is 100% state funded. Some clients, however, are required to pay up to 25% of the cost of their services, depending on the amount of their assets and income.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: ALTERNATIVE CARE GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	37,965	41,846	41,946	47,548	47,548	41,946	53,608	53,608
LOCAL ASSISTANCE		3,823	3,783	3,884	1,239	3,783	3,857	
TOTAL EXPENDITURES	37,965	45,669	45,729	51,432	48,787	45,729	57,465	53,608
AGENCY PLAN ITEMS:		FUND						
EXPANSION OF ALTERNATE CARE PROGRAM		GEN		5,799			11,826	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<96>			<90>	
TOTAL AGENCY PLAN ITEMS				5,703			11,736	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			975			<231>
(B) ELIMINATE COUNTY SHARE		GEN			<3,620>			<3,626>
TOTAL GOV'S INITIATIVES					<2,645>			<3,857>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	33,429	41,053	41,013	46,812	47,787	41,013	52,839	52,608
STATUTORY APPROPRIATIONS:								
GENERAL	4,536	4,616	4,716	4,620	1,000	4,716	4,626	1,000
TOTAL EXPENDITURES	37,965	45,669	45,729	51,432	48,787	45,729	57,465	53,608
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	4,536	4,616	4,716	4,620	1,000	4,716	4,626	1,000
NONDEDICATED:								
GENERAL	48	100	100	100	100	100	100	100

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: ALTERNATIVE CARE GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL REVENUES COLLECTED	4,584	4,716	4,816	4,720	1,100	4,816	4,726	1,100
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Alternative Care Grants

ITEM TITLE: Expansion of Alternative Care Program

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Alternative Care Grants	\$5,799	\$11,826	\$11,826	\$11,826
MA LTC Facilities	<u>(3,935)</u>	<u>(10,412)</u>	<u>(12,523)</u>	<u>11,877</u>
TOTAL	\$1,864	\$1,414	\$(697)	\$(51)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,864,000 dollars in F.Y. 1998 and \$1,414,000 dollars in F.Y. 1999 to increase expenditures in the Alternative Care (AC) program. This results in some savings to Medical Assistance (MA) by reducing the number of individuals requiring nursing facility services.

RATIONALE:

Most seniors, if given a choice, would rather remain independent in their own homes than go into a nursing facility. This proposal increases funding for a program that provides those choices.

The additional funding requested is sufficient to permit the average number of people receiving AC services to increase by about 700 each year. For each 100 recipients added to AC, a reduction of 40 MA nursing facility recipients is projected, producing MA savings in state dollars equal to 90% of the cost of AC services. Funding requirements for the AC program are increased by 15% to allow for imperfect allocation of funds to the counties, which causes a significant proportion of appropriated funds to go unspent. The value of the 15% overfunding is anticipated to cancel to the MA account, and MA funding requirements are reduced by a like amount.

The resulting savings to MA is shown on the following table:

	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
MA NF effect	(3,184)	(8,875)	(10,986)	(10,340)
Cancel to MA	<u>(751)</u>	<u>(1,537)</u>	<u>(1,537)</u>	<u>(1,537)</u>
Total savings to MA	\$(3,935)	\$(10,412)	\$(12,523)	\$(11,877)

The additional funding includes an amount of \$250,000 in F.Y. 1998 and \$470,000 in F.Y. 1999 for use by counties as a service allowance for persons identified as "high functioning class A's" in accordance with Minnesota Statutes, section 256B.0913, subdivision 15.

PROGRAM OUTCOMES:

Additional people will have access to the AC program and have more options about where they live. In turn, Minnesota will see savings to the MA account, offsetting 90% of the added cost over time. Net costs in excess of 10% of the requested funding result from a three-month lag in the projected MA savings.

LONG-TERM IMPACT:

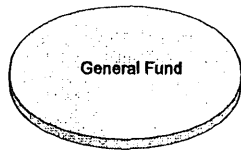
Expansion of the AC program assists in maintaining the nursing facility bed moratorium by partially meeting the demand for long term care through an array of alternative community-based services.

1998-99 Biennial Budget

BUDGET ACTIVITY: Group Residential Housing
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

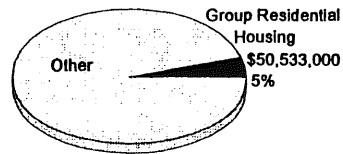
BUDGET SCOPE:

Group Residential Housing
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$59,447,000

Continuing Care & Community Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

The Group Residential Housing (GRH) program provides supplemental payments on behalf of eligible persons to pay for room and board and other related housing services. Eligible persons are those approved by the county, whose illness or incapacity prevents them from living independently. Presently, there are over 3,600 GRH settings serving over 10,000 persons (monthly) statewide. In order for its residents to be eligible for GRH payments, a setting must be licensed by the Department of Human Services as an adult foster home, or by the Department of Health as a boarding and lodging establishment, supervised living facility or board and care home. GRH settings serve a variety of dependent persons, including persons with mental retardation, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.

Currently, the basic GRH room and board rate is \$589 per month, which is based on the Minnesota Supplemental Aid grant amount for aged, blind or disabled persons in the community when adjusted for the value of food stamps. The maximum GRH payment rate for settings that provide services in addition to room and board, such as difficulty of care in adult foster care, is \$1,015 per month. In limited cases, and upon county and state approval, GRH will also fund up to \$1,015 per month, based on documented costs for persons whose needs require specialized housing arrangements. Although GRH is 100% state-funded, these rates are offset by the recipient's own income contribution (usually Supplemental Security Income or Social Security Disability Income contributions of at least \$470).

Persons receiving GRH often also receive personal care services through MA Home Care or a home and community-based waiver under Title XIX of the Social Security Act. In these cases, the GRH rate is restricted to the room and board rate only. The combination of GRH room and board supports and Medical Assistance services comprise a continuum of care that supports the person in the community at a cost that is generally less than the cost in an institution.

BUDGET ISSUES:

- A principle feature of GRH is that it separately identifies housing costs from service costs provided under other programs. Room and board costs tend to be the same for most persons, regardless of their service needs. GRH provides a standard rate of payment for housing for disabled persons in licensed, congregate settings. The result is an adequate resource of housing for disabled adults at a clearly defined rate.
- Although GRH is not strictly an entitlement, increases to the program are budgeted as a result of forecasted caseload increases.

REVENUE:

GRH is primarily a state funded program based on a caseload forecast. There is no federal match, but there is still a small county participation based on state takeover of the General Assistance and Minnesota Supplemental Aid programs.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: GROUP RESIDENTIAL HOUSING

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	43,565	51,061	51,061	62,306	62,306	51,061	68,840	68,840
LOCAL ASSISTANCE	7,087	8,386	8,386	11,315	2,970	8,386	13,365	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	50,652	59,447	59,447	73,621	65,276	59,447	82,205	68,840
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
RSDI AND MEDICARE PROJECT		GEN		<444>			<1,869>	
ELIMINATE DUPLICATE SERVICE FUNDING		GEN		<472>			<688>	
FORECAST ADJUSTMENT		GEN		12,498			21,300	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,592			4,015	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				14,174			22,758	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			3,161			<436>
(B) ELIMINATE COUNTY SHARE		GEN			<11,506>			<12,929>
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					<8,345>			<13,365>
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	43,494	50,533	50,533	62,115	65,276	50,533	69,276	68,840
STATUTORY APPROPRIATIONS:								
GENERAL	7,158	8,914	8,914	11,506		8,914	12,929	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	50,652	59,447	59,447	73,621	65,276	59,447	82,205	68,840
=====								
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	7,158	8,914	8,914	11,506		8,914	12,929	

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: GROUP RESIDENTIAL HOUSING

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	7,158	8,914	8,914	11,506		8,914	12,929	
FTE BY EMPLOYMENT TYPE:								
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Group Residential Housing

ITEM TITLE: Group Residential Housing Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
State Operations	\$12,498	\$21,300	\$30,014	\$39,220
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$12,498,000 in F.Y. 1998 and \$21,300,000 in F.Y. 1999 to fully fund the forecasted amount of Group Residential Housing grant payments under current law.

RATIONALE:

About \$5 million of the increase for F.Y. 1998 and \$6 million of the increase for F.Y. 1999 results from federal changes in the Supplemental Security Income (SSI) program, eliminating drug and alcohol addiction as a basis for disability. The expected loss of SSI payments for 900 residents of GRH facilities will produce a corresponding increase in state costs.

Apart from this federal change, about 85% of the requested year-to-year increases in funding for this activity is for forecasted caseload increases of about 10% per year. The balance is for increases in the average cost of GRH services, which is projected to increase at about 2% per year.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Group Residential Housing

ITEM TITLE: Eliminate Duplicate Service Funding between Group Residential Housing and Medical Assistance Home Care

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Group Residential Housing	\$(472)	\$(688)	\$(967)	\$(1,359)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256I

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$472,000 in F.Y. 1998 and \$688,000 in F.Y. 1999. This proposal will prohibit any single provider of services from receiving funding for "difficulty of care" and funding for personal care assistant (PCA) services delivered to the same individual.

This initiative will not affect family foster care providers receiving payments for "difficulty of care" in cases where PCA services are delivered by another service provider.

RATIONALE:

This proposal is an extension of the policy currently in the Group Residential Housing (GRH) program which prohibits GRH difficulty of care payments for persons who receive services under a home and community-based waiver. The adult foster care rule includes PCA services in the payment for difficulty of care, and to pay the same provider for PCA services through MA home care in addition to foster care is a duplication of payment.

PROGRAM OUTCOMES:

This proposal will prevent costly duplication of payments.

LONG-TERM IMPACT:

This proposal will result in the maximum effectiveness of available funding.

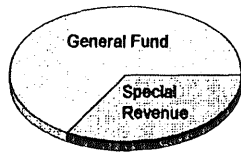
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1998-99 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

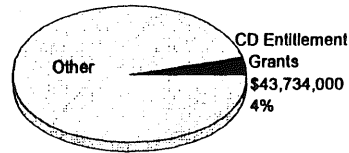
BUDGET SCOPE:

Chemical Dependency Entitlement Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$65,655,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Consolidated Chemical Dependency Treatment Fund

The Consolidated Chemical Dependency Treatment Fund (CCDTF) was created in 1988 to fund cost-effective chemical dependency treatment services for low-income, chemically dependent Minnesota residents. The Consolidated Fund combined previously separated funding sources (Medicaid/Medical Assistance, General Assistance Medical Care, General Assistance, state appropriations, and Federal Block Grant funds) into a single fund with a single set of eligibility criteria. Counties pay 15% of treatment costs. Virtually, all of Minnesota's 360 treatment providers compete on an equal basis to serve publicly funded clients. All Consolidated Fund vendors must meet licensing and reporting requirements.

Approximately 70% of state treatment admissions for Minnesota residents are paid for through the Consolidated Fund. The Consolidated Fund has served more than 18,000 clients annually since its inception in 1988 including an increasing number of people of color. Clients are assessed by county social service agencies. Treatment placement authorizations are based on statewide uniform assessment and placement criteria articulated in DHS Rule 25.

The Consolidated Fund is divided into three tiers of eligibility. Tier I is the entitlement portion for those individuals who are enrolled in Medical Assistance or who meet the MA income limits. Tier II includes those individuals not eligible for MA whose income does not exceed 60% of Minnesota's median income. Tier III includes individuals with incomes between 60% and 115% of Minnesota's median.

Because of recent state budget deficits, the current state appropriations now cover only entitled clients (Tier I) and that portion of Tier II who are pregnant, adolescents, or parents with minor children in the household.

This budget activity consists of the management activities of the CCDTF Entitlement and the CCDTF Nonentitlement. The following pages contain descriptions of each of these 2 management activities.

Treatment Fund Entitlement

This management activity covers the entitlement portion of the Consolidated Chemical Dependency Treatment Fund (CCDTF). Tier I (entitled) clients are those that are enrolled in Medical Assistance (MA) or who meet the MA income limits.

Minnesota is currently in a transition to managed care (prepaid plans) for public-pay clients. Current proposals call for all counties to be on prepaid plans by the end of the 1998-1999 biennium. MinnesotaCare clients will also be enrolled in prepaid plans. Chemical dependency (CD) treatment is currently a covered service under prepaid plan contracts. As prepaid plan enrollment increases, fee-for-service payments through the Consolidated Fund will decline proportionately. Two main issues remain unresolved with respect to the future of the Consolidated Fund past the end of the 1996-1997 biennium: 1) Some treatment services now covered by the fund, such as halfway house placements and extended care treatment, may not be included in managed care contracts. If these services are to remain available, a mechanism other than prepaid plans will have to exist to reimburse providers; 2) Clients enrolling in MA will receive services initially on a fee-for-service basis; this means some primary CD treatment may need to be reimbursed through a mechanism such as the Consolidated Fund.

BUDGET ISSUES:

The expansion of prepaid plans has had only a modest effect on CCDTF expenditures because even in those counties where the transition to managed care is complete the majority of Medicaid clients still receive CD treatment on a fee-for-service basis. This occurs because the initial 1 to 3 months of MA eligibility is paid for as fee-for-service; furthermore, any disruption of eligibility results in disenrollment from a prepaid plan. Any anticipated offset associated with prepaid plan enrollment would also apply only to the 61% of CCDTF expenditures spent on covered services (primary treatment).

Changes in chemical dependency grants are recommended in the following pages to provide more equity in funding by counties and payments to providers and adjust the Chemical Dependency Consolidated Treatment Fund to reflect increased use of managed care.

1998-1999- B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: CD ENTITLEMENT GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	57,700	74,782	64,233	57,717	57,717	64,763	59,819	59,819
LOCAL ASSISTANCE	1,267	1,422	1,422	1,422	1,422	1,422	1,422	1,422
TOTAL EXPENDITURES	58,967	76,204	65,655	59,139	59,139	66,185	61,241	61,241
AGENCY PLAN ITEMS:		FUND						
LIMIT RATE INCREASES UNDER CCDTF		GEN		<469>			<1,467>	
ADJUST MAINT. OF EFFORT FOR CD FUND		GEN		1,500			1,500	
PURCHASING MA/GAMC BY TRIBES		GEN		1,316			965	
FORECAST ADJUSTMENT		GEN		<8,863>			<5,942>	
TOTAL AGENCY PLAN ITEMS				<6,516>			<4,944>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL			43,734	37,218	37,218	43,734	38,790	38,790
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	58,967	76,204	21,921	21,921	21,921	22,451	22,451	22,451
TOTAL EXPENDITURES	58,967	76,204	65,655	59,139	59,139	66,185	61,241	61,241
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	32,991	33,533	22,984	22,984	22,984	23,514	23,514	23,514
TOTAL REVENUES COLLECTED	32,991	33,533	22,984	22,984	22,984	23,514	23,514	23,514
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Chemical Dependency Entitlement Grants

ITEM TITLE: Chemical Dependency Entitlement Grants Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Chemical Dependency Entitlement Grants	\$(8,863)	\$(5,942)	\$(2,863)	\$400
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$8,863,000 in F.Y. 1998 and \$5,942,000 in F.Y. 1999 to fully fund the forecast for Chemical Dependency Entitlement Grants.

RATIONALE:

Changes from the budget base are negative because the number of placements paid for in F.Y. 1996 fell 6.5% from the previous year's level, instead of increasing as expected. Requested funding for F.Y. 1998 and F.Y. 1999 is less than the base level because the new forecast recognizes the decrease in placements in F.Y. 1996 and projects only slight annual increases (2% per year) in number of placements in F.Y. 1997 and later years.

The reversal of the increasing trend in number of placements is mainly the result of increasing coverage of medical assistance (MA) and general assistance medical care (GAMC) recipients by managed care (including chemical dependency services). Continued expansion of managed care in MA and GAMC is expected to result in little growth in the number of placements paid for by the Consolidated Chemical Dependency Fund.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Chemical Dependency Entitlement Grants

ITEM TITLE: Rate Increases under the Chemical Dependency Treatment Fund

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
Chemical Dependency				
Entitlement Grants	\$(469)	\$(1,467)	\$(2,066)	\$(2,190)
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No

If yes, statute affected: Chapter 254B

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends a decrease in the budget base of \$469,000 in F.Y. 1998 and \$1,467,000 in F.Y. 1999 to provide Chemical Dependency (CD) Treatment Fund programs rate increases of up to 3% for programs receiving less than the current median rate. Programs receiving the median rate or greater would not be eligible for a rate increase.

RATIONALE:

Targeting rate increases to providers receiving lower than the current median rate will result in greater equity in payment while controlling the growth in service costs. CD providers have operated under a statutory rate freeze since 7-1-95. Prior to that, some counties had granted limited or no rate increases in order to contain costs. As a result, a number of programs, especially in Greater Minnesota, are operating at very marginal rates. Some of these programs will not survive without a rate increase. This could cause access problems, as well as damaging the CD treatment infrastructure at a time when Minnesota is establishing provider networks for managed care.

PROGRAM OUTCOMES:

Payment rates will have greater equity across providers. Programs in greater Minnesota will become more stable.

LONG-TERM OUTCOMES:

The CD infrastructure will be preserved and providers will be limited to a modest increase in rates over the biennium.

F.Y. 1998 - 99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Chemical Dependency Entitlement Grants

ITEM TITLE: Purchasing of MA/GAMC Services Provided by Tribes

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (000s):				
General Fund				
CD Entitlement Grants	\$1,316	\$ 965	\$596	\$204
Health Care Operations	<u>150</u>	<u>125</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$1,466	\$1,090	\$596	\$204
Revenues: (\$000s):				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Requires Statutory Change? Yes X No

If yes, statute affected: Sec. 254B.02, subd. 1, Sec. 254B.09, subd. 4, 5 and 7

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,466,000 in F.Y. 1998 and \$1,090,000 in F.Y. 1999 to: (1) maintain, for the biennium, the current Consolidated Chemical Dependency Treatment Fund allocation for American Indians living on a reservation while tribes explore development of an alternative purchasing model for MA and GAMC covered services (including primary chemical dependency treatment) provided to American Indians on the reservation; and, (2) provide the necessary administrative tools (systems, actuarial services, and personnel) for development of alternative purchasing models.

RATIONALE:

Maintaining the current CCDTF allocation for American Indians living on reservations is necessary while tribes plan for development of an alternative purchasing model that more broadly addresses health care for American Indians on reservations. Without this appropriation, tribes will receive reduced funding for CD treatment based on a formula that takes into account managed care expansion from which tribal members on the reservation are currently excluded.

Without the current CCDTF allocation, the state will be forced to maintain a costly fee-for-service payment system or enroll American Indian MA and GAMC recipients living on reservations into current managed care models, potentially resulting in costly litigation due to issues of sovereignty.

PROGRAM OUTCOMES:

The appropriation will allow for development of models for purchasing MA and GAMC covered services in a comprehensive manner for American Indian MA and GAMC recipients who live on a reservation.

LONG-TERM OUTCOMES:

The appropriation will allow for development and enhancement of culturally sensitive service delivery for American Indians, improved tribal relations, and purchase of MA and GAMC services on a comprehensive care delivery basis.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Continuing Care and Community Support Grants
ACTIVITY: Chemical Dependency Entitlement Grants

ITEM TITLE: Adjust Maintenance of Effort for Chemical Dependency Treatment Fund

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
CD Entitlement Grants	\$1,500	\$1,500	\$1,500	\$1,500
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 254B.02

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in expenditures of \$1,500,000 in F.Y. 1998 and \$1,500,000 in F.Y. 1999 for adjusting county maintenance of effort requirements under the Consolidated Chemical Dependency Treatment Fund proportionate to the decrease in their allocation for counties participating in the Prepaid Medical Assistance Program (PMAP).

RATIONALE:

Maintenance of effort (ME) for the CD Treatment Fund was based on county expenditures for CD services in CY 1986, (i.e., local share of MA, GAMC, RTC and negotiated rate facilities for CD treatment as well as other CD services provided by the county). It increases and decreases in direct proportion to the increase or decrease in the CD Fund appropriation. Since that time, Minnesota has taken over the county shares of MA and GAMC and 16 counties have transitioned to PMAP. Adjustments are made to the county allocations to accommodate the transition to PMAP (reducing the allocations in those counties). However, their ME has not been adjusted.

For instance, Hennepin County's ME is 97% of their allocation. This proposal decreases ME in proportion to the decrease in allocation for counties participating in PMAP. State funding is necessary so that the total dollars available for CD treatment services under the fund remain the same. Metro counties are particularly affected and have requested an adjustment to ME.

PROGRAM OUTCOMES:

This proposal provides fairness for counties participating in prepaid health care.

LONG-TERM IMPACT:

Increasing participation by counties in prepaid health care for covered chemical dependency services will require restructuring of the CD treatment fund.

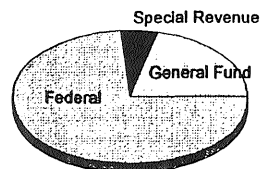
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1998-99 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Non-Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of

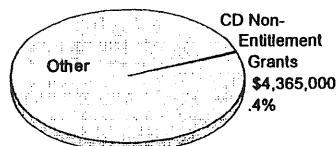
BUDGET SCOPE:

Chemical Dependency Non-Entitlement Grants
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$20,650,000

Continuing Care & Community Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$1,042,029,000

ACTIVITY DESCRIPTION:

Consolidated Chemical Dependency Treatment Fund Nonentitlement

This activity covers the nonentitlement portion (Tier II) of the Consolidated Fund. Tier II clients are those not eligible for Medical Assistance whose incomes do not exceed 60% of Minnesota's median income. Those targeted for services under the current Tier II appropriation include those who are adolescents, pregnant, or parents with children in the household.

MinnesotaCare eligibility and enrollment patterns may affect the number of clients served through this targeted appropriation.

American Indian Chemical Dependency Grants

The purpose of this activity is to reduce the harmful effects of alcohol and other drug abuse and dependency on Minnesota's American Indian residents and to assist in community awareness and education efforts aimed at improved chemical health in American Indian communities in Minnesota. This activity provides funds to federally recognized American Indian Tribes and other organizations and local units of government for the following types of services for American Indians: prevention, education and training, intervention, assessment, and referrals.

Alcohol and other drug abuse is considered to be the single most serious health problem among American Indians. It contributes to 3 of the 10 leading causes of death in this population: cirrhosis of the liver, suicide, and homicide. American Indians, including women and adolescents, represent a disproportionate number of clients in chemical dependency treatment. Culturally specific services are believed to improve access to treatment, treatment program retention, and post-treatment outcomes.

The appropriation for American Indian Chemical Dependency grants is made available to prospective grantees every 2 years through an open competitive request-for-proposals process. State funds are combined with federal block grant funds allocated for American Indian drug abuse prevention and

treatment activities. Eligible vendors include: not-for-profit organizations, units of government, and tribal organizations knowledgeable in chemical dependency issues and American Indian culture. Applications are accepted for services addressing prevention, education, information and referral, short-term counseling, and training needs of American Indian populations. All applications are reviewed by the grants committee of the American Indian Advisory Council. Those recommended for funding are presented to the council as a whole for final decisions on grant awards.

Chemical Dependency Special Grants

The purpose of this activity is to reduce the harmful effects of alcohol and other drug abuse and dependency on Minnesotans by providing grants to local agencies, counties, and reservations in order to improve community based prevention efforts and treatment services for the general population as well as specific high-risk populations including communities of color, pregnant women and women with children, children and adolescents, and individuals with chronic alcoholism or addiction in accordance with M.S. 254A.03.

These various grants support: 1) a statewide prevention resource center that assists Minnesota counties, local communities, and organizations by providing alcohol and other drug abuse education, information, and training; 2) counties or domiciliary care providers in meeting health codes, improving case management services, and exploring alternatives to better meet the needs of chronic alcoholics; 3) research and evaluation projects identified by the division's statutory advisory councils, policy makers, and chemical dependency professionals; 4) detox transportation, intervention, and case management for drug abusing pregnant women and mothers; and, 5) education, intervention, and treatment services for inhalant abusing children under the age of 14.

Some of the specific activities provided include the dissemination of more than 304,000 pieces of prevention material and 540 video rentals annually, 14,400 messages through a drug talk line, and 664 community prevention consultations. Detox transportation funds assisted with 10,000 detox admissions; 4,000 youth and adults were presented with information on inhalant abuse; 350 pregnant women and women with children received intervention and case management services; and 807 professionals attended conferences supported by these grant funds.

Federal Alcohol and Drug Abuse Block Grant

The Federal Alcohol and Drug Abuse Block Grant is awarded annually by the Substance Abuse and Mental Health Services Administration (SAMHSA) to enhance the delivery of services regarding alcohol and other drug abuse. Mandated use of the block grant includes 35% for alcohol-related services, 35% for drug-related services, 20% for prevention activities, and a specific set-aside for treatment services for chemically dependent women and their children. For F.F.Y. 1993, states were required to spend 5% more for women's treatment services than in the previous year and an additional 5% in F.F.Y. 1994. The women's set aside now remains at this level. The Federal Block Grant also includes mandates for early intervention services for clients with HIV or tuberculosis, peer review for treatment services, a wait-list management system for injection drug users, and needs assessment to identify high priority target populations and services. Administrative expenses may not exceed 5% of block grant spending.

The major use of Federal Block Grant Funds in Minnesota is for the payment of chemical dependency treatment under the State Consolidated Chemical Dependency Treatment Fund (CCDTF). More than half the award in recent years has been allocated for this purpose. These funds are also used to increase Minnesota's treatment capacity for women and their children, and to enhance services for women in treatment through subsidized housing, transportation, child care, and health and parenting education. Block grant funds are also used to support Minnesota's data collection efforts (DAANES and the Treatment Accountability Plan) and statewide and community-based prevention efforts, especially for American Indian, African American, Asian American, and Hispanic populations.

1998-99 Biennial Budget

BUDGET ACTIVITY: Chemical Dependency Non-Entitlement Grants
PROGRAM: Continuing Care and Community Support Grants
AGENCY: Human Services, Department of
 (Continuation)

* Note: The entitlement part of the CD block grant is paid to the CD Consolidated Treatment Fund (which is in the CD entitlement grant activity) and then becomes part of the special revenue fund. These funds are counted again when they are paid out of the CD Consolidated Fund.

Block grant awards are set annually by congress. The future of the block grant is uncertain. It may become a "Performance Partnership" grant in the future. There is a maintenance of effort requirement for state spending for alcohol and other drug abuse treatment and prevention. Block grant funds cannot be used to supplant state spending.

A spending plan is created each year in accordance with federal block grant mandated expenditures for different activities. The draft spending plan is reviewed by the division's 2 statutory advisory councils. Additional comment is solicited through publication in the State Register and circulation among professionals, grantees, and other stakeholders.

Once the major activities have been designated and spending plan approved, proposals are sought through an open competitive process. Grants and contracts for the provision of ongoing activities are re-bid every 3 to 5 years. Eligible grantees for these funds are public and private non-profit agencies and organizations. Federal block grant funds are used to supplement (not replace) state and local funds for prevention and treatment services.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

Summary by Grant Category

State Funds	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
1. CD Fund Nonentitlement	\$ 2,100	\$ 3,163
2. American Indian CD Grants	1,043	1,055
3. CD Special Grants:		
a. Prevention	150	150
b. Treatment	54	54
c. Evaluation	34	63
d. Detox transportation	182	225
e. Pregnant women and mothers	578	600
f. Inhalant abuse	75	75
g. Juvenile assessment	43	43
h. Hennepin community CD pilot (one-time \$)	0	100
State Funds - Total	\$ 4,259	\$ 5,528
Federal Funds		
1. CD - SSDI referral monitoring	\$ 134	\$ 121
2. Misc. special grants	53	0
3. Federal CD block grant (nonentitlement part)	5,562	6,837
4.* Federal CD Block Grant (entitlement part)	9,718	8,861
Federal Funds - Total	\$15,467	\$15,819
Total State and Federal CD Nonentitlement Grants	\$ 19,726	\$ 21,347

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP GRANTS
ACTIVITY: CD NON-ENTITLEMENT GRANTS

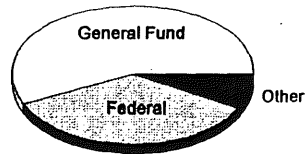
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	454	529	445	445	445	445	445	445
OPERATING EXPENSES	144	135	128	128	128	128	128	128
SUBTOTAL STATE OPERATIONS	598	664	573	573	573	573	573	573
PAYMENTS TO INDIVIDUALS	2,100	3,163	3,163	3,163	3,163	3,163	3,163	3,163
LOCAL ASSISTANCE	17,028	17,520	16,914	16,914	16,914	16,914	16,914	16,914
TOTAL EXPENDITURES	19,726	21,347	20,650	20,650	20,650	20,650	20,650	20,650
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,159	2,365	4,365	4,365	4,365	4,365	4,365	4,365
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,100	3,163	1,063	1,063	1,063	1,063	1,063	1,063
FEDERAL	15,467	15,819	15,222	15,222	15,222	15,222	15,222	15,222
TOTAL EXPENDITURES	19,726	21,347	20,650	20,650	20,650	20,650	20,650	20,650
REVENUE COLLECTED:								
DEDICATED:								
FEDERAL	141	121						
TOTAL REVENUES COLLECTED	141	121						
FTE BY EMPLOYMENT TYPE:								
REGULAR	7.4	7.0	5.0	5.0	5.0	5.0	5.0	5.0
TEMP/SEAS/PART_TIME	.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
OVERTIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	8.9	9.0	7.0	7.0	7.0	7.0	7.0	7.0

1998-99 Biennial Budget

PROGRAM: Continuing Care and Community Support Management
AGENCY: Human Services, Department of

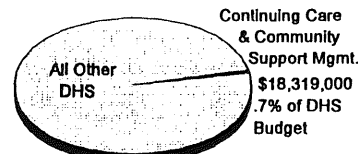
BUDGET SCOPE:

Continuing Care & Community Support Management
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$32,155,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total Budget \$2,459,465,000

PROGRAM DESCRIPTION:

Continuing Care and Community Support Management supervises the administration of the Continuing Care and Community Support Grants and provides central office support for State Operated Services programs.

This activity serves citizens with developmental disabilities, deafness or hard of hearing, emotional disturbances, mental illness, chemical dependency, and long term care needs. Functions include:

- Setting standards for services.
- Developing and implementing policy.
- Developing, allocating, and managing state resources.
- Monitoring for compliance/evaluation.
- Providing technical assistance.
- Performing statewide planning.
- Contracting management.

In addition to the above general functions, which apply to all populations, Continuing Care and Community Support Management performs unique specialized activities:

Direct constituent service:

- Direct services are provided to deaf and hard of hearing individuals through statewide regional service centers. These centers provide access to community resources and the human services system helping 240,000 deaf and hard of hearing persons. Regional Service Centers are located in Crookston, Duluth, Fergus Falls, Rochester, St. Cloud, St. Paul, St. Peter, Virginia and Willmar.
- The Equipment Distribution Program (EDP) is run from this activity which helps people who are deaf, hard of hearing, speech impaired or mobility impaired to access the telephone system with specialized equipment. Equipment, recurring expense of equipment, and training are funded.

- Ombudsman services for Older Minnesotans assists consumers in the resolution of complaints or disputes about rights, quality of care, access to care, and access to other government benefits. The office assisted over 11,600 citizens and successfully resolved 89% of their concerns in F.Y. 1996.

Citizen/consumer feedback for service standards:

- Staff assistance and administrative support is provided for the Minnesota Commission serving Deaf and Hard of Hearing People. This 15 member advisory committee that advocates for deaf and hard of hearing persons' participation in and equal access to the full range of county and state services.
- Staff assistance and administrative support is provided for the Minnesota Board on Aging (MBA). MBA administers programs for the States 60+ population as required by the Older Americans Act and state legislation. MBA has 25 members appointed by the Governor.

Special projects and responsibilities:

- Oversight for implementation of the Moose Lake Regional Treatment Center transition plan.
- Leadership, funding and technical assistance for the Seniors Agenda for Independent Living (SAIL), as this is an important initiative designed to expand independent, affordable living options for seniors throughout Minnesota.
- SAIL provides a backdrop for the agency's aging initiative - identifying ways to plan for a future that includes more elderly needing help and greater pressure on the state's ability to pay for services.
- The department is implementing the Minnesota Senior Health Options project using Robert Wood Johnson Foundation funding. This project, housed in Continuing Care, will demonstrate the effectiveness of integrating service delivery and payment methods which combine Medicare and Medical Assistance financing with managed care for elderly recipients including those requiring chronic/long-term care.

PROGRAM STATUS:

Continuing Care and Community Support Management is developing a greater ability to work cooperatively with counties and communities, supporting innovative and entrepreneurial approaches toward achieving successful outcomes for citizens.

PLANNED RESULTS:

1. A comprehensive long-range strategy will be developed to meet the long term care needs of persons who are elderly and disabled, making full use of private resources and non-medical services.
2. Continuing Care and Community Support Services will be met first informally (non-public), then in community settings, with institutionalization becoming the method of last resort.
3. The State Operated Services safety net will be defined as an integrated part of the community services system.
4. Development work will continue in the Minnesota Senior Health Options project (formerly "LTCOP").

BUDGET SUMMARY:

Budget changes for this activity are described as components to policy initiatives in the section relating to Continuing Care and Community Support Grants.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP MGMT
ACTIVITY: CONT CARE & COMM SUPP MGMT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	12,617	14,057	14,268	14,402	14,402	14,449	14,662	14,662
OPERATING EXPENSES	12,718	17,208	16,830	17,861	17,861	16,236	17,227	17,227
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	25,335	31,265	31,098	32,263	32,263	30,685	31,889	31,889
PAYMENTS TO INDIVIDUALS	2							
LOCAL ASSISTANCE	629	1,278	1,057	1,557	1,557	1,027	1,027	1,027
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	25,966	32,543	32,155	33,820	33,820	31,712	32,916	32,916
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
REDESIGN PMAP INCLUDE 1 YR NF BENEFIT		GEN					150	
NF COST BASED & CONTRACT RATESETTING		GEN		275			175	
NF VOLUNTARY CLOSURE OR DECERTIFY		GEN		165			424	
DEMO PROJECT FOR PERSONS WITH DISABIL.		GEN		1,225			455	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				1,665			1,204	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	15,677	18,384	18,319	19,984	19,984	18,544	19,748	19,748
STATE GOVERNMENT SPECIAL REVENUE	103	110	111	111	111	112	112	112
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	1,298	2,133	2,512	2,512	2,512	1,846	1,846	1,846
FEDERAL	8,883	11,900	11,206	11,206	11,206	11,206	11,206	11,206
GIFT	5	16	7	7	7	4	4	4
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	25,966	32,543	32,155	33,820	33,820	31,712	32,916	32,916
=====								
REVENUE COLLECTED:								

DEDICATED:								

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: CONT CARE & COMM SUPP MGMT
ACTIVITY: CONT CARE & COMM SUPP MGMT

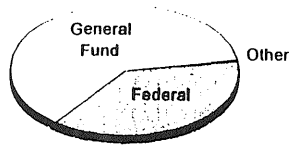
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
GENERAL		44						
SPECIAL REVENUE	950	1,882	2,356	2,356	2,356	1,690	1,690	1,690
FEDERAL	22,936	26,963	25,897	25,897	25,897	25,392	25,392	25,392
DEBT SERVICE	328	347	347	347	347	347	347	347
GIFT		1	7	7	7	4	4	4
TOTAL REVENUES COLLECTED	24,214	29,237	28,607	28,607	28,607	27,433	27,433	27,433
FTE BY EMPLOYMENT TYPE:								
REGULAR	247.4	260.8	258.8	262.3	262.3	256.8	262.3	262.3
TEMP/SEAS/PART_TIME	4.7	9.5	7.7	7.7	7.7	7.7	7.7	7.7
OVERTIME	.2							
TOTAL FTE	252.3	270.3	266.5	270.0	270.0	264.5	270.0	270.0

1998-99 Biennial Budget

PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

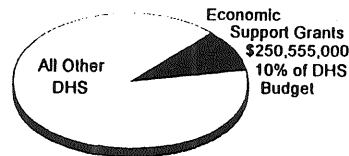
BUDGET SCOPE:

Economic Support Grants
Total Program Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$560,474,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$2,459,465,000

PROGRAM DESCRIPTION:

The purpose of this activity area is to increase the abilities of families and individuals to find ladders up and out of poverty, to support themselves economically, and to provide a safety net for those who cannot fully support themselves.

Included in this service are a number of grants:

- Aid to Families with Dependent Children (AFDC) has been a basic "safety net" economic support grant given to help families survive economic hardship. Created in 1935, it has been funded by both the state and federal governments. AFDC was fundamentally changed by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. A block grant-called Temporary assistance for Needy Families (TANF) - which is based on historical costs - will be sent to states for them to use in new, state-specific packages of assistance.
- Work Grants are a collection of strategies to get families the training and employment skills needed to get into the workforce and off welfare.
- Minnesota Family Investment Program (MFIP) is Minnesota's welfare reform strategy based on the concepts of making work pay, reinforcing responsibility and supporting family. MFIP has been an experimental program within the State. Work results are promising; a modified MFIP is recommended in the Governor's welfare reform agenda as Minnesota's approach to using its block grant for families with children.
- Child Support Enforcement is an activity that recognizes that many children fall into poverty and onto public assistance when child support is not paid. Child support enforcement services are provided by the State and counties to maximize families' receipt of child support and, when necessary, track down parents who are not supporting their children.
- General Assistance (GA) is a basic "safety net" economic support grant given to help disabled individuals and couples without children to survive economic hardship. GA is a state funded program.

- Minnesota Supplemental Aid (MSA) is a grant providing cash assistance to aged, blind and disabled individuals who are in financial need. MSA is a state funded program that is required by the federal government to supplement Supplemental Security Income (SSI).
- Refugee Services are a collection of strategies designed to meet the special self-sufficiency and resettlement needs of refugees.

PROGRAM STATUS:

Strategies that promote economic self-sufficiency through a reform of welfare are top priorities for People Initiative of the Department of Human Services. For the past 10 years, intense efforts have been made to change welfare in Minnesota. Through the use of federal "waivers" (approved variances to federal rules), Minnesota has been experimenting with different ways to change welfare. The centerpiece of these efforts is the Minnesota Family Investment Program (MFIP). MFIP was implemented in 7 Minnesota counties in 1994 and expanded to Ramsey County in 1996. Initial findings show significantly more MFIP recipients are working or off assistance compared with recipients of AFDC. MFIP is an anti-poverty approach fostering a sense of mutual responsibility between those providing assistance and those receiving it and mobilizing communities to provide informal non-welfare solutions for struggling families.

An important premise in all Minnesota's efforts is the practical knowledge that jobs available to those entering or re-entering the job market may not pay enough to support families or individuals. They may not come with health care benefits, and parents may find that their incomes are almost entirely consumed to pay for child care. Minnesota has staked out the position that by mobilizing supports outside welfare, families will not only get off welfare, but other families, one step away from welfare, will be prevented from needing public assistance. MinnesotaCare, administered by DHS, and child care funding for welfare recipients and working poor families (which moved to the Minnesota Department of Children, Families & Learning) are the 2 biggest non welfare, work supporting strategies.

Minnesota's efforts have produced results:

- State spending, adjusted for inflation, for welfare decreased more than 21% from F.Y. 1992-96. In inflation adjusted dollars, state spending for welfare dropped from \$407,900,000 in F.Y. 1991 to \$320,400,000 in F.Y. 1996.
- Since October 1994, MinnesotaCare, the state subsidized program for low-income families to purchase health insurance through sliding fee premiums has allowed 4,300 fewer Minnesotans to rely on welfare.
- At the same time, MinnesotaCare has proven to be the best welfare reform, saving taxpayers approximately \$2 million each month in welfare and associated health care costs.
- From F.Y. 1991-96, the amount of child support collected in Minnesota has increased 100% - from \$161 million to \$323 million.
- Minnesota ranks first among states, and collects more than twice the national average, in the amount of child support collected for each child support case.
- The number of paternities established for children receiving child support services increased 72% from 5,421 children in 1991 to 9,519 in 1996.
- Since its beginning in April 1994 MFIP, the state's innovative welfare reform effort, is producing promising results. Thirty-six percent of participants are working compared to about 13% of those in the broader AFDC population.
- Major legislation in 1995 and 1996 continued to move welfare reform forward in Minnesota with provisions including: WorkFIRST to move first-time welfare applicants quickly to work with vendor payments for rent and utilities; expanding MFIP to Ramsey County; requiring minor parents to live at home or in an adult-supervised setting to receive assistance; and establishing residency requirements.
- Unlike other states, Minnesota has also worked hard to maintain bi-partisan support for welfare reform. By forging consensus, Minnesota has been able to move forward. With federal welfare

1998-99 Biennial Budget

PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of
(Continuation)

reform at the national level now a reality, Minnesota's challenge is to stay true to its principles while meeting ambitious federal performance expectations with fewer resources and less flexibility than hoped for.

BUDGET SUMMARY:

Minnesota must use this legislative session to establish a new welfare system which uses the Temporary Assistance for Needy Families (TANF) block grant. The Governor's budget accomplishes this reform while living within the state's financial means. No additional state money is requested for basic reform beyond what the state would have been obligated to spend under the old AFDC program. The Governor recommends expanding MFIP statewide effective 1-1-98. In the 6-month transition period between the start of the biennium and statewide implementation of MFIP, an Assistance to Families Program would be in place similar to, but more restrictive than, current law AFDC.

In addition to TANF, the federal government made changes to the SSI program and policy change(s) in the Food Stamp program which will result in a loss of benefits for some Minnesotans, particularly legal non-citizens. As a basic principle, state dollars are not used to replace lost federal money dollar-for-dollar. However, recommendations are made that provide a safety net for disabled and elderly non-citizens by allowing these individuals to access the same support available to similarly situated citizens through the General Assistance program. Additionally, recommendations are made to provide a one-time grant to counties for use in helping individuals who are losing Food Stamps make a transition to other types of support. A special grant to non-profits is also made, to assist legal non-citizens in the citizenship process.

More specifically, the budget recommendations:

- Accelerate the current schedule for reimbursing counties for their share in the cost of income maintenance programs to simplify planning, forecasting, and budgeting.
- Create a reserve to retain unspent TANF earnings.
- Use and amend the old AFDC forecast to establish benchmarks for Minnesota's financial commitment to welfare programs. An updated AFDC forecast page remains. Following that, the AFDC program is excised from state statute.
- Address the budget formality of ending AFDC, Family General Assistance (FGA) and Emergency Assistance (EA), and establishes a new budget activity, Assistance to Families Grants, which reflects the proposed state and federal TANF Block Grant spending.
- Freeze federal administrative aid for welfare programs for the state and counties and create Assistance to Families-County Management and Assistance to Families-State Management as budget activities where most of these aid funds will reside.
- Establish a statewide MFIP.
- Expand electronic benefit transfer statewide.
- Implement federal mandates for child support enforcement and add additional measures to strengthen Minnesota's child support system.
- Enhance welfare fraud prevention.

Although the following elements are not part of the Economic Support Grants budget, it is important to note that the Governor recommends an increase in the Child Care Fund and a continued strong commitment to MinnesotaCare as additional welfare reform strategies.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
ASSISTANCE TO FAMILIES GRANTS				318,142	318,142		358,865	358,865
ASSIST FAMILY GRANTS - CO MGMT				21,512	21,512		21,512	21,512
WORK GRANTS	29,076	29,998	32,461	35,533	35,533	33,127	40,910	40,910
MN FAMILY INVESTMENT PLAN-MFIP	44,570	51,223	49,846	52,537	52,537	46,217	23,421	23,421
AID TO FAMS W/DEPENDENT CHILD	305,417	321,994	311,584	26,421	8,197	318,433	28,525	
CHILD SUPPORT ENFORCEMENT	70,637	71,926	69,557	69,807	69,807	69,451	69,501	69,501
GENERAL ASSISTANCE	58,904	60,853	59,605	69,969	59,428	59,605	71,213	55,159
MINNESOTA SUPPLEMENTAL AID	25,292	29,214	28,909	28,231	25,572	28,909	31,945	27,659
REFUGEE SERVICES	7,850	8,908	8,512	8,812	8,812	8,512	8,512	8,512
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	541,746	574,116	560,474	630,964	599,540	564,254	654,404	605,539
=====								
AGENCY PLAN ITEMS:		FUND						
=====		=====						
CHILD SUPPORT FEDERAL MANDATES		GEN		250			50	
FORECAST ADJUSTMENT - CHILD CARE		GEN		2,116			210	
FORECAST ADJUSTMENT - CASH GRANTS		GEN		3,745			<1,976>	
FORECAST ADJUSTMENT		GEN		<860>			2,367	
FORECAST ADJUSTMENT		GEN		11,082			14,783	
FORECAST ADJUSTMENT		GEN		1,631			11,243	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<269>			1,781	
RESTRUCTURE FUNDING		GEN		<133,446>			<143,004>	
RESTRUCTURE FUNDING		GEN		<6,129>			<6,616>	
MFIP CHILD CARE TRANSFER		GEN		<6,322>			<4,416>	
MFIP STATEWIDE		GEN		300				
TEMPORARY ASSISTANCE NON-CITIZENS		GEN		2,700				
MFIP STATEWIDE - EA COUNTY GRANT		GEN		1,186			1,296	
MFIP STATEWIDE - CASH GRANTS		GEN		<10,435>			<5,686>	
MFIP STATEWIDE		GEN					<7,961>	
RESTRUCTURE FUNDING		GEN		139,575			149,620	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,711			3,441	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		182			669	
FORECAST ADJUSTMENT - CHILD CARE		FED		63			<502>	
MFIP STATEWIDE		FED		3,342			8,056	
ADMINISTRATIVE FREEZE		FED		21,512			21,512	
MFIP STATEWIDE - EA COUNTY GRANTS		FED		1,186			1,296	
MFIP STATEWIDE		FED		13,303			27,035	
MFIP STATEWIDE		FED					<7,998>	

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS

			FY 1998			FY 1999		
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ADMINISTRATIVE FREEZE		FED		<3,747>			<4,206>	
ADMINISTRATIVE FREEZE		FED		<270>			<273>	
RESTRUCTURE FUNDING		FED		<137,411>			<145,572>	
FORECAST ADJUSTMENT		FED		<11,921>			<10,150>	
RESTRUCTURE FUNDING		FED		173,327			185,304	
FORECAST ADJUSTMENT - CASH GRANTS		FED		3,089			<153>	
TOTAL AGENCY PLAN ITEMS				70,490			90,150	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		7,553			<698>	
(B) ELIMINATE COUNTY SHARE		GEN		<25,777>			<27,827>	
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		4,173			<610>	
(B) ELIMINATE COUNTY SHARE		GEN		<14,714>			<15,444>	
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN		1,003			<137>	
(B) ELIMINATE COUNTY SHARE		GEN		<3,662>			<4,149>	
TOTAL GOV'S INITIATIVES				<31,424>			<48,865>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	234,908	251,502	250,555	255,948	268,677	250,561	260,471	259,026
STATUTORY APPROPRIATIONS:								
GENERAL	105,804	106,668	97,405	100,029	55,876	97,405	103,296	55,876
SPECIAL REVENUE	19	2,400	106	106	106			
FEDERAL	201,010	213,528	212,403	274,876	274,876	216,283	290,632	290,632
GIFT	5	18	5	5	5	5	5	5
TOTAL EXPENDITURES	541,746	574,116	560,474	630,964	599,540	564,254	654,404	605,539
FTE BY EMPLOYMENT TYPE:								
REGULAR	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL FTE	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants

ITEM TITLE: Acceleration of County Income Maintenance Reimbursement Schedule

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MA LTC Facilities	\$15,566	\$(2,489)	\$(3,312)	\$(3,764)
MA LTC Waiver & Home Care	6,439	(1,157)	(1,743)	(2,202)
MA Basic Health Care Grants: Elderly and Disabled	10,551	(1,918)	(2,828)	(3,589)
MA Basic Care: Families and Children	9,973	(1,772)	(2,576)	(3,084)
GAMC Grants	4,841	(778)	(1,019)	(1,129)
Alternative Care Grants	975	(231)	(232)	(232)
Group Residential Housing	3,161	(436)	(668)	(916)
Aid to Families with Dependent Children	7,553	(698)	(981)	(1,440)
General Assistance	4,173	(610)	(720)	(865)
Minnesota Supplemental Assistance	<u>1,003</u>	<u>(137)</u>	<u>(224)</u>	<u>(294)</u>
TOTAL	\$64,235	\$(10,226)	\$(14,303)	\$(17,515)

Revenues: (\$000s)
General Fund

Statutory Change? Yes X No

If yes, statutes(s) affected: MS 256.025, MS 256.026, MS 256.736, MS 256.82, MS 256.871, MS 256.935, MS 256B.19, MS 256B.0913, MS 256D.03, MS 256D.36, MS 256I

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$64,235,000 in F.Y. 1998 and a decrease in the budget base of \$10,226,000 in F.Y. 1999 in order to accelerate the current schedule for reimbursing counties for their share in the cost of income maintenance and health care programs. This acceleration of the schedule will simplify planning, forecasting, and budgeting for the Department of Human Services (DHS) and its County Partners. This proposal results in savings to counties totaling \$5,547,000 in F.Y. 1998 and \$5,547,000 in F.Y. 1999.

RATIONALE:

Because of fiscal constraints at the time of passage, state funding of the non-federal share of certain health care and income maintenance programs incorporated a county share billing for 6 months of each fiscal year and a 6 month delay in reimbursement from DHS to counties. This provision was designed to phase out over a number of years and the phase out was dubbed "split the hit". Under current law the phase out will be completed in 4 years, at the beginning of F. Y. 2002. However, the continuing need for collection of a county share and subsequent reimbursement in the next state fiscal year has created an ongoing pattern of fiscal exchanges between counties and DHS that is confusing and complicates planning, forecasting, and budgeting for both partners. With federal welfare reform, there will no longer be a set federal and non-federal share. Nor will the historic county share of Aid to Families with Dependent Children, Family General Assistance, and Emergency Assistance be relevant with the elimination of those programs and their inclusion in the MFIP-based Assistance to Families activity. Without this proposal, a county share will have to be imposed for the remaining 4 years of the state financing schedule for the cash assistance programs.

PROGRAM OUTCOMES:

Accelerating the reimbursement schedule will simplify fiscal operations for both partners and will improve county/state relations. Simplification is particularly important with federal reform measures imminent. Federal reform will almost surely mean complex upheavals in many programs and increased complexity in county/state relationships. Working through the implementation of federal reform will be much easier if the fiscal operations are simplified. Some forecasting complexity will be reduced. Increased effort can be concentrated on services to clients.

The fiscal effect on the state and counties of the scheduled acceleration for the remaining years is:

	STATE	COUNTIES
SFY 1998	\$ 64,235	\$ (5,547)
SFY 1999	(10,226)	(5,547)
SFY 2000	(14,303)	(5,547)
SFY 2001	(17,515)	(5,547)
NET	\$ 21,191*	\$(21,191)*

*Numbers may not total due to rounding.

LONG-TERM IMPACT:

Fiscal operations at the state and county levels will be simplified. Implementation of federal reforms will be facilitated and more effort will be concentrated on services to clients. County/State relationships will be improved. County budget relief will be provided.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants

ITEM TITLE: Summary of Budget Impact of the Minnesota Family Investment Plan Statewide Implementation; Create Federal Fund TANF Reserve

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Funds Available (000s)				
General Fund	\$139,575	\$149,620	\$164,262	\$168,472
Federal Funds				
TANF Block Grant	267,985	267,985	267,985	267,985
FY 1997 federal earnings	<u>16,689</u>			
Sub-total funds available	424,249	417,605	432,247	436,457
Expenditures (000s)				
General Fund	139,575	149,620	164,262	168,472
Federal funds	<u>245,830</u>	<u>264,987</u>	<u>284,499</u>	<u>293,141</u>
Sub-total expenditures	385,405	414,607	448,761	461,613
Balances				
Current year balance	38,844	2,998	(16,514)	(25,156)
TANF Reserve applied toward balance	<u>-0-</u>	<u>-0-</u>	<u>16,514</u>	<u>25,156</u>
Remaining TANF Reserve	\$38,844	\$41,842	\$25,328	\$172

Statutory Change? Yes X No _____
 If yes, statutes(s) affected: M.S. 256, M.S. 256D

GOVERNOR'S RECOMMENDATION:

The Governor recommends establishment of the Minnesota Family Investment Program statewide. The Governor recommends the appropriation of \$245,830,000 in F.Y. 1998 and \$264,987,000 in F.Y. 1999 in federal TANF block grant money for MFIP. The Governor recommends a General Fund appropriation of \$139,575,000 in F.Y. 1998 and \$149,620,000 in F.Y. 1999 for this program. The Governor recommends that all federal earnings in excess of the federal funds appropriated be retained in the Federal Fund and held for use in the MFIP program in subsequent fiscal years.

RATIONALE:

MFIP will be funded within existing available resources. Federal earnings will be maximized and held in the general fund for expenditure. In this manner, the Department can maximize its draws of TANF funds within the scope of the Federal Cash Management Improvement Act. Absent the ability to hold federal earnings, federal draws may be lower, state cash flow may be affected and Congress might take adverse action on earned but unexpended balances.

PROGRAM OUTCOMES:

MFIP is a comprehensive reform of welfare which moves families into work, reduces dependence on welfare and reduces child poverty.

LONG-TERM IMPACT:

With the ability to hold federal earnings, the funds can be protected and the General Fund impact of the MFIP proposal can be kept within available resources in F.Y.s 2000 and 2001.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ITEM TITLE: Welfare Reform: Restructure Funding and Establish Assistance to Families Grants

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Assistance to Families Grants	\$139,575	\$149,620	\$164,262	\$168,472
AFDC Grants				
AFDC/EA Grants	(129,072)	(138,515)	(152,186)	(156,153)
IV-D Pass through	(3,863)	(3,882)	(3,881)	(3,881)
Non-Citizens FFP loss	(511)	(607)	(715)	(818)
TOTAL	(133,446)	(143,004)	(156,782)	(160,852)
GA Grants				
Eliminate Family GA	(6,129)	(6,616)	(7,480)	(7,620)
Federal Funds				
Financial Operations				
AFDC Housing Allowance	(3,689)	(3,612)	(3,589)	(3,589)
IV-D Admin Offset	(35,916)	(39,732)	(41,236)	(42,534)
Assistance to Families Grants				
Assistance to Families Grants	173,327	185,304	201,512	206,969
Work Grants				
JOBS Work Grants	(14,245)	(14,245)	(14,245)	(14,245)
MFIP-S Work Grants	14,245	14,245	14,245	14,245
MFIP Grants				
MFIP Cash Grants AFDC	(11,377)	(7,998)	-0-	-0-
MFIP Cash Grants TANF	11,377	7,998	-0-	-0-
AFDC Grants				
AFDC/EA Grants	(141,785)	(150,061)	(164,872)	(169,134)
Non citizens FFP	511	607	715	818
IV-D Pass through	3,863	3,882	3,881	3,881
Revenues: (\$000s)				
General Fund				
AFDC Grants	\$(3,689)	\$(3,612)	\$(3,589)	\$(3,589)

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256.879

GOVERNOR'S RECOMMENDATION:

This decision page establishes a new budget activity for a new program. The Governor recommends an increase in the newly created Assistance to Families program of \$139,575,000 for

F.Y. 1998 and \$149,620,000 for F.Y. 1999. The Governor recommends a corresponding decrease in the general fund budget base of \$139,575,000 for F.Y. 1998 and \$149,620,000 for F.Y. 1999 for the elimination of the state Aid to Dependent Children (AFDC) program, the Family General Assistance (FGA) program, and the Emergency Assistance (EA) program.

The Governor recommends an increase of \$198,950,000 in F.Y. 1998 and \$207,547,000 in F.Y. 1999 in federal funding to be allocated to the state's Assistance to Families program from the Temporary Assistance to Needy Families Block grant. The Governor recommends a corresponding decrease in the federal fund budget base of \$137,411,000 in F.Y. 1998 and \$145,572,000 in F.Y. 1999 for eliminating the federal AFDC, EA and Job Opportunities and Basic Skills (JOBS) program. The Governor recommends a decrease in the federal budget base of \$35,916,000 in F.Y. 1998 and \$39,732,000 in F.Y. 1999 of child support enforcement federal administrative aid to reflect the changed treatment of the federal share of child support collections. The Governor recommends eliminating \$3,689,000 in F.Y. 1998 and \$3,612,000 in F.Y. 1999 in federal AFDC revenue received by the General Fund to offset the cost of the property tax refund under chapter 290A.

RATIONALE:

The federal AFDC program will end upon implementation Minnesota's Temporary Assistance to Needy Families (TANF) plan. Title I of the Personal Responsibility and Work Opportunity Act of 1996 established the TANF block grant as a replacement for titles IV-A and F of the Social Security Act. Also repealed is the AFDC child care entitlement. The act provides for the funding of all child care services and administration through the Child Care and Development block grant which is now provided to the Minnesota Department of Children, Families and Learning.

This proposal discontinues the old funding streams for the program and establishes funding through the new TANF program.

- Federal state AFDC programs are eliminated and replaced with a temporary Assistance to Families program. All funds in the base formerly appropriated as AFDC or EA are eliminated and an equal amount of Assistance to Families Funding is provided. Federal JOBS funding is eliminated and replaced by similarly functioning Assistance to Families Work programs. The Assistance to Families Grants program would be a transition to a statewide MFIP.
- The Supplemental Housing Allowance under MS 256.879 would be eliminated and the federal funds this allowance would have earned will become available to the Assistance to Families program. The elimination would reduce General Fund revenues.
- The federal share of child support collections would no longer offset the federal cash grant program, previously AFDC, but would offset the federal Child Support IV-D Administration grant.

PROGRAM OUTCOMES:

This proposal provides a budgetary starting point to the Assistance to Families grants budget that will allow other decision items to operate off of the Family Assistance grant budget base rather than the old AFDC, EA and JOBS programs.

LONG-TERM IMPACT:

This is a technical necessity which creates the budget base for the new Assistance to Families Program.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ITEM TITLE: Welfare Reform: Freeze Federal Administrative Funding for Assistance to Families Programs

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
Federal Funds				
Financial Operations				
AFDC Fraud Prevention	\$ (577)	\$ (594)	\$ (612)	\$ (630)
AFDC County Admin..	(20,034)	(20,635)	(21,254)	(21,892)
AFDC Operations Support	(79)	(82)	(84)	(87)
AFDC Indirect	(1,820)	(1,875)	(1,931)	(1,989)
Assist. To Families Operations Support	75	75	75	75
Assistance to Families County Management				
Federal Administrative Aid	21,512	21,512	21,512	21,512
Work Grants				
JOBS/DES	(302)	(302)	(302)	(302)
JOBS county Admin.	(180)	(180)	(180)	(180)
JOBS Indirect	(90)	(93)	(96)	(98)
DES Services	302	302	302	302
AFDC Grants				
County EA-Admin.	(2,103)	(2,166)	(2,231)	(2,298)
Local Collaborative EA	(1,644)	(2,040)	(2,400)	(2,544)
Economic Support Operations				
MAXIS Admin.	(4,263)	(4,391)	(4,522)	(4,658)
MAXIS Indirect	(248)	(256)	(263)	(271)
EBT	(705)	(727)	(748)	(771)
Assist. to Families MAXIS	4,018	4,018	4,018	4,018

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Assist to Families MAXIS-Indirect	234	234	234	234
Assist to Families EBT	665	665	665	665
Assist to Families FPI	443	443	443	443
Assistance to Families State Management				
Assist to Families Indirect	1,800	1,800	1,800	1,800

SUMMARY

Admin. funding eliminated

State	(7,507)	(7,725)	(7,946)	(8,176)
County	<u>(24,538)</u>	<u>(25,616)</u>	<u>(26,677)</u>	<u>(27,544)</u>
TOTALS	(32,045)	33,341	(34,623)	(35,720)

Total Assistance to Families Funding allocated

State	7,095	7,095	7,095	7,095
County	<u>21,955</u>	<u>21,955</u>	<u>21,955</u>	<u>21,955</u>
TOTALS	\$ 29,050	\$ 29,050	\$ 29,050	\$ 29,050

Revenues: (\$000s):

General Fund

AFDC/EA/JOBS	\$(2,158)	\$(2,223)	\$(2,289)	\$(2,358)
Assistance to Families	<u>2,035</u>	<u>2,035</u>	<u>2,035</u>	<u>2,035</u>
TOTAL	\$ (123)	\$ (188)	\$ (254)	\$ (323)

Requires Statutory Change? Yes X No _____

If yes, statute affected:

M.S. 256.879, M.S 256.8711

GOVERNOR'S RECOMMENDATION:

The Governor recommends freezing federal funding for state, and county administrative costs at the F.Y. 1996 levels. This freeze in funding would represent an allocation of \$29,050,000 in F.Y. 1998 and \$29,050,000 in F.Y. 1999 in federal money from the federal Temporary Assistance to Needy Families (TANF) block grant. This funding replaces the corresponding federal administrative funding streams in Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), and the Federal JOBS program.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants

ITEM TITLE: Welfare Reform: Freeze Administrative Funding for Assistance to Families Programs

(Continuation)

RATIONALE:

The federal AFDC program will end upon the implementation of Minnesota's TANF plan. Title I of the Personal Responsibility and Work Opportunity Act of 1996 established the Temporary Assistance to Needy Families block grant as a replacement for AFDC and jobs (Titles IV-A and F of the Social Security Act). Also repealed is the AFDC child care entitlement. The act shifts funding of all child care services and administration through the Child Care and Development Block grant. These funds are now administered by the Minnesota Department of Children, Families and Learning.

This proposal discontinues the old funding streams for program administration and makes several restructuring changes in establishing funding through the new Assistance to Families Program funded by TANF.

- Open ended administrative funding streams supporting AFDC and EA would be eliminated and replaced with capped administrative funds for both the state and counties. Total state and federal funding would be capped at the F.Y. 1996 level and would be allocated between the state and counties and among counties proportionate to that F.Y. 1996 level. Several minor funding streams would be consolidated.
- Emergency Assistance funding which provided partial (8% federal earnings) of 4 child welfare collaborative pilots would end and the F.Y. 1996 fund base would be split among all counties proportionately.

PROGRAM OUTCOMES:

This proposal would freeze administrative funding at F.Y. 1996 levels and make more funds available to Assistance to Families Grants. It will simplify financial administration as well as consolidate federal administrative funding streams.

LONG-TERM IMPACT:

The administrative funding strategy in this proposal is to freeze funding levels as a way to make more funds available to Assistance to Families Grants and related services. Eventually, inflation will erode the value of the frozen administrative funding base. Simplification of program administration can reduce but not eliminate the pressure for potential future increases in this area.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants

ITEM TITLE: Welfare Reform: Establish the Minnesota Family Investment Program Statewide

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Funds				
MA Basic Health Care Grants				
Families and Children	\$5,140	\$11,783	\$12,977	\$13,981
MFIP Grants (Field Trial)		(7,961)		
Assistance to Families Grants				
MFIP-S Cash Grants	(9,783)	(4,245)	(13,104)	(13,900)
EA County Grant	1,186	1,296	1,296	1,296
EA Grant (transfer above)	(652)	(1,441)	(1,715)	(1,922)
General Assistance Grants	2,700	-0-	-0-	-0-
Refugee Services	300	-0-	-0-	-0-
Economic Support Policy	359	318	296	296
Economic Support Operations	750	250	250	250
Federal Funds				
Assistance to Families Grants				
MFIP Cash Grants	19,042	39,219	41,539	43,520
Field Trial 6/98	-0-	7,998	-0-	-0-
Eliminate pass-through	(6,787)	(6,889)	(6,871)	(6,856)
Two tier grant	(245)	(334)	(443)	(473)
New hire reporting	(305)	(754)	(770)	(770)
\$100 Subsidized	(6,999)	(15,154)	(16,001)	(16,410)
EA county grant (transfer from Assistance to Families Grants)	(1,186)	(1,296)	(1,296)	(1,296)
EA County Grant	1,186	1,296	1,296	1,296
Replace General Fund above	9,783	4,245	13,104	13,900
Net MFIP	<u>14,489</u>	<u>28,331</u>	<u>30,558</u>	<u>32,911</u>
Work Grants	3,342	8,056	9,134	9,966
MFIP Grants (Sunset Field Trial)	-0-	(7,998)	-0-	-0-
TOTAL COST	\$17,831	\$28,390	\$39,692	\$42,877
Revenues: (\$000s)				
State Total	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256, M.S. 256D

GOVERNOR'S RECOMMENDATION:

The Governor recommends allocating \$17,831,000 in F.Y. 1998 and \$28,390,000 in F.Y. 1999 in federal funds for the statewide implementation of the Minnesota Family Investment Program (MFIP). The Governor recommends no increase in state funds for welfare reform above projected expenses under the old AFDC program.

This proposal:

- Complies with the federal requirement to replace the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) block grant.
- Implements MFIP statewide, promoting work and providing families with supports that enable them to work.
- Incorporates the Family General Assistance Program into the statewide MFIP program.
- Expands the use of Child Support Registry data, to provide information as to whether or not a public assistance recipient is working.
- Requires that applicants meet a 30 day residency requirement to receive assistance.
- Requires that families who move to Minnesota meet certain requirements or the family will receive the lesser of Minnesota's payment standard or the payment standard from the previous state of residence for a year.
- Budgets a portion of subsidized housing benefits in the calculation of the MFIP household grant.
- Limits family assistance cases to a lifetime total of 60 months.
- Establishes grant amounts based only upon family size.
- Eliminates the \$50 pass-through for child support collected for recipients.
- Provides counties with a one-time grant to help mitigate the effects of the loss of SSI and food stamp eligibility by lawfully present non-citizens
- Provides for citizenship training for non-citizens.

RATIONALE:

On August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 became law. This bill ends the AFDC program and replaces it with the Temporary Assistance for Needy Families (TANF) program, funded by a block grant. This legislation also makes changes to the Food Stamp program, Supplemental Security Income (SSI) benefits to some immigrants, and the Child Support Enforcement program. These changes require that the state redesign its family cash assistance program to comply with federal requirements and to use the opportunity federal reform provides to change the state's welfare system.

Minnesota is currently conducting field trials of the MFIP program. Early evaluation data shows encouraging results in reaching the goal of increasing work and lifting children and their families out of poverty through work. In response to the federal legislation, Minnesota proposes to expand MFIP, with modifications, statewide.

PROGRAM OUTCOMES:

Statewide MFIP is a comprehensive reform of welfare for families that replaces AFDC, Food Stamps, Family General Assistance and Project STRIDE. The goal of this initiative is to move families into work, reduce dependence on welfare and reduce child poverty. Under proposed reforms:

- Recipients will work or prepare for work
- A 60 month lifetime limit on assistance will be implemented

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants

ITEM TITLE: Welfare Reform: Establish the Minnesota Family Investment Plan Statewide
(Continuation)

- Overlap between public assistance programs will be eliminated
- Simplification will occur, whenever possible, consistent with program principles to reduce administrative costs for the state and counties

LONG-TERM IMPACT:

Dependency upon income assistance will decrease.

- Work will be expected
- Many families will move out of poverty
- There will be a social contract with families in which both the government and client have responsibilities
- There will be a focus on employment, ongoing training and educational opportunities

BUDGET ACTIVITY: Assistance to Families Grants
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

BUDGET SCOPE:

This is a new budget activity with no F.Y. 1998 base.

ACTIVITY DESCRIPTION:

Background

In August 1996 the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 became law. This bill ended the Aid to Families with Dependent Children (AFDC) program which had been in effect since 1935.

In place of AFDC, the federal government, through PRWORA, will provide states with federal funds under a block grant. This block grant, which includes both benefit and administrative funds, is called Temporary Assistance for Needy Families (TANF). This budget proposes that TANF money and money the state had committed in its forecast to the old AFDC program as matching funds would be used to fund Minnesota's transitional program called Assistance to Families Grants and, subsequently, a statewide Minnesota Family Investment Program (MFIP). Assistance to Families Grants would provide a bridge between the time that AFDC must end in July 1997 and the time that MFIP would be implemented statewide in January 1998. The current AFDC program would be in place until July 1997.

Under TANF, there are new federal and state roles. Federal review of the state's plan would be for completeness rather than control; compliance and regulation making authority is limited to specific provisions in the PRWORA law. Minnesota can make eligibility and administrative procedures and have direct control over a number of key elements including:

- benefit levels
- standard of need
- eligibility areas previously in waivers such as earnings disregards, asset limits and exemptions, vehicle limits and exemptions, and sanctions

Assistance to Families Grants

Assistance to Families Grants would be a new welfare approach in Minnesota guided by a stronger focus on work. A 60-month time limit on lifetime receipt of assistance funded with dollars would begin under Assistance to Families Grants as would residency requirements. The 60-month limit is a national standard but is not retroactive. TANF allows for 20% of the caseload to be exempt from this limit if hardships, as defined by the state, are met. These elements would then be extended into the larger frame of MFIP statewide.

Additionally, Assistance to Families Grants and then MFIP would form the basis to meet new federal work participation rates that must be achieved in order to continue receiving full TANF funding. Most families will be required to work immediately. For example, the hours of work are specified at the individual participant level in TANF; work participants who can be in vocational educational training or teens in high school is capped at 20%; and individuals exempt from the 60-month limit are not exempt from work requirements. Under TANF, work requirements start with 25% of the single parent caseload working 20 hours per week in F.F.Y. 1997. It increases to 50% working 30 hours per week by 2002. Using current numbers, that translates to approximately 38,000 families.

Under TANF, access to federal funding to begin an effort like Assistance to Families Grants begins with the submission of a state plan deemed complete. The deadline for this state plan is July 1, 1997, but submission may be earlier. Under TANF rules, Minnesota must maintain 80% of its historic level of state spending for families with children. This is reduced to 75% if federally mandated work rates are achieved. The base year for determining how much federal money the state gets in the block grant and its level of mandated continued commitment is federal fiscal year 1994.

BUDGET ISSUES:

This activity provides a transitional account into which the state will receive the portion of the TANF block grant dedicated to grants to individuals.

TANF funding is frozen each year for the next 5 years regardless of changes in caseload. The block grant amount is \$268 million per year for the next 5 years.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: ASSISTANCE TO FAMILIES GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS				315,770	315,770		356,273	356,273
LOCAL ASSISTANCE				2,372	2,372		2,592	2,592
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES				318,142	318,142		358,865	358,865
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
RESTRUCTURE FUNDING		GEN		139,575			149,620	
MFIP STATEWIDE - CASH GRANTS		GEN		<10,435>			<5,686>	
MFIP STATEWIDE - EA COUNTY GRANT		GEN		1,186			1,296	
RESTRUCTURE FUNDING		FED		173,327			185,304	
MFIP STATEWIDE		FED		13,303			27,035	
MFIP STATEWIDE - EA COUNTY GRANTS		FED		1,186			1,296	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				318,142			358,865	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL				130,326	130,326		145,230	145,230
STATUTORY APPROPRIATIONS:								
FEDERAL				187,816	187,816		213,635	213,635
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES				318,142	318,142		358,865	358,865
=====								
REVENUE COLLECTED:								

DEDICATED:								
FEDERAL				279,756	279,756		263,066	263,066
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED				279,756	279,756		263,066	263,066

BUDGET ACTIVITY: Assistance to Families County Management
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

BUDGET SCOPE:

This is a new budget activity with no F.Y. 1998 base.

ACTIVITY DESCRIPTION:

Background

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) became law. This bill ended the Aid to Families with Dependent Children (AFDC) program which had been in effect since 1935.

In place of AFDC, the federal government, through PRWORA, will provide states with federal funds under a block grant. This block grant, which includes both benefit and administrative funds, is called Temporary Assistance for Needy Families (TANF). This budget proposes that TANF money and money the state had committed in its forecast to the old AFDC program as matching funds would be used to fund Minnesota's transitional program called Assistance to Families Grants and subsequently a statewide Minnesota Family Investment Program (MFIP). The current AFDC program would be in place until July 1997. Assistance to Families Grants would provide a bridge between the time that AFDC must end in July 1997 and the time that MFIP would be implemented statewide in January 1998.

Changing roles of federal, state, and county governments

In addition to changing the fundamental nature of welfare, TANF changes the role between the federal government and the state, the state and county, and the county and local clients.

TANF requires major changes in expectations for welfare recipients and for what human services does relative to making welfare work. Under reform, much more will be expected from counties in terms of tailoring specific interventions: child care, training, community informal supports, and cash assistance, to individual families. In addition, determining work barriers and making welfare offices more like work offices will be important goals. Counties will have to determine work program options, including determining the best employment and training models to meet local needs. Counties will have to work even more closely with employment and training providers and the local business and non-profit communities to move people to jobs and connect them with non-welfare supports.

Account Activity

Administrative funding in AFDC, separate from other types of assistance funding, will now be rolled into the total block grant. Under budget recommendations, state and county administrative funding would be partitioned and this activity would be the new management activity for the county portion.

In addition to the functions mentioned above, funding from this new budget activity would support:

- verifying eligibility
- assessing employment barriers and determining how best to assist families who need help
- managing performance outcomes for clients and for employment and training strategies.

BUDGET ISSUES:

Overall, TANF requires that no more than 15% of the state's TANF block grant and the state's maintenance of effort be spent for administrative purposes. Some systems changes can be outside of this cap.

The Governor recommends freezing for state and county administrative spending as described in other welfare reform decision pages to prioritize funding toward Assistance to Families Grants.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: ASSIST FAMILY GRANTS - CO MGMT

			FY 1998			FY 1999		
	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ACTIVITY SUMMARY								
=====								
EXPENDITURES:								

DETAIL BY CATEGORY:								
LOCAL ASSISTANCE				21,512	21,512		21,512	21,512
=====								
TOTAL EXPENDITURES				21,512	21,512		21,512	21,512
=====								
AGENCY PLAN ITEMS:								

ADMINISTRATIVE FREEZE				21,512			21,512	
=====								
TOTAL AGENCY PLAN ITEMS				21,512			21,512	
=====								
EXPENDITURES BY FUND:								

STATUTORY APPROPRIATIONS:								
FEDERAL				21,512	21,512		21,512	21,512
=====								
TOTAL EXPENDITURES				21,512	21,512		21,512	21,512
=====								
FTE BY EMPLOYMENT TYPE:								

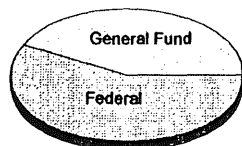
TOTAL FTE								
=====								

1998-99 Biennial Budget

BUDGET ACTIVITY: Work Grants
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

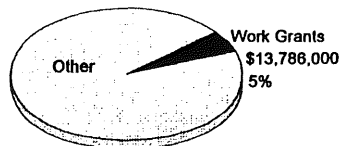
BUDGET SCOPE:

Work Grants
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$32,461,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

ACTIVITY DESCRIPTION:

Work grants have provided employment and training services to recipients of Aid to Families With Dependent Children (AFDC), to help recipients avoid or end long-term public assistance dependency. Work grants are provided to all 87 Minnesota counties and 6 Native American reservations. The primary Work grants are:

- Success Through Reaching Individual Development and Employment (Project STRIDE) is Minnesota's primary welfare-to-work program. STRIDE provides employment and training services to over 22,000 AFDC recipients each year. The primary purpose of STRIDE is to help participants become employed.

Project STRIDE funds are distributed as grants by the Department as follows:

- Case management and Employment and Training block grant funds are allocated based on statutory criteria to county human service agencies and tribes for provision of project STRIDE services.
- Administrative funds are transferred under contract to the Department of Economic Security to cover their costs of co-managing the program and to fund innovative projects.
- Food Stamp Employment and Training (FSET) provides employment and training services to Food Stamp recipients. FSET services emphasize quick employment and focus on job seeking and job placement activities. All non-exempt household members between the ages of 18 and 55 must participate in FSET.

- Jobs Support Services funds direct service and technical assistance for Parents Fair Share, Injury Protection, and Tax Credit Express. These grants increase child support to families, assist job placement, provide workers compensation coverage and expand child care options for working families
- Self Employment Investment Demonstration (SEID) provides small business training for certain AFDC recipients. Service providers contract with county human service agencies. Participants receive business training, technical advice, and support from approved service providers, and receive waivers of federal AFDC rules that discourage business ownership.

BUDGET ISSUES:

With the exception of FSET, most of these work programs will be part of the Temporary Assistance to Needy Families (TANF) block grant. The Minnesota Family Investment Plan and its transitional phase of Assistance to Families services, will contain work grant/employment and training strategies.

REVENUE:

Project STRIDE earns federal reimbursement at the rates of 50%, 60%, and 90% for expenditures based on the type of expenditure. Federal earnings are dedicated funds and are returned to Project STRIDE.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: WORK GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	66	213	216	216	216	220	220	220
OPERATING EXPENSES	88	434	550	550	550	550	550	550
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	154	647	766	766	766	770	770	770
PAYMENTS TO INDIVIDUALS	49							
LOCAL ASSISTANCE	28,873	29,351	31,695	34,767	34,767	32,357	40,140	40,140
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	29,076	29,998	32,461	35,533	35,533	33,127	40,910	40,910
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
ADMINISTRATIVE FREEZE		FED		<270>			<273>	
MFIP STATEWIDE		FED		3,342			8,056	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				3,072			7,783	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	14,977	14,662	13,786	13,786	13,786	13,792	13,792	13,792
STATUTORY APPROPRIATIONS:								
FEDERAL	14,094	15,318	18,670	21,742	21,742	19,330	27,113	27,113
GIFT	5	18	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	29,076	29,998	32,461	35,533	35,533	33,127	40,910	40,910
=====								
REVENUE COLLECTED:								

DEDICATED:								
FEDERAL	2,866	3,248	6,600	6,600	6,600	7,260	7,260	7,260
GIFT	9	9	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	2,875	3,257	6,605	6,605	6,605	7,265	7,265	7,265

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
 PROGRAM: ECONOMIC SUPPORT GRANTS
 ACTIVITY: WORK GRANTS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL FTE	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0

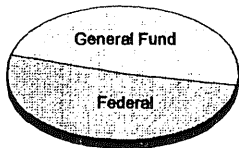
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1998-99 Biennial Budget

BUDGET ACTIVITY: Minnesota Family Investment Plan
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

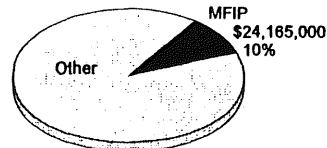
BUDGET SCOPE:

MN Family Investment Plan - MFIP
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$49,846,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

ACTIVITY DESCRIPTION:

The Minnesota Family Investment Program (MFIP) is a comprehensive reform of welfare for families. It is currently being field tested in Anoka, Dakota, Hennepin, Mille Lacs, Morrison, Sherburne, Ramsey and Todd Counties. The MFIP grant replaces Aid to Families with Dependent Children (AFDC), Food Stamps, Family General Assistance (FGA) and Project STRIDE grants, restructuring the welfare system around 4 goals:

- To help families increase their income
- To help families move toward self-sufficiency
- To reduce long-term dependence on welfare as the primary source of family income
- To simplify the welfare system

MFIP's central policies support these goals:

- **Work is rewarded.** Unlike current welfare programs, a family is always better off financially when working under MFIP. Even the low-wage and part-time jobs in today's economy can be combined with a reduced grant to provide real opportunities to increase family income.
- **The family is supported.** MFIP eliminates rules that prevent many 2-parent families from getting assistance. Child care is guaranteed for working families.
- **Programs are combined and simplified.** AFDC, Food Stamps, and FGA are combined into a single program with simplified rules.
- **Obligations work 2 ways.** MFIP expects families to pursue increased self-support and provides case management to families that are at risk for long-term use of public assistance. Failure to cooperate with an agreed-upon employability plan results in a sanction of 10% of the MFIP grant.

Almost 8,500 families receiving or applying for public assistance in the 7 counties participate in MFIP. The same number of families receiving AFDC, FGA, and Food Stamps serve as a comparison group. MFIP's effectiveness at lifting families out of poverty is being measured throughout the field trials by comparing outcomes for MFIP families with outcomes for comparison group families. Results are promising: 30% more MFIP recipients are working compared to the control groups, while 36% of MFIP recipients are working compared to 13% of the broader AFDC population.

County welfare offices have developed into more work-focused operations. Employment and training providers have implemented MFIP's mandatory case management services with a strong work focus.

BUDGET ISSUES:

This budget includes a proposal to expand MFIP statewide as the core of Minnesota's response to welfare reform block grants.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: MN FAMILY INVESTMENT PLAN-MFIP

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	37,289	40,123	41,293	48,127	48,127	37,664	21,742	21,742
LOCAL ASSISTANCE	7,281	11,100	8,553	4,410	4,410	8,553	1,679	1,679
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	44,570	51,223	49,846	52,537	52,537	46,217	23,421	23,421
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
FORECAST ADJUSTMENT - CHILD CARE		GEN		2,116			210	
FORECAST ADJUSTMENT - CASH GRANTS		GEN		3,745			<1,976>	
MFIP CHILD CARE TRANSFER		GEN		<6,322>			<4,416>	
MFIP STATEWIDE		GEN					<7,961>	
FORECAST ADJUSTMENT - CHILD CARE		FED		63			<502>	
FORECAST ADJUSTMENT - CASH GRANTS		FED		3,089			<153>	
MFIP STATEWIDE		FED					<7,998>	
=====		=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				2,691			<22,796>	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	21,347	24,161	24,165	23,704	23,704	24,165	10,022	10,022
STATUTORY APPROPRIATIONS:								
GENERAL	3,479	2,670						
FEDERAL	19,744	24,392	25,681	28,833	28,833	22,052	13,399	13,399
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	44,570	51,223	49,846	52,537	52,537	46,217	23,421	23,421
=====								
REVENUE COLLECTED:								

DEDICATED:								
FEDERAL	26,225	29,181	26,670	11,853	11,853	26,670	11,850	11,850
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	26,225	29,181	26,670	11,853	11,853	26,670	11,850	11,850

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: Minnesota Family Investment Program

ITEM TITLE: Minnesota Family Investment Program Field Trials Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MFIP Cash Grants	\$3,745	\$(1,976)	\$(15,612)	\$(15,612)
MFIP Child Care Grant	2,116	210	(4,206)	(4,206)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$3,745,000 in F.Y. 1998 and a decrease in the budget base of \$1,976,000 in F.Y. 1999 to fully fund the Minnesota Family Investment Program (MFIP) Field Trials grant program, based on the department's forecast of expenditures under current law. The Governor also recommends an increase in the budget base of \$2,116,000 in F.Y. 1998 and \$210,000 in F.Y. 1999 to fully fund the MFIP child care grant program, based on the department's forecast of expenditures under current law.

RATIONALE:

The increase in F.Y. 1998 for cash grants is due to an increased MFIP caseload (as compared to the estimate on which the F.Y. 1997 appropriation was based) which results from higher numbers of people working and lower-than-anticipated attrition rates in the program. MFIP field trials under current law would end March 1999. This sunset date leaves MFIP in existence for only three-quarters of F.Y. 1999 and accounts for the projected decrease in cash grants below the budget base for this fiscal year.

The forecast increase in F.Y. 1998 for child care grants is due to the lower-than-anticipated MFIP attrition which results in higher-than-anticipated child care expenditures in the program. The reduced forecast in MFIP child care grants during F.Y. 1999 is due to the sunset of the MFIP experimental program.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: Minnesota Family Investment Program

ITEM TITLE: Minnesota Family Investment Program Child Care Grant Transfer

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MFIP	\$ (6,322)	\$ (4,416)	\$ -0-	\$ -0-
Revenues: (\$000s)				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends transferring the duties and authority for administering the Minnesota Family Investment Program (MFIP) child care grant (under Minnesota Statutes, section 256.035, subdivision 8) from the Commissioner of Human Services to the Commissioner of Children, Families and Learning (CFL) and has proposed legislation to accomplish this transfer. As a result the Governor recommends a corresponding decrease in the Department of Human Services (DHS) budget base of \$6,322,000 in F.Y. 1998 and \$4,416,000 in F.Y. 1999.

RATIONALE:

All other DHS administered child care programs have already been transferred to CFL. It makes sense to transfer the MFIP child care program so that only one state agency has responsibility for all child care programs.

PROGRAM OUTCOMES:

This change will result in more efficient program administration

LONG-TERM IMPACT:

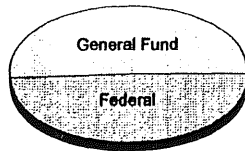
This change will move Minnesota toward a seamless child care system and more cost effective program administration.

1998-99 Biennial Budget

BUDGET ACTIVITY: Aid to Families With Dependent Children (AFDC)
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

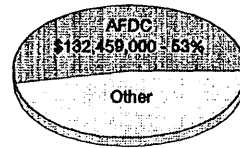
BUDGET SCOPE:

Aid to Families with Dependent Children - AFDC
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$311,584,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

- 40% have a recent work history
- A majority use AFDC for less than 2 years
- 90% of AFDC cases start with the formation of a single parent family--through divorce, separation, birth of a child.
- The birth of a child while receiving AFDC is a strong predictor of long term dependency
- Opportunities for AFDC recipients to become self-supporting have been provided through STRIDE employment and training services and Child Care Fund subsidies.
- Few recipients, policy makers, and members of the public are pleased with AFDC. AFDC has not supported work and it has had incentives for families to split up.

BUDGET ISSUES:

The federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 ended the AFDC program and replaced it with a block grant called Temporary Assistance for Needy Families (TANF). In this budget, AFDC would end July 1997. A transition to the Minnesota Family Investment Program statewide would occur between July 1997 and January 1998. During this time, a modified AFDC program would exist called Assistance to Families Grants (AF). AF would comply with federal changes such as time limits on welfare and provide a transition phase to a statewide MFIP program.

ACTIVITY DESCRIPTION:

Aid to Families With Dependent Children (AFDC) provides support to children and their parents or caretaker adults living with them. Without financial assistance, these families with children could not obtain the basics such as: food, shelter, and clothing. Assistance is in form of monthly grants. AFDC was created by the federal government in 1935.

AFDC

- Federal/state program since 1935
 - 50% federal dollars
 - 50 percent state dollars
- 59,000 families, or 174,000 individuals
 - 118,000 are children
- 1986 costs --\$279.5 million
- 1996 costs --\$276.2 million
 - down 28% after adjusting for inflation
- AFDC program accounts for 1.15% of state budget
 - 1986 was 2.36%
- Family of 2 receives \$437 a month
- Families also qualify for Medical Assistance (MA)
- Adults and children on AFDC make up
 - 48% of all MA recipients
 - 12% of MA expenditures
- AFDC is a county administered program

AFDC population characteristics

- Average family size is 2.75
- 81% of parents are age 23 and older - 99% of the parents are 18 years or older

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: AID TO FAMS W/DEPENDENT CHILD

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
PAYMENTS TO INDIVIDUALS	278,637	292,258	281,847			288,697		
LOCAL ASSISTANCE	26,780	29,736	29,737	26,421	8,197	29,736	28,525	
TOTAL EXPENDITURES	305,417	321,994	311,584	26,421	8,197	318,433	28,525	
AGENCY PLAN ITEMS:		FUND						
FORECAST ADJUSTMENT		GEN		1,631			11,243	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		<269>			1,781	
RESTRUCTURE FUNDING		GEN		<133,446>			<143,004>	
FORECAST ADJUSTMENT		FED		<11,921>			<10,150>	
RESTRUCTURE FUNDING		FED		<137,411>			<145,572>	
ADMINISTRATIVE FREEZE		FED		<3,747>			<4,206>	
TOTAL AGENCY PLAN ITEMS				<285,163>			<289,908>	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			7,553			<698>
(B) ELIMINATE COUNTY SHARE		GEN			<25,777>			<27,827>
TOTAL GOV'S INITIATIVES					<18,224>			<28,525>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	126,315	132,459	132,459	644	8,197	132,459	698	
STATUTORY APPROPRIATIONS:								
GENERAL	27,687	31,086	26,046	25,777		26,046	27,827	
FEDERAL	151,415	158,449	153,079			159,928		
TOTAL EXPENDITURES	305,417	321,994	311,584	26,421	8,197	318,433	28,525	

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: AID TO FAMS W/DEPENDENT CHILD

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	105,940	106,668	97,405	100,029	55,876	97,405	103,296	55,876
FEDERAL	167,436	178,150	175,915	10,859	10,859	179,058	7,367	7,367
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	273,376	284,818	273,320	110,888	66,735	276,463	110,663	63,243
FTE BY EMPLOYMENT TYPE:								

=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: Aid to Families with Dependent Children

ITEM TITLE: Aid to Families with Dependent Children (AFDC) Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
AFDC Grants	\$1,631	\$11,243	\$25,304	\$29,833
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$1,631,000 in F.Y. 1998 and \$11,243,000 in F.Y. 1999 for Aid to Families with Dependent Children (AFDC) grants, based on the department's forecast of expenditures under current law.

RATIONALE:

In F.Y. 1996, the AFDC caseload fell to its lowest level since F.Y. 1990, with both the single parent and Unemployed Parent segments contributing to the decline. AFDC single parent caseload is projected to decline slightly in F.Y. 1997 due to continued favorable employment conditions and the effect of MinnesotaCare. Single parent caseload is projected to increase beginning in F.Y. 1998 as the economy is projected to slow and unemployment increases from 3.5% in F.Y. 1997 to 4.5% in F.Y. 1999. The unemployed parent caseload is projected to continue declining through F.Y. 1998 due to continued favorable employment conditions, further declines in the real purchasing power of the AFDC grant, and a stronger MinnesotaCare effect. The unemployed parent caseload is projected to increase beginning in F.Y. 1999 as the economy slows and unemployment increases.

The increased forecast above the budget base is due in part to federal changes which account for increases of \$7.1 million in F.Y. 1998, \$7.3 million in F.Y. 1999, \$7.4 million in F.Y. 2000, and \$7.5 million in F.Y. 2001. These AFDC forecast increases are the result of 3 federal changes. The first federal change is a requirement that states begin to remit the federal share of the first \$50 of child support collected on public assistance cases. The federal share of the \$50 child support pass-through accounts for about \$3.9 million each fiscal year. The second federal change is the denial of federal financial participation (FFP) for legal non-citizens in the AFDC program. This loss of FFP for non-citizens accounts for \$0.5 million in F.Y. 1998, \$0.6 million in F.Y. 1999, \$0.7 million in F.Y. 2000, and \$0.8 million in F.Y. 2001. The third federal change is an eligibility change to the

federal Supplemental Security Income (SSI) program which results in a shift of children and non-citizens from SSI to AFDC. This shift from SSI to AFDC accounts for \$2.7 million in F.Y. 1998, \$2.8 million in F.Y. 1999, \$2.8 million in F.Y. 2000, and \$2.8 million in F.Y. 2001.

A reduction in the overall federal financial participation (FFP) rate for the AFDC program accounts for an additional increase of about \$4 million each fiscal year.

The incremental increase in the AFDC forecast between F.Y. 1998-1999 biennium and the F.Y. 2000-2001 biennium is due in large part to current law conclusion of the Minnesota Family Investment Program (MFIP). The MFIP field trials would conclude in F.Y. 1999 according to current law and be incorporated into the AFDC forecast. This shift from MFIP to AFDC accounts for about \$10 million in F.Y. 2000 and \$10 million in F.Y. 2001.

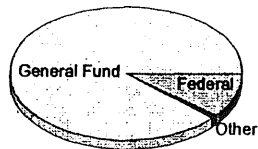
The remainder of the forecast changes in the F.Y. 1998-1999 biennium are due to decreases in the single parent and the unemployed parent caseload. The remainder of the forecast changes in the F.Y. 2000-2001 biennium result from AFDC caseload growth due to a slowing of the economy and the resulting higher unemployment.

1998-99 Biennial Budget

BUDGET ACTIVITY: Child Support Enforcement Grants
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

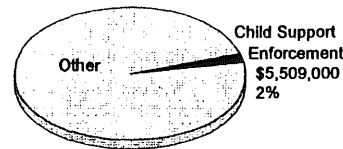
BUDGET SCOPE:

Child Support Enforcement
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$89,557,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

ACTIVITY DESCRIPTION:

Like other activities in the Economic Support Grants area, child support is an important component in helping many families become self-sufficient and stay off welfare. Failure to get child support can mean the difference between a family getting by or needing welfare. Like affordable child care and health care, enforcing child support obligations is one of Minnesota's strategies in providing support for families outside the welfare system. The grants in this area support the 87 Minnesota counties in administering child support collection services.

Child support enforcement services are provided to all Minnesota families upon request. Families already receiving Aid to Families with Dependent Children (AFDC) automatically receive services and are required to cooperate with Child Support Enforcement to stay eligible for assistance. The types of services include: establishing paternity; establishing, collecting, and enforcing support; and assuming that families on Medical Assistance are transferred to private insurance when that is available in support arrangements.

Minnesota has been creative and tough in developing tools to collect support. Minnesota already has:

- Employer-based income withholding for parents with a support order.
- Occupational and professional license revocation for failure to pay support.
- Driver's license revocation for failure to pay support.
- Administrative processes to allow parents who agree about support orders to ratify those orders and make subsequent changes non-adversarial and avoid a more expensive legal process.
- A process to intercept tax refunds and lottery winnings of non-paying parents and redirect money owed to their children.

As a result of these efforts, Minnesota is distinguished by several facts:

- From F.Y. 1991-96, the amount of child support collected in Minnesota has increased 100%--from \$161 million to \$323 million.
- Minnesota ranks first among the states--and collects more than twice the national average--in the amount of child support collected for each child support case.
- The number of paternities established for children receiving child support services increased 72% from 5,521 children in 1991 to 9,519 in 1996.
- \$55 million in AFDC was saved in state F.Y. 1996 because support was collected; and
- 8,700 families on AFDC left assistance because child support enforcement was available.

BUDGET ISSUES:

Within the federal welfare reform bill, national lawmakers have required states to adopt many of the measures Minnesota already has. The 1997 child support initiatives proposed in this budget implement other items in federal law and build on past successes. Federal law now requires these tools Minnesota already has:

- Employer reporting of new hires to match data with child support obligations.
- Suspending driver's and occupational licenses of delinquent parents.
- Acceptance of the Uniform Interstate Family Support Act.
- A centralized child support payment center.

Other proposals required by federal law and requested by the Governor are explained on subsequent decision pages.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: CHILD SUPPORT ENFORCEMENT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	8	405	9	9	9			
SUBTOTAL STATE OPERATIONS	8	405	9	9	9			
PAYMENTS TO INDIVIDUALS	58,463	63,942	63,942	63,967	63,967	63,942	63,992	63,992
LOCAL ASSISTANCE	12,166	7,579	5,606	5,831	5,831	5,509	5,509	5,509
TOTAL EXPENDITURES	70,637	71,926	69,557	69,807	69,807	69,451	69,501	69,501
AGENCY PLAN ITEMS:		FUND						
CHILD SUPPORT FEDERAL MANDATES		GEN		250			50	
TOTAL AGENCY PLAN ITEMS				250			50	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	3,681	5,584	5,509	5,759	5,759	5,509	5,559	5,559
STATUTORY APPROPRIATIONS:								
GENERAL	58,463	55,876	55,876	55,876	55,876	55,876	55,876	55,876
SPECIAL REVENUE	19	2,400	106	106	106			
FEDERAL	8,474	8,066	8,066	8,066	8,066	8,066	8,066	8,066
TOTAL EXPENDITURES	70,637	71,926	69,557	69,807	69,807	69,451	69,501	69,501
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	79	120	120	120	120	120	120	120
TOTAL REVENUES COLLECTED	79	120	120	120	120	120	120	120

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: Child Support Enforcement Grants

ITEM TITLE: Child Support Federal Mandates

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Economic Sup Oper	\$950	\$650	\$650	\$650
Economic Supp Policy				
Admin.	800	400	400	400
Child Support				
Enforcement	<u>250</u>	<u>50</u>	<u>50</u>	<u>50</u>
TOTAL	\$2,000	\$1,100	\$1,100	\$1,100
Revenues: (\$000s)				
General Fund	\$545	\$297	\$297	\$297

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256, 257, 518, 548

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$2,000,000 in F.Y. 1998 and \$1,100,000 in F.Y. 1999 to fund the implementation of the child support provisions of the federal Personal Responsibility and Work Opportunity Act (PRWORA).

RATIONALE:

While the federal welfare reform bill, PRWORA, gives states some discretion in operating their own welfare programs, the same reform law compels states to make specific changes in their child support enforcement efforts. A number of provisions demand immediate action by states. Minnesota has already enacted many of these provisions including the suspension of driver's licenses for non-payment of support, employer reporting of all new hires, a centralized payment, receipting and distribution center, and the adoption of the uniform model for interstate support enforcement.

Requirements of the federal bill provide more enforcement tools, make maximum use of automation and remove interstate and intrastate enforcement barriers.

Federal mandates include:

- Allowing child support officers to sign orders for genetic testing, administrative subpoenas, seizure of assets and redirection of child support and income withholding.

- Expanding driver's license and occupational license suspension laws to include recreational licenses.
- Allowing child support liens to arise by operation of law and giving full faith and credit to child support liens arising by operation of law from other states.
- Establishing paternity more efficiently with simplified procedures for submitting birth expenses, accepting genetic test results, determining paternity conclusively and increasing outreach efforts.
- Including labor union information in the employer reporting system and allowing new hire data to be shared with welfare agencies, the Department of Economic Security and Workers' Compensation.
- Providing child support agencies wider access to public and private records.
- Improving the ability of child support collections to exchange data with financial institutions to identify and seize the assets of obligors in arrears.
- Expanding locate sources to add Social Security numbers on many licenses and access to federal law enforcement networks.
- Obtaining medical support more easily for children when their parents have insurance through self-insured companies.

In addition to meeting the federal mandates, the following Governor's requests are made to improve enforcement:

- Parents who, without just cause, fail to cooperate in establishing paternity for their children will be subject to stricter sanctions. Child support workers rather than financial workers, will decide if a parent is cooperating and work with financial workers in determine if a parent has a good reason for not cooperating.
- Adjusting administrative process provisions to make the process more efficient, including allowing parents who need hearings to obtain them more quickly by by-passing settlement conferences and setting an income default standard for parents who fail to provide financial information.
- Additional funds are requested to respond to caseload growth.
- Funds are also requested to study the overall Minnesota Child support collections system in order to meet the new performance requirements of the federal law.

PROGRAM OUTCOMES:

This proposal will make collections more efficient through implementation of federal mandates and Governor's recommendations. Child support collections will have additional tools to do the job.

LONG-TERM IMPACT:

Federal mandates and Governor's additional recommendations underscore the need for children to be supported by their parents. With these recommendations, child support will continue to be a strong additional support to welfare reform and family self-sufficiency.

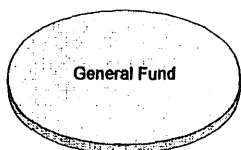
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1998-99 Biennial Budget

BUDGET ACTIVITY: General Assistance
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

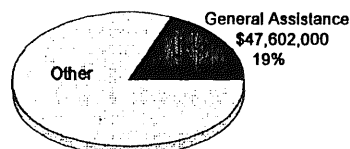
BUDGET SCOPE:

General Assistance
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$59,805,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

General Assistance is temporary for some recipients, while the person overcomes an emergency situation, a temporary problem, or is waiting for approval for other forms of assistance. For others with more intractable barriers to self-support, assistance is needed for a longer term. The average grant amount is \$203 for a single person.

BUDGET ISSUES:

Forecast changes are requested for this activity.

REVENUE:

General Assistance is 100% state funded.

ACTIVITY DESCRIPTION:

General Assistance (GA) Grants meet the monthly maintenance and emergency needs of Minnesota residents who are not eligible for other income assistance programs, but who have net income and resources below state limits, and who meet one of the categories of GA eligibility. On average per month in 1996, there were 12,222 GA cases translating to 16,487 persons receiving support.

Categories of GA Eligibility:

- Permanent illness
- Temporary illness
- Needed in the home to care for another person
- Residents of group residential housing
- Women in battered women's shelters
- Unemployable persons
- Pregnant women not AFDC eligible
- Medically certified as having mental retardation or mental illness
- Have an application or an appeal pending for Social Security Disability or SSI
- Advanced age
- Full-time student eligible for displaced homemaker services
- Excessive travel time to job
- Performing court-ordered services
- Learning disabled
- Families without an AFDC basis of eligibility
- High school students over age 18 whose primary language is not English
- Under age 18 and not living with parent, stepparent, or legal guardian

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: GENERAL ASSISTANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	237	675						
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	237	675						
PAYMENTS TO INDIVIDUALS	45,364	47,573	47,000	55,427	55,427	47,000	55,159	55,159
LOCAL ASSISTANCE	13,303	12,605	12,605	14,542	4,001	12,605	16,054	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	58,904	60,853	59,605	69,969	59,428	59,605	71,213	55,159
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
FORECAST ADJUSTMENT		GEN		11,082			14,783	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		2,711			3,441	
RESTRUCTURE FUNDING		GEN		<6,129>			<6,616>	
TEMPORARY ASSISTANCE NON-CITIZENS		GEN		2,700				
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				10,364			11,608	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			4,173			<610>
(B) ELIMINATE COUNTY SHARE		GEN			<14,714>			<15,444>
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					<10,541>			<16,054>
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	46,218	47,602	47,602	55,255	59,428	47,602	55,769	55,159
STATUTORY APPROPRIATIONS:								
GENERAL	12,686	13,251	12,003	14,714		12,003	15,444	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	58,904	60,853	59,605	69,969	59,428	59,605	71,213	55,159

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: General Assistance

ITEM TITLE: General Assistance Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
GA Grants	\$11,083	\$14,783	\$18,381	\$20,783
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$11,083,000 in F.Y. 1998 and \$14,783,000 in F.Y. 1999 to fully fund the General Assistance (GA) grant program, based on the department's forecast of expenditures under current law.

RATIONALE:

The increased forecast above the budget base is primarily due to a higher individual GA caseload driven largely by eligibility changes in the federal Supplemental Security Income (SSI) program.

Movement in the individual GA caseload accounts for about \$10 million of the forecast increase in F.Y. 1998, \$13 million in F.Y. 1999, \$14 million in F.Y. 2000, and \$15 million in F.Y. 2001. The majority of these increases result from SSI recipients who shift to the individual GA program after recent federal legislation makes them ineligible for SSI. This shift of recipients from SSI to individual GA accounts for approximately \$10 million of the increase for F.Y. 1998, and approximately \$12 million each year for F.Y.'s 1999, 2000, and 2001. Annual increases in payments to Battered Women's Shelters account for the remainder of the projected GA forecast increases.

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1998-99 Biennial Budget

BUDGET ACTIVITY: Minnesota Supplemental Aid
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

BUDGET ISSUES:

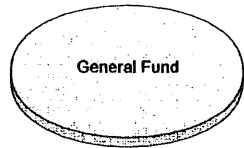
Forecast changes are requested for this activity.

REVENUE:

Minnesota Supplemental Aid is 100% state funded and required by federal mandate.

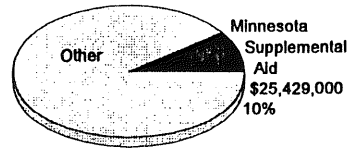
BUDGET SCOPE:

Minnesota Supplemental Aid
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$28,909,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$250,255,000

ACTIVITY DESCRIPTION:

Minnesota Supplemental Aid (MSA) grants provide cash assistance to aged, blind and disabled persons who are in financial need. Federal law requires states to supplement payments made by the Supplemental Security Income (SSI) program to aged, blind and disabled persons. Eligibility for MSA follows many of the federal SSI program policies and procedures. Approximately 22,621 Minnesotans received MSA each month in 1996.

The MSA grant is composed of two factors:

- Basic need standard
 - \$531 - Individual living alone
 - \$403 - Individual living with others
 - \$796 - Couple living alone
 - \$531 - Couple living with others
- Special needs allowance exists for a special diet, a guardian or conservator fee, restaurant meals or representative payee fees.

The amount of the monthly MSA grant is the difference between the amount of the recipient's countable income, including \$470 of SSI benefits, and the MSA need standard.

Eligible recipients living in a medical facility where Medical Assistance pays for the cost of care are limited to a clothing and personal needs allowance of \$61 each month. MSA also provides a grant to recipients who face emergency situations.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: MINNESOTA SUPPLEMENTAL AID

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES		25						
SUBTOTAL STATE OPERATIONS		25						
PAYMENTS TO INDIVIDUALS	22,110	25,344	25,064	24,412	24,412	25,064	27,659	27,659
LOCAL ASSISTANCE	3,182	3,845	3,845	3,819	1,160	3,845	4,286	
TOTAL EXPENDITURES	25,292	29,214	28,909	28,231	25,572	28,909	31,945	27,659
AGENCY PLAN ITEMS:		FUND						
FORECAST ADJUSTMENT		GEN		<860>			2,367	
FORECAST ADJUSTMENT - COUNTY SHARE		GEN		182			669	
TOTAL AGENCY PLAN ITEMS				<678>			3,036	
GOV'S INITIATIVES:		FUND						
(B) ACCELERATE COUNTY IM REIMBURSEMENT		GEN			1,003			<137>
(B) ELIMINATE COUNTY SHARE		GEN			<3,662>			<4,149>
TOTAL GOV'S INITIATIVES					<2,659>			<4,286>
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	21,803	25,429	25,429	24,569	25,572	25,429	27,796	27,659
STATUTORY APPROPRIATIONS:								
GENERAL	3,489	3,785	3,480	3,662		3,480	4,149	
TOTAL EXPENDITURES	25,292	29,214	28,909	28,231	25,572	28,909	31,945	27,659

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Grants
ACTIVITY: Minnesota Supplemental Aid

ITEM TITLE: Minnesota Supplemental Aid (MSA) Forecast

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
MSA Grants	\$ (860)	\$2,367	\$5,216	\$8,147
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease in the budget base of \$860,000 in F.Y. 1998 and an increase of the budget base of \$2,367,000 in F.Y. 1999 for Minnesota Supplemental Aid (MSA), based on the department's forecast of expenditures under current law.

RATIONALE:

The decrease for F.Y. 1998 results from a reduced caseload forecast compared to the forecast used for the base level appropriation, plus a reduction of approximately \$900,000 due the federal changes in the SSI program, which are expected to reduce the number of MSA recipients by about 900.

The increases for F.Y. 1999 and later years results from forecasted increases of approximately 8% per year in the MSA caseload.

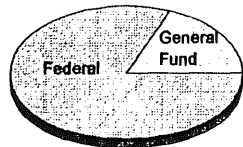
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1998-99 Biennial Budget

BUDGET ACTIVITY: Refugee Services
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

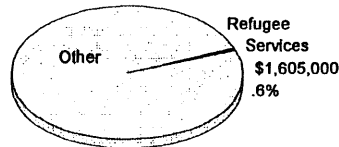
BUDGET SCOPE:

Refugee Services
 Total Activity Funding - 1998 Base Level
 (Direct and Statutory Appropriations)



Total Budget \$8,512,000

Economic Support Grants
 State General Fund - 1998 Base Level
 (Direct Appropriation)



Total \$250,255,000

ACTIVITY DESCRIPTION:

Refugee Services Grants provide for the effective resettlement and economic self-sufficiency of refugees in Minnesota. Refugees are people lawfully admitted to the United States that are unable to return to their own country because of a well-founded fear of persecution. In the recent past, most refugees have come from Southeast Asia or the former Soviet Union, but they may be from any country. The primary services are:

- Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA)
- Social Services for Refugees
- Services for Asian Youth

RCA and RMA are limited to refugees within their first 8 months in this country, who are not eligible for Aid to Families with Dependent Children or Medical Assistance.

Social services for refugees are generally limited to refugees within their first 5 years in this country.

The department awards refugee social services funds to refugee service providers through a competitive procurement process where Requests for Proposals are announced in the State Register and funding recommendations are made to the department by independent review panels. This funding process is used for all state and federal funds for youth services.

Persons Served by these grants:
 (Average persons per month)

RCA	RMA	Social Services	Asian Youth
600	600	134	140

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity.

REVENUE:

Refugee grants are funded primarily through grants allocated to Minnesota by the federal Office of Refugee Resettlement.

Services for Asian youth are currently funded with state money through the Asian Child Welfare grant and the Asian American Juvenile Crime Prevention and Intervention grant.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT GRANTS
ACTIVITY: REFUGEE SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES	109	1,038	1,038	1,038	1,038	1,038	1,038	1,038
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	109	1,038	1,038	1,038	1,038	1,038	1,038	1,038
PAYMENTS TO INDIVIDUALS	3,688	3,825	3,575	3,575	3,575	3,575	3,575	3,575
LOCAL ASSISTANCE	4,053	4,045	3,899	4,199	4,199	3,899	3,899	3,899
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	7,850	8,908	8,512	8,812	8,812	8,512	8,512	8,512
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
MFIP STATEWIDE		GEN		300				
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				300				
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	567	1,605	1,605	1,905	1,905	1,605	1,605	1,605
STATUTORY APPROPRIATIONS:								
FEDERAL	7,283	7,303	6,907	6,907	6,907	6,907	6,907	6,907
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	7,850	8,908	8,512	8,812	8,812	8,512	8,512	8,512
=====								
REVENUE COLLECTED:								

DEDICATED:								
FEDERAL	6,181	3,437	3,343	3,343	3,343	3,343	3,343	3,343
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	6,181	3,437	3,343	3,343	3,343	3,343	3,343	3,343
=====								
FTE BY EMPLOYMENT TYPE:								

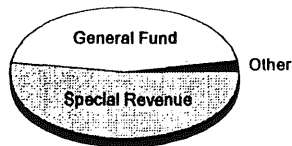
=====								
TOTAL FTE								

1998-99 Biennial Budget

PROGRAM: Economic Support Management
AGENCY: Human Services, Department of

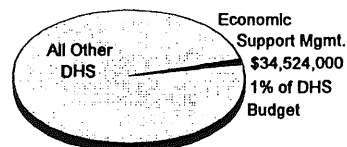
BUDGET SCOPE:

Economic Support Management
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$76,778,000

Department of Human Services
State General Fund - 1998 Base Level
(Direct Appropriation)



Total Budget \$2,459,465,000

PROGRAM DESCRIPTION:

Economic Support Management is the policy development, administrative and operations component of Economic Support Grants, the Food Stamp Program and Child Support Enforcement activities.

For budget purposes, Economic Support Management is divided into policy administration and operations.

Economic Support Policy Administration:

- Sets standards for services
- Develops and implements policy
- Monitors/evaluates policies and compliance
- Provides technical assistance to counties and other service providers
- Manages contracts with public and private agencies
- Performs statewide planning
- Provides policy analysis for federal and state policy proposals

Economic Support Operations:

- Manages the maintenance and daily operation of the automated eligibility system for economic assistance programs (MAXIS). This computer system links all 87 counties ensuring accurate and equitable benefit distribution across the state.
- Manages the maintenance and daily operation of the automated statewide child support enforcement system (PRISM).
- Distributes Food Stamps and welfare benefits throughout Minnesota from a central issuance operations center.
- Collects child support and distributes it to families
- Performs quality assurance and oversight

- Implements fraud prevention efforts

In addition to the above functions, which apply to all targeted populations, this activity includes several unique, specialized functions:

- Economic Support Management, in cooperation with the Minnesota Department of Economic Security, manages employment and training services to help public assistance recipients become self-sufficient. These services include Success Through Reaching Individual Development and Employment (STRIDE), an employment and training program for AFDC recipients, and the Food Stamp Employment and Training (FSET) Program.
- Manages the Minnesota Family Investment Program field trials. This is a major research project that will provide information vital to decisions about the future of welfare reform in Minnesota.
- Provides Refugee Services for eligible refugees for 8 months after their arrival in the United States.
- Works closely with the Department's Health Care, and Children's Initiatives, to ensure coordination with health care benefits, and child care that are essential factors in the well-being of children and their families.
- In cooperation with selected counties and the Minnesota Department of Economic Security, oversees the implementation new welfare to work demonstration programs.

PROGRAM STATUS:

Economic Support Management is committed to the ongoing implementation and management of accountable public assistance programs and systems, assisting counties, prompt caseload processing and effective delivery of benefits critical to the needs of citizens. This activity would be renamed Assistance to Families Grants State Management under new federal welfare reform requirements.

PLANNED RESULTS:

- Services that measurably increase the number of AFDC recipients who are working or off welfare.
- Policies which conform to federal requirements and state intent.
- Systems which accurately and equitably determine benefits.
- Services which are managed prudently so that administrative costs are kept within standards vis a vis money and services provided to clients.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ECONOMIC SUPPORT POLICY ADMIN	5,436	9,795	9,746	10,905	10,905	9,516	10,234	10,234
ECONOMIC SUPPORT OPERATIONS	50,648	62,054	67,032	69,704	69,704	65,066	67,045	67,045
ASSIST FAMILY GRANTS - ST. MGM				1,800	1,800		1,800	1,800
TOTAL EXPENDITURES BY ACTIVITY	56,084	71,849	76,778	82,409	82,409	74,582	79,079	79,079
AGENCY PLAN ITEMS:		FUND						
EBT STATEWIDE EXPANSION		GEN		175			650	
CHILD SUPPORT FEDERAL MANDATES		GEN		800			400	
CHILD SUPPORT FEDERAL MANDATES		GEN		950			650	
PROGRAM INTEGRITY		GEN		403			443	
ALIGN MA-GAMC-MNCARE POLICIES		GEN		250				
MFIP STATEWIDE		GEN		750			250	
MFIP STATEWIDE		GEN		359			318	
ADMINISTRATIVE FREEZE		FED		443			443	
ADMINISTRATIVE FREEZE		FED		1,800			1,800	
ADMINISTRATIVE FREEZE		SR		<299>			<457>	
TOTAL AGENCY PLAN ITEMS				5,631			4,497	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	8,552	13,527	34,524	38,211	38,211	34,556	37,267	37,267
HEALTH CARE ACCESS	179	214	219	219	219	224	224	224
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	45,682	56,001	40,149	39,850	39,850	37,979	37,522	37,522
FEDERAL	1,547	1,657	1,671	3,914	3,914	1,678	3,921	3,921
AGENCY	2							
GIFT	122	450	215	215	215	145	145	145
TOTAL EXPENDITURES	56,084	71,849	76,778	82,409	82,409	74,582	79,079	79,079
FTE BY EMPLOYMENT TYPE:								
REGULAR	317.5	334.2	403.1	420.1	420.1	415.7	432.7	432.7
TEMP/SEAS/PART_TIME	2.4	5.6	7.5	7.5	7.5	7.5	7.5	7.5

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT

			FY 1998			FY 1999		
			Base	Agency	Governor	Base	Agency	Governor
			Level	Plan	Recomm.	Level	Plan	Recomm.
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997						
OVERTIME		.3						
TOTAL FTE	320.2	339.8	410.6	427.6	427.6	423.2	440.2	440.2

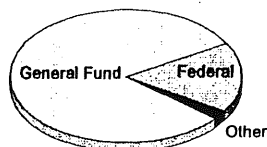
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1998-99 Biennial Budget

BUDGET ACTIVITY: Economic Support Policy Administration
PROGRAM: Economic Support Management
AGENCY: Human Services, Department of

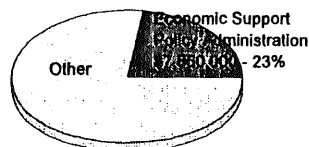
BUDGET SCOPE:

Economic Support Policy Administration
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$9,746,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$34,524,000

ACTIVITY DESCRIPTION:

Economic Support Policy Administration performs a broad array of functions and services to provide public assistance to the citizens of Minnesota.

The major functions of this activity are:

- Support for county agency delivery of services through training, instructional manuals, policy assistance and system support through the help desks.
- Case management assistance
- Implementation and monitoring of state funded grant projects
- Conducting field trials and pilot programs including Work First, Parents Fair Share, SEID, New Chance, New Vistas
- Implementing policy changes, and development and analysis of legislation

Direct services include:

- Administration of the Telephone Assistance Plan (TAP), which provides telephone cost subsidies to low income elderly and disabled Minnesotans.
- Contracts with public and private agencies to help recipients of state funded General Assistance receive benefits from the federally funded Supplemental Security Income program.
- Customer Service, providing help and information about public assistance policies to recipients and the public.

BUDGET ISSUES:

An extension of the current level of funding is requested for this activity. This activity would become part of Assistance to Families State Management under proposed welfare reform initiatives.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT
ACTIVITY: ECONOMIC SUPPORT POLICY ADMIN

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,684	3,405	3,577	3,777	3,777	3,659	3,869	3,869
OPERATING EXPENSES	1,722	5,175	4,968	5,927	5,927	4,651	5,159	5,159
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	4,406	8,580	8,545	9,704	9,704	8,310	9,028	9,028
PAYMENTS TO INDIVIDUALS		5	5	5	5	5	5	5
LOCAL ASSISTANCE	1,030	1,210	1,196	1,196	1,196	1,201	1,201	1,201
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,436	9,795	9,746	10,905	10,905	9,516	10,234	10,234
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
CHILD SUPPORT FEDERAL MANDATES		GEN		800			400	
MFIP STATEWIDE		GEN		359			318	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				1,159			718	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	3,767	7,688	7,860	9,019	9,019	7,693	8,411	8,411
STATUTORY APPROPRIATIONS:								
FEDERAL	1,547	1,657	1,671	1,671	1,671	1,678	1,678	1,678
GIFT	122	450	215	215	215	145	145	145
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,436	9,795	9,746	10,905	10,905	9,516	10,234	10,234
=====								
REVENUE COLLECTED:								

DEDICATED:								
GENERAL		25	25	25	25	25	25	25
FEDERAL	5,119	5,222	5,133	5,133	5,133	5,140	5,140	5,140
GIFT	83	95	95	95	95	95	95	95
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	5,202	5,342	5,253	5,253	5,253	5,260	5,260	5,260

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT
ACTIVITY: ECONOMIC SUPPORT POLICY ADMIN

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	54.0	68.5	69.2	74.2	74.2	69.2	74.2	74.2
TEMP/SEAS/PART_TIME	.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	54.7	69.5	70.2	75.2	75.2	70.2	75.2	75.2

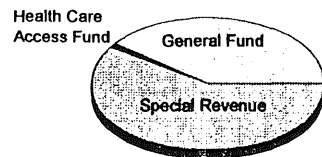
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1998-99 Biennial Budget

BUDGET ACTIVITY: Economic Support Operations
PROGRAM: Economic Support Management
AGENCY: Human Services, Department of

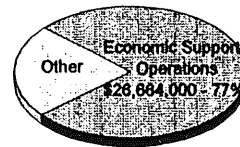
BUDGET SCOPE:

Economic Support Operations
Total Activity Funding - 1998 Base Level
(Direct and Statutory Appropriations)



Total Budget \$67,032,000

Economic Support Grants
State General Fund - 1998 Base Level
(Direct Appropriation)



Total \$34,524,000

ACTIVITY DESCRIPTION:

Economic Support Operations performs a broad array of functions and services to provide public assistance to the citizens of Minnesota. This activity provides the delivery and quality control functions for basic economic support grants and Child Support Enforcement activities.

This activity:

- Assures that Economic Support Grants reward work and responsibility
- Operates programs to help people survive economic crises and to regain or achieve their highest level of self-sufficiency.
- Implements policy changes to help people hold their families together, and to maximize support from extended family and community.
- Implements reforms that are anti-poverty, are responsive to economic realities, and help families to help themselves.

The major functions to achieve these objectives include:

- Operating and maintaining the eligibility and delivery systems critical to grant recipients for their monthly subsistence and medical needs. Over 500,000 people rely on the effective operation of the MAXIS assistance eligibility and PRISM child support collection systems each month for the efficient delivery of benefits.

- Eligibility determination for economic support grants including Aid to Families with Dependent Children (AFDC), Food Stamps, General Assistance (GA), Minnesota Supplemental Aid (MSA), Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance Medical Care (GAMC) and Emergency Assistance (EA).
- Maintaining the automated data interfaces between systems including MAXIS, Child Support Enforcement, the Medicaid Management Information System (MMIS) and federal Social Security Administration and Internal Revenue Service Systems.
- Collecting and distributing Child Support payments, location of absent parents, establishment of paternity, and enforcement of court orders.
- Conducting federally mandated quality control reviews, payment accuracy assessment and administrative evaluation for AFDC, Food Stamps, MA, Child Support and MinnesotaCare.
- Administering the Electronic Benefit Distribution System
- Managing Program Integrity (fraud) prevention and control functions, claims and recovery efforts and numerous computer match systems that are used to detect unreported income and assets of recipients.
- Collection and analysis of data-generated trends and activities that determine program effectiveness and establish program error levels to prevent recipient fraud and to support long-range planning
- Management of the claims and recoveries of overpayments for the cash public assistance program, including the Federal Tax Revenue Offset Program (FTROP)

BUDGET ISSUES:

The cost of systems modifications necessary to support the implementation of welfare reform proposals are included in the welfare reform sections of the budget. This activity would become part of Assistance to Families management under proposed welfare reform initiatives.

REVENUE:

This activity generates dedicated and non-dedicated revenue.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT
ACTIVITY: ECONOMIC SUPPORT OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	12,443	12,673	15,058	15,302	15,302	15,677	15,927	15,927
OPERATING EXPENSES	36,337	46,339	49,960	51,745	51,745	47,373	48,459	48,459
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	48,780	59,012	65,018	67,047	67,047	63,050	64,386	64,386
PAYMENTS TO INDIVIDUALS	90		98	98	98	99	99	99
LOCAL ASSISTANCE	1,778	3,042	1,916	2,559	2,559	1,917	2,560	2,560
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	50,648	62,054	67,032	69,704	69,704	65,066	67,045	67,045
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
EBT STATEWIDE EXPANSION		GEN		175			650	
CHILD SUPPORT FEDERAL MANDATES		GEN		950			650	
PROGRAM INTEGRITY		GEN		403			443	
ALIGN MA-GAMC-MNCARE POLICIES		GEN		250				
MFIP STATEWIDE		GEN		750			250	
ADMINISTRATIVE FREEZE		FED		443			443	
ADMINISTRATIVE FREEZE		SR		<299>			<457>	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				2,672			1,979	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	4,785	5,839	26,664	29,192	29,192	26,863	28,856	28,856
HEALTH CARE ACCESS	179	214	219	219	219	224	224	224
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	45,682	56,001	40,149	39,850	39,850	37,979	37,522	37,522
FEDERAL				443	443		443	443
AGENCY	2							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	50,648	62,054	67,032	69,704	69,704	65,066	67,045	67,045

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT
ACTIVITY: ECONOMIC SUPPORT OPERATIONS

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	24,852	34,239	36,561	36,262	36,262	35,413	34,956	34,956
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	24,852	34,239	36,561	36,262	36,262	35,413	34,956	34,956
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	263.5	265.7	333.9	345.9	345.9	346.5	358.5	358.5
TEMP/SEAS/PART_TIME	1.7	4.6	6.5	6.5	6.5	6.5	6.5	6.5
OVERTIME	.3							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	265.5	270.3	340.4	352.4	352.4	353.0	365.0	365.0

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Operations

ITEM TITLE: Program Integrity

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Economic Sup Oper	\$403	\$443	\$443	\$443
Revenues: (\$000s)				
General Fund	\$725	\$725	\$725	\$725

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 256.98; 256.98, Subd. 1, 3,4; 256.983, Subd. 1, 2; 256.73, 256.73, Subd. 8(a,c); 256.619; 270. A.03, Subd. 5; 256.056, Subd. (A), 3

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$403,000 in F.Y. 1998 and \$443,000 in F.Y. 1999, to strengthen welfare and Medical Assistance (MA) fraud prevention as the state creates its new assistance programs.

In F.Y. 1998 and 1999, \$200,000 will be used to fund the cost of increasing Fraud Prevention Investigation (FPI) grants to counties. The funds will be used to maintain cash, food stamp, and MA fraud prevention efforts. These efforts currently return \$2.80 for every dollar spent by doing quick, up-front investigations of applications that are inconsistent or questionable.

In F.Y. 1998, \$200,000 will also be used for fraud prevention in Food Stamps via Electronic Benefit System (EBS) transfer; and aid further fraud prevention and detection through monitoring electronic data, profiling cases, and modeling and enhancing program integrity standards. The total administrative cost in F.Y. 1999 is \$243,000 which includes funding for 2 additional FTE.

Estimated revenues are based on a \$560,000 return from the FPI program, and \$165,000 from the state share of the Federal Tax Revenue Offset Program.

RATIONALE:

Counties need additional FPI program funding that keeps pace with the increased costs of performing program integrity functions in the cash and Food Stamp programs. In addition, better up-front fraud prevention for MA is included. FPI efforts would be strengthened relative to investigating MA cases or MA applications separate from MA eligibility that is automatically keyed off valid eligibility for welfare programs.

As electronic benefit transfer expands, so must activities to ensure fraud is deterred.

PROGRAM OUTCOMES:

Funding for the FPI program is adequate and assures counties and the state the necessary resources to perform program integrity functions for public assistance programs.

Enhance program integrity, improve accountability, and increase savings in public assistance programs.

LONG-TERM IMPACT:

The state will have access to and analysis of electronic data for future planning and decision making. Fraud will be reduced statewide.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Human Services, Department of
PROGRAM: Economic Support Management
ACTIVITY: Economic Support Operations

ITEM TITLE: Electronic Benefit System Statewide Expansion

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
Economic Supp. Ops.	\$175	\$650	\$650	\$650
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the budget base of \$175,000 in F.Y. 1998 and \$650,000 in F.Y. 1999 to expand Electronic Benefit System (EBS) statewide and improve the way welfare benefits are distributed in Minnesota.

The total cost of EBS expansion in F.Y. 1999 is \$1,060,000 with offsetting savings to the state of \$410,000 in reduced cash warrant production and reduced mailing costs associated with warrant and food coupon distribution.

RATIONALE:

EBS is an electronic distribution method for public assistance benefits including the Minnesota Family Investment Plan (MFIP) field trial benefits, Aid to Families with Dependent Children benefits, Food Stamps, General Assistance, Refugee Cash Assistance and Minnesota Supplemental Aid. EBS replaces Food Stamp coupons and cash warrants with an EBS card. This card is similar to a bank card and allows recipients to access their benefits through Automated Teller Machines (ATMs) and Point of Sale (POS) equipment in grocery stores.

Currently, EBS is operational in Hennepin and Ramsey Counties. Benefits are issued electronically on approximately 40,000 Food Stamp cases and 33,000 cash cases in those 2 counties.

EBS benefits:

- Public assistance recipients, who receive assistance in a more convenient, safer, and less stigmatized manner.
- Government, with strengthened program management in benefit distribution, security, and record keeping.

- Food stamp retailers, whose costs associated with handling, safeguarding, and redeeming food stamps are eliminated.
- Banks, whose public assistance check and food stamp processing is eliminated.

EBS provides an integrated benefit delivery system that helps all stakeholders: recipients, government food stamp merchants, and banks. The 1995 Legislature directed DHS to issue a Request for Proposals (RFP) for future EBS services including statewide expansion. This RFP was issued in January 1996.

PROGRAM OUTCOMES:

Statewide EBS strengthens program management in benefit distribution, security and record keeping. EBS provides detailed cash and food stamp benefit access information for use in identifying and addressing recipient fraud.

EBS provides Minnesota public assistance recipients with their benefits in a more efficient, convenient, and safe manner.

LONG-TERM IMPACT:

The pricing economies of scale available with statewide EBS will enable Minnesota to issue benefits via EBS at the lowest possible cost per case. With a freeze recommended for administrative costs for welfare programs, EBS offers assistance in making best use of available money.

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1998-99 Biennial Budget

BUDGET ACTIVITY: Assistance to Families State Management
PROGRAM: Economic Support Grants
AGENCY: Human Services, Department of

BUDGET SCOPE:

This is a new budget activity with no F.Y. 1998 base.

ACTIVITY DESCRIPTION:

In August 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) became law. This bill ended the Aid to Families with Dependent Children (AFDC) program which had been in effect since 1935.

In place of AFDC, the federal government, through PRWORA, will provide states with federal funds under a block grant. This block grant, which includes both benefit and administration funds, is called Temporary Assistance for Needy Families (TANF). This budget proposes that TANF money and money the state had committed in its forecast to the old AFDC program as matching funds would be used to fund Minnesota's transitional program called Assistance to Families Grants and subsequently a statewide Minnesota Family Investment Program (MFIP). The current AFDC program would be in place until July 1997. Assistance to Families Grants would provide a bridge between the time that AFDC must end in July 1997 and the time that an expanded MFIP would be implemented statewide in January 1998.

Changing roles of federal, state, and county governments

In addition to changing the fundamental nature of welfare, TANF changes the role between the federal government and the state, the state and county, and the county and local clients. With TANF, the responsibility for welfare policy development has shifted from the federal to the state government. For example, the federal government would not judge state welfare system plans, but instead certify them for completeness. The state will now have more work to do in developing and implementing policies that fit Minnesota's specific needs and that comply with PROWORA requirements.

TANF requires major changes in expectations for welfare recipients and for what human services does relative to making welfare work. Under reform, many of the functions of overall policy development, monitoring, and outcome evaluation will become the responsibility of the state. Centralized operations such as the Child Support Collection Center, the Issuance Operations Center for welfare benefits distribution and the MAXIS system will assist the state tremendously with mandated changes and state policy choices. However, changing 60 years of welfare policy and practice and implementing new standards is a massive undertaking. At a minimum, managing Assistance to Families grants and MFIP budgets relative to a capped amount of federal money will require different strategies in operating systems and oversight.

Account Activity

Administrative funding in AFDC, separate from other types of assistance funding, will now be rolled into the total block grant. Under budget recommendations, state and county administrative funding would be partitioned and this activity would be the new management activity for the state portion.

In addition to the functions noted in the Economic Support Management Activity page, funding from this new budget activity would support:

- developing approaches with specific counties in meeting performance goals
- providing technical assistance and training in implementing MFIP statewide
- managing computer system changes and on-going systems and centralized operation support

BUDGET ISSUES:

Overall, TANF requires that no more than 15% of the state's TANF block grant and the state's maintenance of effort be spent for administrative purposes. Some systems changes can be outside of this cap.

The Governor recommends freezing for state and county administrative spending as described in other welfare reform decision pages to prioritize funding toward Assistance to Families Grants.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES DEPT
PROGRAM: ECONOMIC SUPPORT MANAGEMENT
ACTIVITY: ASSIST FAMILY GRANTS - ST. MGM

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
OPERATING EXPENSES				1,800	1,800		1,800	1,800
SUBTOTAL STATE OPERATIONS				1,800	1,800		1,800	1,800
TOTAL EXPENDITURES				1,800	1,800		1,800	1,800
AGENCY PLAN ITEMS:		FUND						
ADMINISTRATIVE FREEZE		FED		1,800			1,800	
TOTAL AGENCY PLAN ITEMS				1,800			1,800	
EXPENDITURES BY FUND:								
STATUTORY APPROPRIATIONS:								
FEDERAL				1,800	1,800		1,800	1,800
TOTAL EXPENDITURES				1,800	1,800		1,800	1,800
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: HEALTH DEPARTMENT OF (MDH)

PROGRAM

PAGE

HEALTH SYSTEMS AND SPECIAL POPULATIONS

C-268

Community Health Services
Family Health
Health Policy and Systems Compliance
Facility Provider Compliance

HEALTH PROTECTION

C-305

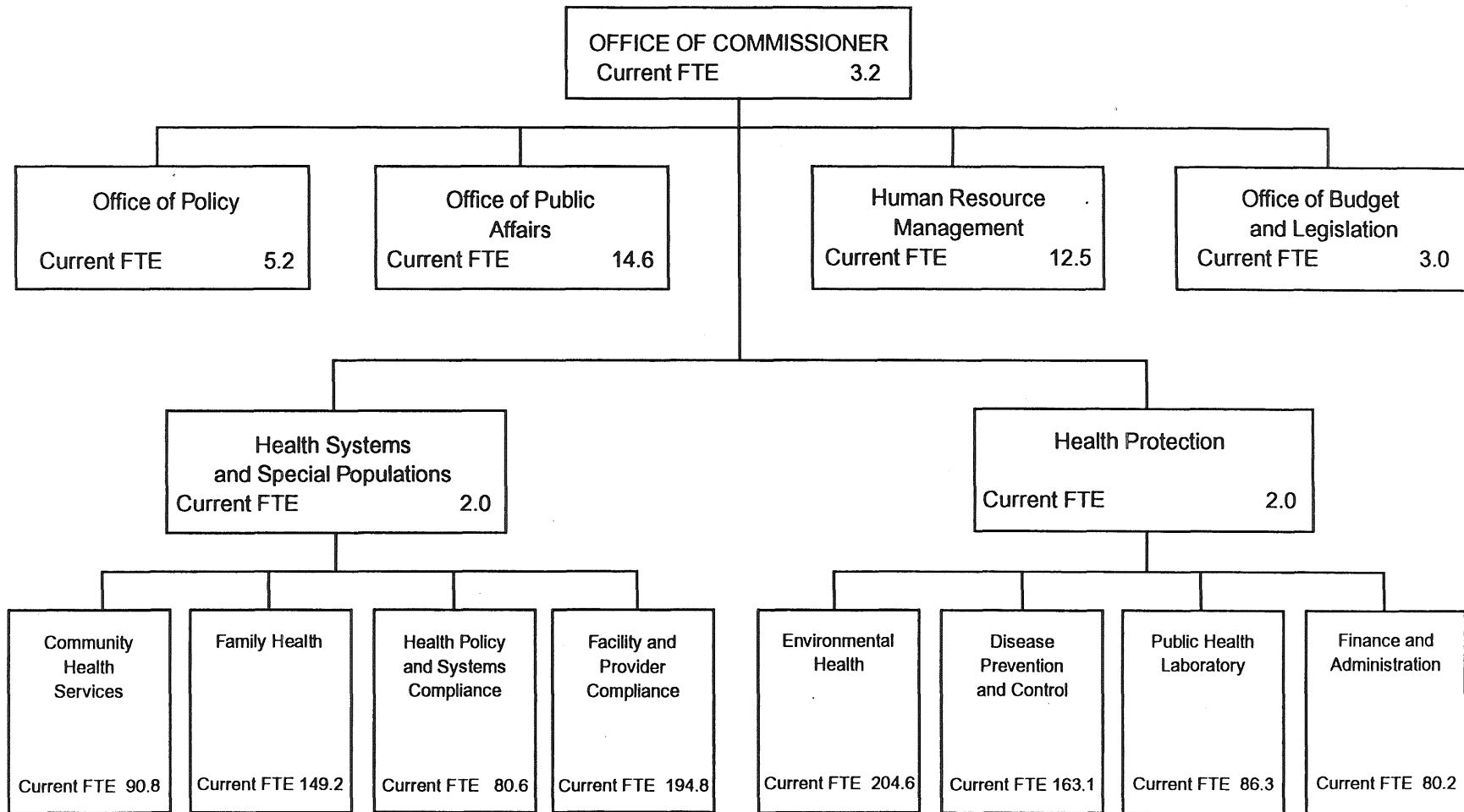
Environmental Health
Disease Prevention and Control
Public Health Laboratories

MANAGEMENT AND SUPPORT SERVICES

C-336

Finance and Administration
Management Support

DEPARTMENT OF HEALTH
Organizational Chart 7/1/96



Total FTE Employees: 1,092.1

1998-99 Biennial Budget **Agency Budget Brief** **(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$40,521	\$40,521	\$81,042
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(2,290)	(2,290)	(4,580)
Transfers Between Agencies	(585)	(585)	(1,170)
1998-99 Salary Inflation	209	427	636
Lease Increases	<u>351</u>	<u>445</u>	<u>796</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$38,206	\$38,518	\$76,724
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$38,206	\$38,518	\$76,724
<u>GOVERNOR'S INITIATIVES</u>			
Medical Education & Research	15,245	21,772	37,017
Children's Health Initiative	3,015	4,575	7,590
Financing Local Public Health	6,000	6,000	12,000
Establish IRM Infrastructure	250	250	500
Well Records Database Enhancement	120	120	240
Trng. To Interpret Well Water Quality Data	<u>100</u>	<u>100</u>	<u>200</u>
GOVERNOR'S RECOMMENDATIONS	\$62,936	\$71,335	\$134,271

Brief Explanation of Agency Plan:

The agency plan for this fund includes adjustments for one-time appropriations from 1997, the transfer of funds from MDH to the newly created Emergency Medical Services Regulatory Board, funds for a 2.5% per year salary increase, and a reallocation of \$158,000 from District Field Services to the Office of Mental Health Practice (\$65,000) and to prioritize the Public Health Goals (\$93,000).

The plan includes approximately \$26,000,000 per year, or 68% of the total plan, for grants to counties, non-profit organizations, and providers in the health care market. The department will be spending approximately 32% of the funding in the plan for operational costs.

Revenue Summary:

There is no revenue generated by this fund.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends additional funding for the following initiatives:

- For medical education and research activities, \$15,245,000 from the General Fund in F.Y. 1998 and \$21,622,000 in F.Y. 1999. Of these amounts, \$5,245,000 of the General Fund dollars in F.Y. 1998 and \$11,772,00 in F.Y. 1999 represent a corresponding decrease in the base budget for the Department of Human Services (DHS). The transfer of MA dollars is dependent on federal waiver approval by the U.S. Department of Health and Human Services, Health Care Financing Agency.
- For Children's Health, \$3,015,000 in F.Y. 1998 and \$4,575,000 in F.Y. 1999.
- For core local public health functions, \$6,000,000 in F.Y. 1998 and \$6,000,000 in F.Y. 1999.
- For the department's information resources management infrastructure, \$250,000 in F.Y. 1998 and \$250,000 in F.Y. 1999.
- For well record database enhancements to protect our water resources, \$120,000 in F.Y. 1998 and \$120,000 in F.Y. 1999.
- For training local public health agencies to interpret well water quality data, \$100,000 in F.Y. 1998 and \$100,000 in F.Y. 1999.

1998-99 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Health, Department of (MDH)

Fund: State Government Special Revenue

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$18,131	\$18,131	\$36,262
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(200)	(200)	(400)
1998-99 Salary Inflation	<u>717</u>	<u>968</u>	<u>1,685</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$18,648	\$18,899	\$37,547
<u>AGENCY DECISION ITEMS</u>			
Enclosed Arenas	77	79	156
X-Ray Inspection	50	50	100
Newborn Metabolic Testing	202	107	309
Food Safety Quality Assurance	110	113	223
Alcohol & Drug Counselor Licensure	265	307	572
Plumbing Program	-0-	18	18
Agency Cost Increases	<u>719</u>	<u>937</u>	<u>1,656</u>
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$20,071	\$20,510	\$40,581
<u>GOVERNOR'S INITIATIVES</u>			
Vital Records Redesign	<u>1,523</u>	<u>1,338</u>	<u>2,861</u>
GOVERNOR'S RECOMMENDATIONS	\$21,594	\$21,848	\$43,442

Brief Explanation of Agency Plan:

The plan includes:

- an increase appropriation from the State Government Special Revenue Fund of \$3,034,000 for F.Y. 1998-99.
- funding for a 2.5% increase each year for non-salary inflationary costs.
- appropriations for an increased assessment of indirect costs to the programs in this fund.
- 2 new programs being added to the fund: Enclosed Arenas (\$156,000) and Alcohol and Drug Counselor Licensure (\$572,000).
- changes to current programs totaling \$1,222,000 for the biennium.
- an internal reallocation of \$499,000 in F.Y. 1998 and \$496,000 in F.Y. 1999 originally intended to support activities associated with the Integrated Service Networks (ISN) licensure. To date, the department has not received any ISN applications, nor is the department aware of any current or future industry interest in pursuing ISN licensure. Therefore, the department reallocated \$158,000 each year for the portion of District Field Services clerical support costs related to fee programs, and reduced the request for increased agency cost by \$341,000 for F.Y. 1998 and \$338,000 for F.Y. 1999. The department will seek authorization from the legislature to repeal ISN rulemaking authority.

Revenue Summary:

The plan includes increased revenue of approximately \$3,800,000 for the biennium. Of this amount, \$156,000 is related to the proposed new enclosed arena inspection program while the balance is related to fee programs that need adjustment to bring revenue in line with expenditures.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends an additional \$1,523,000 from the State Government Special Revenue Fund in F.Y. 1998 and \$1,338,000 in F.Y. 1999 for implementing the vital statistics information systems redesign.

**1998-99 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Health Care Access

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$7,528	\$7,528	\$15,056
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(190)	(190)	(380)
1998-99 Salary Inflation	<u>165</u>	<u>244</u>	<u>409</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$7,503	\$7,582	\$15,085
<u>AGENCY DECISION ITEMS</u>			
Agency Costs	<u>444</u>	<u>467</u>	<u>911</u>
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$7,947	\$8,049	\$15,996
<u>GOVERNOR'S INITIATIVES</u>			
Medical Education & Research Costs	<u>1,210</u>	<u>2,640</u>	<u>3,850</u>
GOVERNOR'S RECOMMENDATIONS	\$9,157	\$10,689	\$19,846

Brief Explanation of Agency Plan:

The plan includes:

- sufficient funds to carry out the same level of activity as in the base year.
- adjustments for one-time appropriations from F.Y. 1997.
- funding for a 2.5% per year salary increase.
- funding for an increased assessment of indirect costs to the programs in this fund.

Revenue Summary:

The agency plan will have no effect on the revenue generated for the fund.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends an additional \$1,210,000 from the Health Care Access Fund in F.Y. 1998 and \$2,640,000 in F.Y. 1999 for medical education and research activities. There will be a corresponding decrease of like amounts in the base budget of the Department of Human Services (DHS). The transfer of MinnesotaCare dollars is dependent on federal waiver approval by the U.S. Department of Health and Human Services, Health Care Financing Agency.

**1998-99 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Trunk Highway

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$1,513	\$1,513	\$3,026
<u>BASE ADJUSTMENT</u>			
Transfers Between Agencies	<u>(1,513)</u>	<u>(1,513)</u>	<u>(3,026)</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$-0-	\$-0-	\$-0-
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$-0-	\$-0-	\$-0-
GOVERNOR'S RECOMMENDATIONS	\$-0-	\$-0-	\$-0-

Brief Explanation of Agency Plan:

Funds were transferred to the Emergency Medical Services Regulatory Board on 7-1-96.

Revenue Summary:

N/A

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1998-99 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Health, Department of (MDH)

Fund: Metro Landfill Contingency

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$193	\$193	\$386
<u>BASE LEVEL (for 1998 and 1999)</u>	\$193	\$193	\$386
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$193	\$193	\$386
GOVERNOR'S RECOMMENDATIONS	\$193	\$193	\$386

Brief Explanation of Agency Plan:

Funds are requested to provide the same level of service as the current biennium.

Revenue Summary:

Revenues are not affected by this plan.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-99 Biennial Budget

AGENCY: Health, Department of (MDH)

AGENCY DESCRIPTION:

The mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of the citizens of Minnesota.

The vision of the Minnesota Department of Health is to be a leader on behalf of the public's health, with the capacity to anticipate and meet the health needs of all Minnesotans in an ever-changing world. In this environment, our priorities will be developed collaboratively, will guide our program activities, and will be achieved through partnerships and shared leadership.

The 1995 report titled *Minnesota Public Health Goals* reflects the public health needs that have been identified by people in communities throughout Minnesota. They include measures such as promoting healthy families through improved services to parents, children and adolescents, including those with special needs; protecting the health of the citizens of Minnesota by identifying and mitigating infectious environmental health risks; and preventing and/or controlling infectious diseases. They are intended to provide a common direction for the many entities that are working to improve the public's health, including public health agencies, medical care providers, Regional Coordinating Boards (RCB's), health plan companies, and voluntary organizations. These goals have stimulated and encouraged voluntary efforts toward the development of healthy communities. The department is working on a planning process, in conjunction with the community, to develop priority goals for 1998.

The MDH is committed to improving the following performance outcomes:

- to prevent and control the transmission of communicable disease in Minnesota;
- to reduce the occurrence and severity of acute and chronic disease;
- to reduce the occurrence of disease and conditions that are environmentally induced, occupationally induced, and influenced by lifestyle choices and cultural norms;
- to ensure access to coverage for Minnesotans who are uninsured as well as ensuring financial, geographic and cultural access to quality health care for all Minnesotans;
- to safeguard and promote the health and safety of persons receiving care from health care providers;
- to assure efficient and effective coordination of health related activities and services among state and local public health agencies;
- to improve decision making and health related planning and research at all levels of government and in the private sector; and
- to reduce the rate of increase in health care expenditures in Minnesota.

The annual Performance Report for 1996 describes agency results and outcomes.

To achieve its mission, vision, and goals, and to improve its performance outcomes, the MDH performs the following public health activities: conducts public health studies and investigations; collects and analyzes health and vital data; identifies and describes health problems; designs,

implements, and supports programs and services for reducing morbidity and mortality; establishes and enforces health standards; provides education and technical assistance; coordinates local, state and federal health programs and services; assesses and evaluates the effectiveness of health service systems and public health program efforts; and advises the governor and the legislature on matters relating to the public's health. In addition, the department is working to help define and facilitate the achievement of new roles for public health in a regional health system.

The tools that MDH uses to accomplish these activities are the three "core functions" of public health:

Assessment consists of regularly and systematically collecting, assembling, and analyzing information priorities on the health of populations, factors affecting people's health, and the health system itself.

Policy Development and Planning involves leading communities in the development of public health priorities and collaborative strategies to improve population health, and assisting in the development of sound, comprehensive policies in matters related to health.

Assurance entails working both independently and with partners to assure that the appropriate activities to protect and improve public health are carried out. This has often involved the direct delivery of services to individuals not served by the private health care providers.

AGENCY ISSUES:

Public health faces many challenges stemming from the fact that we are living and working in an era of uncertainty and constant change. Advances in scientific knowledge and technology aid our work at the same time that they create more work to do. New pathogens continue to be identified, while known pathogens reappear. New populations (e.g. tiny premature babies, new immigrants, accident survivors, very old people) bring new health issues. Demographics show us a population that is both aging and more disabled than in the past. Changing geographic and income distributions have implications for public health. In addition, we face increasing changes in activity at the federal level, coupled with changing public expectations about government services.

The organization of the delivery and financing of medical care and health services has been changing rapidly in this decade. Recently, there has been a great deal of work done in developing a vision of a coordinated health system which builds on the complementary strengths of the public and private sectors to improve the health of the population.

Great strides have been made toward achieving the objectives of containing costs, increasing access to health care services, and continually improving the quality of the health care delivery system. Reductions have been made in the rate of growth in health care spending. In the area of access, about 9% of Minnesotans are uninsured at any given time, yet we have one of the highest rates of insured people in this nation. More importantly, the rate of people who are uninsured in Minnesota has remained stable since 1990, while the rate of people uninsured across the country has continued to rise. In the area of quality, the health care community faces its biggest challenge, and the public health community has the opportunity to continue to make significant contributions into the future by developing quality measures that are more predictive, preventive, and responsive to consumers' needs than today's more reactive measures.

Public-private partnerships in health care have now become a reality and the challenges facing the MDH center around issues of role definition and accountability. We are positioned to take significant steps toward the development of a coordinated health system which builds on the complementary strengths of the public and private sectors to improve the health of the population. Our challenge lies in sorting out who is responsible for what, how to hold each other accountable, and how to measure accountability.

AGENCY: Health, Department of (MDH)
(Continuation)

AGENCY STRATEGIES

Many of the factors noted above which affect MDH's ability to achieve stated outcomes are beyond the scope of the department's influence. Nevertheless, through a strategic planning process, the department has created the following five guiding principles:

1. **Setting Priorities and Focusing Resources**

As the state's lead public health agency, we provide leadership in setting statewide priorities to improve the health of Minnesotans, and we focus resources to solve those problems that we are uniquely qualified to address.

2. **Commitment to Protecting and Promoting the Public's Health**

We are committed to protecting the public's health and preventing disease, premature death, and injury, and to promoting health and quality of life through a variety of approaches, including education, incentives, and regulatory activity.

3. **Partnerships**

Viable and effective partnerships are essential to accomplishing our mission. We encourage collaboration and strong relationships with all of our internal and external partners, believing that we are successful when others succeed.

4. **A Work Force that Ensures Success**

The MDH recognizes that its employees are its most important resource. We are committed to promoting diversity; strengthening staff competence by promoting training, education and support; and building the capacity of all employees to work together in a shared leadership environment. Essential to accomplishing our mission is a work environment that ensures that all employees are prepared to meet the challenges of the future.

5. **Importance of Stewardship of Public Resources**

We practice sound stewardship in the use of public resources to protect and promote the health of the public. We recognize there are competing priorities for the allocation of public resources, and we acknowledge and support the agency's obligation to act as a responsible steward of the public's trust.

MDH will use these principles in conjunction with the Public Health Goals to identify and prioritize the programs that the department will implement.

SUMMARY OF BUDGET REQUEST:

Over the past year MDH has reexamined its budget structure. The first step in this process was for MDH to identify what is unique about its role as the agency of state government charged with protecting, maintaining, and improving the health of the public. The next step was to determine which

roles the state department of health must play in the future, considering the changing health care environment. Through this process the following seven issues were identified as critical to the department's future ability to achieve its mission: children-at-risk, aging, measuring population outcomes, core functions, information technology, fee supported programs, capital budget, and workforce strength. Cross-department budget workgroups were then established based on each issue. These workgroups were given the charge of restructuring the department's budget to ensure that the department will be prepared to meet its vision in the future.

A few initiatives which came out of the workgroups were deemed critical to the future success of the department, but of a scale too large to be re-allocated from within the current MDH budget. The agency plan includes funding and fee increases for a number of fee programs to continue operating at an efficient level of service, fully funding indirect costs assessed to the State Government Special Revenue Fund, and providing for a 2.5% increase to cover estimated inflation costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends additional funding for the following initiatives:

- For medical education and research activities, the Governor recommends \$15,245,000 from the General Fund and \$1,210,000 from the Health Care Access Fund in F.Y. 1998; and \$21,622,000 from the General Fund and \$2,640,000 from the Health Care Access Fund in F.Y. 1999. Of these amounts, \$5,245,000 of the General Fund dollars in F.Y. 1998 and \$11,772,000 in F.Y. 1999, as well as \$1,210,000 of the Health Care Access dollars in F.Y. 1998 and \$2,640,000 in F.Y. 1999 represents a corresponding decrease in the base budget for the Department of Human Services (DHS). The transfer of the MA and MinnesotaCare dollars is dependent on federal waiver approval by the U.S. Department of Health and Human Services, Health Care Financing Agency.
- For Children's Health, the Governor recommends \$3,015,000 from the General Fund in F.Y. 1998 and \$4,575,000 in F.Y. 1999.
- For funding core local public health functions, the Governor recommends \$6,000,000 from the General Fund in F.Y. 1998 and \$6,000,000 in F.Y. 1999.
- For the department's information resources management infrastructure, the Governor recommends \$250,000 from the General Fund in F.Y. 1998 and \$250,000 in F.Y. 1999.
- For well record database enhancements to protect the state's water resources, the Governor recommends \$120,000 from the General Fund in F.Y. 1998 and \$120,000 in F.Y. 1999.
- For training local public health agencies to interpret well water quality data, the Governor recommends \$100,000 from the General Fund in F.Y. 1998 and \$100,000 in F.Y. 1999.
- For implementing the vital statistics information systems redesign, the Governor recommends \$1,523,000 from the State Government Special Revenue Fund in F.Y. 1998 and \$1,338,000 in F.Y. 1999.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
HLTH SYST & SPEC POPULATIONS	133,070	138,716	131,846	132,469	159,462	131,104	131,869	168,194
HEALTH PROTECTION	41,304	53,304	52,167	53,468	53,688	52,707	53,927	54,147
MANAGEMENT & SUPPORT SERVICES	11,945	13,706	12,807	12,900	13,150	13,074	13,167	13,417
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	186,319	205,726	196,820	198,837	226,300	196,885	198,963	235,758
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	34,643	43,032	38,206	38,206	62,936	38,518	38,518	71,335
MINNESOTA RESOURCES				150	150			
STATE GOVERNMENT SPECIAL REVENUE	15,209	20,475	18,648	20,071	21,594	18,899	20,510	21,848
HEALTH CARE ACCESS	6,230	8,698	7,503	7,947	9,157	7,582	8,049	10,689
TRUNK HIGHWAY	1,527							
METRO LANDFILL CONTINGENCY	164	193	193	193	193	193	193	193
STATUTORY APPROPRIATIONS:								
GENERAL	478	58	58	58	58	58	58	58
STATE GOVERNMENT SPECIAL REVENUE		249	249	249	249	249	249	249
HEALTH CARE ACCESS		77	77	77	77	77	77	77
SPECIAL REVENUE	23,680	24,565	22,757	22,757	22,757	22,897	22,897	22,897
FEDERAL	103,489	107,029	108,310	108,310	108,310	107,593	107,593	107,593
GIFT	899	1,350	819	819	819	819	819	819
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	186,319	205,726	196,820	198,837	226,300	196,885	198,963	235,758
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	1,053.1	1,109.6	1,114.4	1,122.4	1,168.9	1,117.4	1,125.4	1,171.9
TEMP/SEAS/PART_TIME	17.9	16.5	16.5	16.5	16.5	16.5	16.5	16.5
OVERTIME	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	1,073.2	1,128.3	1,133.1	1,141.1	1,187.6	1,136.1	1,144.1	1,190.6

1998-99 Biennial Budget Agency Level Revenue Summary

Agency: Health, Department of (MDH)

REVENUE SOURCES:

The department generates revenue through fees, income contracts, and grants from the federal government. The revenue collected through fees is generated by charging user or service fees to the public, hospitals, or other medical providers, and license or regulation fees to various occupational groups, individuals, or businesses. Fee revenue (approximately \$17.8 million for F.Y. 1997) is deposited as non-dedicated revenue in the State Government Special Revenue Fund.

Revenue from income contracts is generated from the many service contracts that the department has with other state agencies, local governmental agencies and other private organizations. Revenue generated through contracts is deposited as dedicated receipts to the Special Revenue Fund and is estimated to be \$22.6 million, approximately 11% of the department's budget.

The department actively seeks grants from the federal government. As a result the department has over 50 separate grants for F.Y. 1997 totaling \$107 million. This represents about 52% of the total department resources in F.Y. 1997.

FEE STRUCTURE:

There are numerous state statutes that require the MDH to regulate occupational groups, individuals, and businesses in order to carry out the mission of the department, which is, in part, to protect the health of the citizens of Minnesota. These statutes require licensing or registration, enforcement of rules, and providing education. Fees are established to recover the cost of providing these services to various clients, such as nursing homes, restaurants, and occupational therapists. The department has 18 separate fee programs of which 13 are occupation related and 5 are service related fees.

Many of the inter-agency agreements for which the department receives funds are for providing supplemental services related to those already assigned to the department. An example is the inspection of nursing homes. The department is required to inspect nursing homes for state licensure and the Department of Human Services is required to inspect these same nursing homes for certification for the Medicaid Program. An inter-agency agreement is established to transfer funds from the Department of Human Services to the MDH to hire staff to provide one coordinated inspection. The department has several similar types of agreements for coordinated laboratory services with the Pollution Control Agency and the Department of Transportation. The fees established for these services recover the cost of providing the services.

Finally, there are many federal programs that require the MDH to be the recipient agency, or in some cases the department has been designated the recipient agency by executive order. The department carries out the provision of services required by the federal statute, rules, or guidelines. In some cases, the provision of services is determined at the discretion of the state. Often, the MDH receives input from advisory groups relative to spending priorities. Federal grant applications submitted by the department request sufficient funding to recover the cost of providing services.

RECENT CHANGES:

The revenue streams coming to the MDH have remained fairly constant through 1996. In 1997, there was a small reduction in the amount of federal grant revenue and inter-agency agreement revenue received by the department primarily due to the federal government making changes on budget allocations and priorities. Generally, these changes have not had an effect on services provided to the general population, but have affected those areas where a federal grant has been targeted, such as the State Trauma Plan and Office of Rural Health.

FORECAST BASIS:

The department had expected some significant changes to the revenue stream during the past 2 years due to federal reductions, reorganization of state government and other downsizing. However, the revenue received by the department has remained relatively stable for the past 2 years and the agency is projecting the same stable pattern for the next 2 years. One exception to this forecast is that revenue from fees will be up \$1.5 million in F.Y. 1998 and \$2.3 million in F.Y. 1999 for 2 reasons. First, the agency is adopting 2 new fee programs: licensure of drug and alcohol counselors; and, inspection of enclosed arenas. Second, there are a number of fee programs that need fee adjustments to remain self-supporting.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT

SUMMARY OF AGENCY REVENUES	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Forecast	Agency Plan	Governor Recomm.	Forecast	Agency Plan	Governor Recomm.
=====								
NON-DEDICATED REVENUE:								

DEPARTMENTAL EARNINGS:								
STATE GOVERNMENT SPECIAL REVENUE	18,459	17,836	18,599	20,063	20,063	18,756	20,551	20,551
HEALTH CARE ACCESS	77							
TRUNK HIGHWAY	38							
OTHER REVENUES:								
GENERAL	1	1						
STATE GOVERNMENT SPECIAL REVENUE	17							
=====								
TOTAL NON-DEDICATED RECEIPTS	18,592	17,837	18,599	20,063	20,063	18,756	20,551	20,551
=====								
DEDICATED RECEIPTS:								

DEPARTMENTAL EARNINGS:								
SPECIAL REVENUE	3,031	3,097	3,097	3,097	3,097	3,097	3,097	3,097
DEPARTMENTAL EARNINGS (INTER-AGENC								
SPECIAL REVENUE	8,564	8,422	8,632	8,632	8,632	8,632	8,632	8,632
GRANTS:								
FEDERAL	102,842	104,176	108,145	108,145	108,145	107,430	107,430	107,430
GIFT	713	182	479	479	479	479	479	479
OTHER REVENUES:								
GENERAL	516	54	58	58	58	58	58	58
STATE GOVERNMENT SPECIAL REVENUE	50	50	50	50	50	50	50	50
SPECIAL REVENUE	10,598	11,131	10,835	10,835	10,835	10,975	10,975	10,975
FEDERAL	64							
AGENCY	138	175	175	175	175	175	175	175
GIFT	202	273	190	190	190	190	190	190
OTHER SOURCES:								
SPECIAL REVENUE	146							
=====								
TOTAL DEDICATED RECEIPTS	126,864	127,560	131,661	131,661	131,661	131,086	131,086	131,086
=====								
AGENCY TOTAL REVENUES	145,456	145,397	150,260	151,724	151,724	149,842	151,637	151,637

**1998-99 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Health, Department of (DOH)

Federal Funds Summary

Federal funds are a major resource for departmental activities. The department receives approximately \$108,000,000 of federal funds, which makes up about 48% of the proposed 1998 budget. Federal dollars also account for 365 positions or 32.7% of the work force of the department.

The department receives 1 very large grant, Women, Infants and Children Food Supplement Program, \$57.7 million, which is about 53% of the total federal funds received by the department. The department also receives 2 block grants: 1) Maternal and Child Health, \$9.5 million; and, 2) Preventive Health and Health Services, \$5.0 million.

The balance of the federal funds comes from programs where the department has either been designated the state agency to receive funds, such as Medicare Title XVIII and Safe Drinking Water, or the department is the lead agency in addressing public health issues, such as Lead Paint Poisoning, or AIDS/HIV.

The department had anticipated major changes in the level of federal funding as a result of new formulas, block grants, or program reductions. However, the department has seen little reduction in funding as a result of congressional action.

The department did receive a substantial increase to the federal Immunization Program and new funding for the construction of Drinking Water Protection projects. With the exception of these 2 projects and project-type grants that are time limited, the department projects the same level of funding for F.Y. 1998 and F.Y. 1999 as was awarded in F.Y. 1997.

**1998-99 Biennial Budget
Federal Funds Summary
(\$ in Thousands)**

Agency: Health, Department of (DOH)

Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Women, Infants and Children Food Supplement	Yes	Grants Individuals	62,155	56,201	57,717	57,717
Maternal and Child Health (MCH)	Yes	Grants Political Subd.	9,730	9,832	9,491	9,491
Immunization	No	Grants Political Subd.	4,127	7,446	7,446	7,446
Preventive Health Block Grant	No	State Operations	4,405	5,018	5,017	5,015
Breast and Cervical Cancer	No	Grants Individuals	3,496	4,270	4,265	4,265
Medicare Certification	Yes	State Operations	3,724	4,127	4,127	4,127
HIV Prevention Activities	Yes	State Operations	2,315	2,878	2,820	2,820
Safe Drinking Water Protection	Yes	State Operations	2,374	2,688	2,686	2,686
State Revolving Fund	Yes	State Operations		690	1,820	2,110
Cancer Control	No	State Operations	2,121	2,292	2,097	1,593
AIDS Surveillance	Yes	State Operations	543	1,465	1,465	1,465
Ryan White	No	Grants Political Subd.	926	1,250	1,250	1,250
Housing Opportunities for Persons with AIDS	No	State Operations	218	1,188	1,188	1,188
CDC Investigations & Technical Assistance	No	State Operations	1,428	1,399	1,196	1,121
Diabetes Control	No	State Operations	585	725	725	725
Sexually Transmitted Diseases	No	State Operations	516	711	711	711
Toxic Substance & Disease Research	No	State Operations	417	590	588	588
TB Cooperative Agreement	No	State Operations	466	552	552	552
Childhood Lead Poisoning	Yes	State Operations	11	840	433	433
Commodity Supplement Food	No	Grants Individuals	481	405	405	405
Early Childhood Intervention	No	State Operations	226	399	399	399

**1998-99 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Health, Department of (DOH)

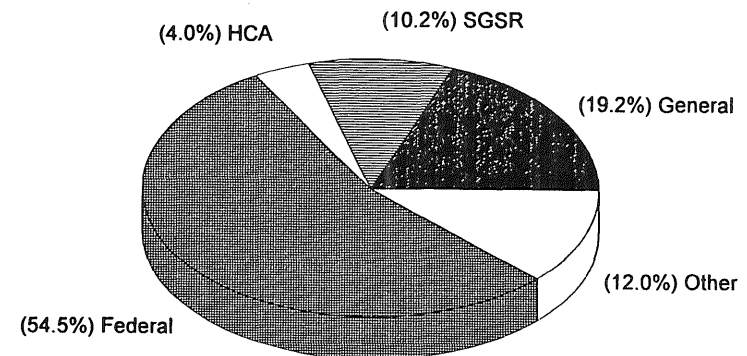
Federal Program	Related State Spending	Primary Purpose	SFY 1996 Revenues	SFY 1997 Revenues	Estimated SFY 1998 Revenues	Estimated SFY 1999 Revenues
Accreditation of State Lead Programs	Yes	State Operations	333	306	306	306
Primary Care Cooperative	No	State Operations	274	277	276	276
Indoor Radon Program	No	State Operations	404	235	235	235
Lyme Disease	No	State Operations	220	222	222	222
Occupational Safety & Health Research	No	State Operations	99	238	194	180
MCH Consolidation Program	No	State Operations	316	263	250	150
Medical Assistance	No	State Operations	155	107	107	107
National Health Service Corps Loan Repayment	Yes	Grants Individuals	30	135	100	100
Indochina Refugee Health	No	State Operations	71	62	62	62
Wellhead Protection	No	State Operations	72	67	17	17
Microbiological & Infectious Diseases	No	State Operations	78			
Office of Rural Health	No	State Operations	41	57		
EMS Needs of Children	No	State Operations	173	3		
Diabetes in Indian Youth	No	State Operations	149	189	190	
Rural Health Network Reform	No	State Operations	139			
Lead Paint Reduction	Yes	State Operations	161			
Injury Prevention	No	State Operations	352	324	78	
Comprehensive School Health	No	State Operations	2	157	46	
Emerging Flood Relief	No	State Operations	156			
Agency Total			103,489	107,608	108,481	107,762

Minnesota Department of Health

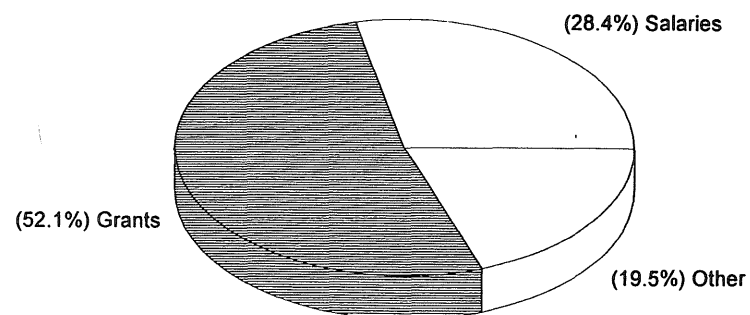
Fiscal Summary - Agency Total

F.Y. 1998 Agency Plan

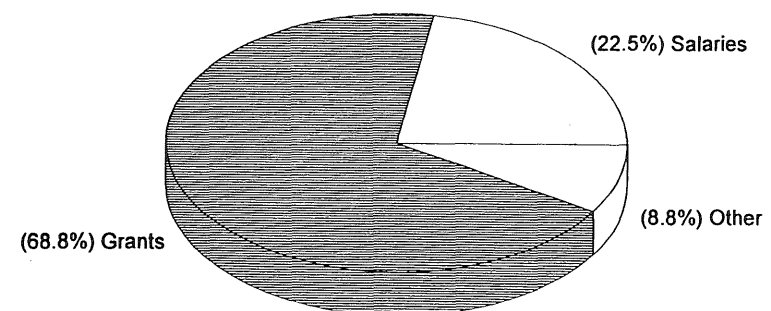
Resources \$198.8 million



Total Expenditures
\$198.8 million



General Fund Expenditures
\$38.3 million



F.Y. 1998-99 BUDGET INITIATIVE**AGENCY:** Health, Department of**ITEM TITLE:** Agency Cost Increases

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
Special Revenue	\$719	\$937	\$937	\$937
Health Care Access	444	467	467	467
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X**If yes, statutes(s) affected:****GOVERNOR'S RECOMMENDATION:**

The Governor recommends an increase of \$719,000 for F.Y. 1998 and \$937,000 for F.Y. 1999 to be appropriated from the State Government Special Revenue Fund to cover agency increased costs related to indirect costs and inflation. The Governor also recommends an increase of \$444,000 for F.Y. 1998 and \$467,000 for F.Y. 1999 to be appropriated from the Health Care Access Fund to cover agency increased costs related to indirect costs.

RATIONALE:

The department is requesting funds to cover the projected increase of the indirect cost assessment to the programs funded from the State Government Special Revenue Fund and the Health Care Access Fund. The department's historical rate has been 15%, but with increased costs due to increased technology, space, relocation, and other overhead, the proposed rate for 1998-99 is 18%. This rate must be applied to all funds received by the department in order to collect federal reimbursement.

The department is requesting funds to cover the projected cost of inflation for F.Y. 1998 and F.Y. 1999 related to the supply and expense portion of the revenue generating programs. The rate of inflation used is 2.5% per year. Not requesting funds to cover the increase in costs will result in a reduction in the dollars available to support these programs at the current level.

PROGRAM OUTCOMES:

Programs will maintain the same level of services. The majority of the fee programs currently collect sufficient revenues to cover these increased costs.

LONG-TERM IMPACT:

Programs will maintain the same level of service without being eroded by the effects of these increased costs.

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PROGRAM: Health Systems & Special Populations
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

The Health Systems and Special Populations Program exists to promote optimal health outcomes for all Minnesotans through the development of comprehensive and integrated health systems based on policy analysis and development, data analysis, health planning and evaluation. Additionally, this program exists to assure that health care delivery systems comply with minimal quality standards designed to safeguard and promote the health and safety of consumers.

PROGRAM STATUS:

The MDH relies on a number of guiding principles in carrying out its mission to protect, maintain, and improve the health of all Minnesotans. These principles include setting priorities and focusing resources to effectively respond to health concerns that the department is uniquely qualified to address. In so doing, the department has recognized that the local public health infrastructure is critical and must be preserved; and that the activities of the public and private health systems must be more fully integrated thereby promoting more effective working relationships among managed care organizations, local providers, and state and local public health agencies. The promotion of these relationships is consistent with the MDH's guiding principle that partnerships are essential to accomplishing our mission. Setting priorities, focusing resources, and establishing partnerships reaffirms the department's commitment to protecting the public's health and acknowledges our special interests in promoting and protecting the health of Minnesota's most vulnerable individuals including children, the elderly, and individuals with special health care needs.

Financial support for this program is dependent upon a variety of resources including federal funds, general funds, health care access funds, and fees.

PLANNED RESULTS:

The agency plan will facilitate the accomplishment of related performance objectives as identified in the 1996 Annual Performance Report as follows:

- In 1995, the Legislature authorized the development and implementation of an adolescent pregnancy prevention program, ENABL. The Department of Health is working collaboratively with the Department of Children, Families, and Learning to implement the program.
- By the year 2000, nursing homes cited for resident assessment deficiencies will decrease by 20%. This will reduce the number of deficiencies by 165 in 1994 to 80 by the year 2000. Achieving this objective will protect the public's health and safety of patients and residents receiving services in licensed/certified health care settings by insuring that they conduct their activities in compliance with state and federal regulations.
- By the year 2000, reduce the amount of time between initiation and completion of Vulnerable Adults Act (VAA) investigations by 10%. This will reduce the turn around time from 195 days in 1994 to 115 days by the year 2000. This will insure the health and safety of consumers in health care settings by investigating complaints, performing background study checks, and taking necessary action to insure that those responsible for instances of abuse and neglect are no longer eligible to work in health care facilities.

- In order to more accurately assess the health status of populations, disease trends and quality of life, the department proposes that population health status indicators be identified and used to measure changes in the health status of Minnesotans over time, and that health care outcomes be identified to guide the evaluation and the effectiveness of health care systems.
- In order to improve the overall competency and quality of allied health practitioners, and to ensure compliance with current statutes and rules relating to examination and licensure, fee increases are proposed for the Hearing Instrument Dispenser Certification Program, and the Mortuary Science Program. In addition, new fees are proposed in order to implement an Alcohol and Drug Counselor Licensure Program.

BUDGET AND REVENUE SUMMARY:

Summary of the budget plan is as follows:

- An increase in fees for health occupations of \$1,375,000 for the biennium.
- The department is writing rules to establish a licensure system for alcohol and drug counselors. It is estimated that the cost of implementing the licensure requirement in statute will greatly exceed the base appropriation for this activity. The agency plan reflects the increased revenues from the new fee, and includes an increased appropriation from the fund to support the licensing activities.
- The department has reallocated \$65,000 per year for the Office of Mental Health Practice to allow the activity to reduce a backlog of complaint investigations.
- These activity numbers are reduced to show the effect of the transfer of the Emergency Medical Services activity to the newly created Emergency Medical Services Regulatory Board on 7-1-96.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS

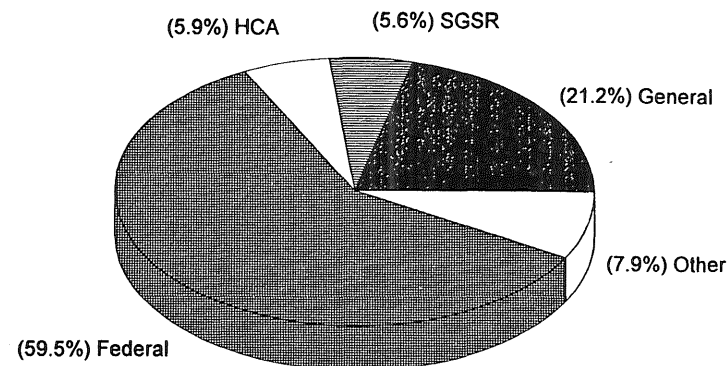
ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
COMMUNITY HEALTH SERVICES	21,680	24,595	22,337	22,630	30,153	22,398	22,708	30,046
FAMILY HEALTH	86,431	88,700	85,721	85,773	88,788	84,769	84,821	89,396
HLTH POLICY & SYST COMPLIANCE	9,594	7,473	6,535	6,824	23,279	6,627	6,969	31,381
FACILITY/PROVIDER COMPLIANCE	15,365	17,948	17,253	17,242	17,242	17,310	17,371	17,371
TOTAL EXPENDITURES BY ACTIVITY	133,070	138,716	131,846	132,469	159,462	131,104	131,869	168,194
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SGS		232			401	
TECHNICAL REALLOCATIONS		GEN		65			65	
TECHNICAL REALLOCATIONS		SGS		<435>			<527>	
HEALTH CARE ACCESS INDIRECT		HCA		444			467	
ALCOHOL AND DRUG COUNSELOR LICENSURE		SGS		265			307	
NEWBORN METABOLIC TESTING		SGS		52			52	
TOTAL AGENCY PLAN ITEMS				623			765	
GOV'S INITIATIVES:		FUND						
(B) FINANCING LOCAL PUBLIC HEALTH		GEN			6,000			6,000
(B) VITAL RECORDS REDESIGN		SGS			1,523			1,338
(B) CHILD'S HLTH INITIATIVE-HLTHY BEGINNINGS		GEN			140			1,700
(B) CHILD'S HLTH INITIATIVE-ADOLESCENT REPRO		GEN			875			875
(B) CHILD'S HLTH INITIATIVE-TOBACCO FREE COM		GEN			2,000			2,000
(B) MEDICAL EDUCATION AND RESEARCH COSTS		GEN			15,245			21,772
(B) MEDICAL EDUCATION AND RESEARCH COSTS		HCA			1,210			2,640
TOTAL GOV'S INITIATIVES					26,993			36,325
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	25,454	32,758	27,897	27,962	52,222	27,968	28,033	60,380
STATE GOVERNMENT SPECIAL REVENUE	4,375	7,997	7,242	7,356	8,879	7,345	7,578	8,916
HEALTH CARE ACCESS	6,114	8,551	7,354	7,798	9,008	7,431	7,898	10,538
TRUNK HIGHWAY	1,512							
STATUTORY APPROPRIATIONS:								
GENERAL	314	58	58	58	58	58	58	58

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
STATE GOVERNMENT SPECIAL REVENUE		50	50	50	50	50	50	50
SPECIAL REVENUE	11,495	10,142	9,915	9,915	9,915	9,915	9,915	9,915
FEDERAL	83,189	78,465	78,785	78,785	78,785	77,792	77,792	77,792
GIFT	617	695	545	545	545	545	545	545
TOTAL EXPENDITURES	133,070	138,716	131,846	132,469	159,462	131,104	131,869	168,194
FTE BY EMPLOYMENT TYPE:								
REGULAR	487.9	514.0	504.8	508.8	550.3	503.8	507.8	549.3
TEMP/SEAS/PART_TIME	8.4	7.2	7.2	7.2	7.2	7.2	7.2	7.2
OVERTIME	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL FTE	496.8	521.7	512.5	516.5	558.0	511.5	515.5	557.0

Resources \$132.5 million



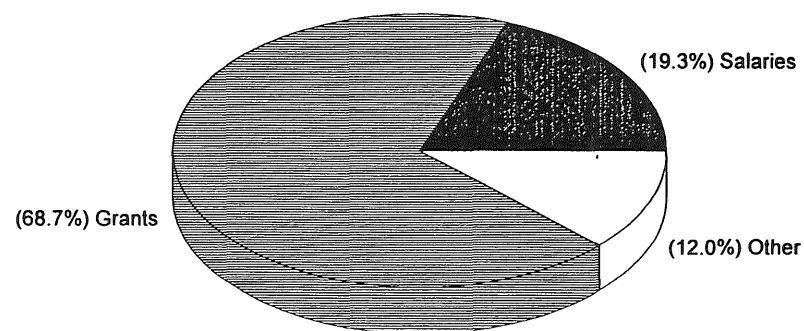
Minnesota Department of Health

Fiscal Summary

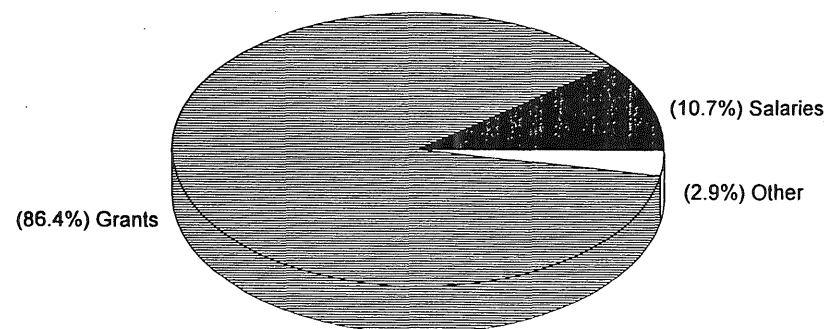
Health Systems & Special Populations

F.Y. 1998 Agency Plan

Total Expenditures
\$132.5 million



General Fund Expenditures
\$28.0 million



BUDGET ACTIVITY: Community Health Services
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Community Health Services (CHS) activity is the primary activity ensuring that Minnesota's communities and local governments are able to meet their public health responsibilities under state law. The mission of the activity is to protect and promote the health of all Minnesotans by developing and supporting cooperative partnerships among state and local governments, health related organizations, and other communities and individuals. In addition, the Office of Rural Health and Primary Care (ORHPC) assists rural and medically underserved urban communities in preserving and improving access to quality health care services. Minnesota's evolving health care system will continue to alter substantially public health activities, particularly at the local level.

The department has worked with state and local public health agencies to increasingly emphasize the core governmental functions of public health: community assessment, policy development and planning, and assurance. These core governmental functions are critical components of the health care system, providing information that supports rational planning for, and evaluation of, critical systems changes. For example, improved disease surveillance and health status monitoring for the entire population are essential to assisting health plan companies taking a more active part in prevention and in making important contributions to improving the health status of all Minnesotans. An ongoing concerted effort is underway to develop and maintain the technical and fiscal capacity, both statewide and locally, to more accurately assess public health needs, as well as to assure that those needs are comprehensively addressed. Part of this effort has included restructuring and changing responsibilities within the activity: in the Public Health Nursing Section, the division's primary consultants to local public health agencies, in order to better focus local capacity to fulfill public health responsibilities; in the Minnesota Center for Health Statistics, to increasingly focus on population health measurements; in Health Systems Development, in order to establish a department focus to improve the health of the population by mobilizing the strengths and contributions of the public health and private medical care systems; and in the ORHPC, to integrate this office into the activity after the office was transferred from another activity.

BUDGET ISSUES:

- New demands on the public health system and changes in health care funding have and will continue to affect this activity. The 1996 Legislature provided funding to focus local public health agency efforts toward population-based core public health activities. Local public health agencies are faced with new demands including, new and emerging health threats (e.g., infectious disease and violence), the need for more collaborative work with health care delivery systems and other community groups, and the need to serve increasingly diverse populations with language and other cultural barriers. In addition to the new demands on public health, changes in health care financing are resulting in reduced revenues for basic public health services. In the past, state policy has encouraged these agencies to use Medical Assistance (MA) reimbursements for many public health services. More recently, as managed care and cost containment strategies have been applied to publicly financed programs such as MA, funding for public health services has declined, particularly for services to children and families. This situation leads to a dangerous erosion of the public health infrastructure.
- One of the fundamental building blocks in public health status surveillance and assessment is the state's vital statistics system: birth, death, marriage, and divorce records. Minnesota's vital

statistic system is based on paper and, to a limited degree, microfilm. Using an appropriation from the 1996 Legislature, the department has been involved in planning and initial implementation of a redesigned vital records system. Prior to this, the system had not seen a major technology upgrade in the past 25 years.

REVENUE:

The agency plan will not affect the revenues of this activity.

GRANTS:

1. Community Health Services Subsidy
 - a. **Statutory reference:** M.S. 145A.13
 - b. **Purpose:** The subsidy provides funds "to develop and maintain a system of community health services under local administration within a system of state guidelines and standards" (M.S. 145A.09). It ensures that state and local governments exercise their public health responsibilities through joint planning, priority setting, and assuring that public health priorities are being met. The subsidy supports efforts to protect and improve the people's health by preventing disease, injury, disability, and preventable death within a community health service area. Joint state-local efforts prevent or control communicable diseases; protect the health of persons suffering a medical emergency; achieve an environment conducive to human health, comfort, safety, and well being; promote optimum health outcomes related to human reproduction and child growth and development; reduce risk conditions or behaviors to prevent chronic disease and achieve other advances in health status; reduce the ill effects and complications of existing disease; and provide suitable alternatives to inpatient care in a health facility.
 - c. **Identify recipients:** Recipients are 50 community health boards (county, multi-county and 5 eligible cities) which meet statutory population and organization criteria.
 - d. **Define eligibility criteria:** M.S. 145A.09 to 145A.13 sets eligibility criteria; a community health board must be county-based (except for 5 cities eligible by statute), must have a minimum population of 30,000, or be composed of at least 3 contiguous counties, or must be a human services board which assumes the responsibilities of a board of health. A one-to-one dollar match is required of the community health boards. The current match is approximately \$6.50 of local expenditure for each dollar of subsidy.
 - e. **Source of Funding/Formula Factors:** The subsidy statute was originally passed in 1976 and contained a formula based on income, property values, and local level of effort. It also contained small incentives for multi-county boards and for areas containing at least 50,000 people. In 1985 the formula was revised to reflect a per capita basis. As part of that revision, "hold harmless" language that did not take away the small incentives keeps some very minor distortions in an otherwise purely capitation formula.

		Dollars in Thousands				
		F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General		\$14,112	\$14,112	\$14,112	\$14,112	\$14,112

1998-99 Biennial Budget

BUDGET ACTIVITY: Community Health Services
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

2. Rural Community Health Center Grants

- a. **Statutory reference:** M.S. 144.1486
- b. **Purpose:** To increase health care access for residents of rural Minnesota by creating new community health centers in areas where they are needed and by maintaining essential rural health services.
- c. **Recipient identification and eligibility criteria.** In order to be eligible for funding, a project must meet the following criteria:
- be located in a rural shortage area that is a medically underserved federal health professional shortage area, or governor designated shortage area. "Rural" is defined as an area of the state outside the 10-county Twin Cities metropolitan area and outside of the Duluth, St. Cloud, East Grand Forks, Moorhead, Rochester, and La Crosse census identified urban areas;
 - represent or propose the formation of a nonprofit corporation with local resident governance, or be a governmental entity;
 - result in a locally owned and operated community health center that provides primary and preventive care services, and incorporates quality assurance, regular reviews of clinical performance, and peer review;
 - seek to employ mid-level professionals, where appropriate;
 - demonstrate community support and provide a 20% local funding match; and
 - propose to serve an area that is not currently served by a federally certified medical organization.
- d. **Criteria and formulas determining amount of payment to recipient.** The award is determined based on the amount requested not to exceed \$37,500 for planning grants; \$75,000 for conversion/expansion grants; and \$150,000 for start-up grants, the ranking of the application score, and the total amount of funding available.

e. **Source of funding:**

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Health Care Access	\$250	\$250	\$250	\$250	\$250

3. Rural Hospital Planning and Transition Grant Program

- a. **Statutory reference:** M.S. 144.147
- b. **Purpose:** To develop strategic plans for preserving access to health services or to implement transition projects to modify the type and extent of services provided by rural hospitals.

- c. **Recipient identification and eligibility criteria.** To be eligible for funding, a hospital must meet the following criteria:

- be either located in a rural area, as defined in the Code of Federal Regulations, title 42, section 405.1041, or be located in a community with a population of less than 5,000 that is outside of the seven-county metropolitan area;
- have 100 or fewer beds;
- be nonprofit; and,
- have not been awarded a grant under the federal rural health transition grant program.

- d. **Criteria and formulas determining amount of payment to recipient.** The award is determined based on the amount requested, the ranking of the application score, and the total amount of funding available.

e. **Source of funding:**

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Health Care Access	\$250	\$250	\$250	\$250	\$250

4. Sole Community Hospital Financial Assistance Grant Program

- a. **Statutory reference:** M.S. 144.1484
- b. **Purpose:** To maintain access to health care in rural areas by awarding financial assistance grants to hospitals in isolated areas of the state in order to aid in their continued operation.
- c. **Recipient identification and eligibility criteria.** To be eligible for funding a hospital must meet the following criteria:
- be eligible to be classified as a sole community hospital in accordance with the Code of Federal Regulations, title 42, section 412.92 or be located in a community with a populations of less than 5,000 that is more than 25 miles from a like hospital currently providing acute short-term care services;
 - have experienced net income losses in the 2 most recent consecutive hospital fiscal years for which audited financial information is available;
 - consist of 40 or fewer licensed beds; and
 - demonstrate local support for the hospital and show that state grant funds will not be used to supplant the local support.

- d. **Criteria and formulas determining amount of payment to recipient.** The amount of the award is based on the hospital's operating loss margin (total operating losses as a percentage of total operating revenue) and the total amount of funding available.

e. **Source of funding:**

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Health Care Access	\$200	\$200	\$200	\$200	\$200

1998-99 Biennial Budget

BUDGET ACTIVITY: Community Health Services
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

5. Migrant Health Grants

- a. **Statutory reference:** M.S. 145A.14, Subd. 1
- b. **Purpose:** To provide primary health services to families of migrant agricultural workers. The grant is intended to establish, operate, or subsidize clinic facilities and services to furnish health services for migrant agricultural workers and their families in areas of the state where significant numbers of migrant workers have seasonal employment.
- c. **Identify recipients:** Since 1981, the Migrant Health Service, Inc. (MHSI) has been the sole recipient of this grant. MHSI, a non-profit corporation headquartered in Moorhead, supports a Mobile Health Unit, which operates in southern Minnesota, and maintains an extensive network of health service providers in local communities who provide migrant health services on a contract basis.
- d. **Define eligibility criteria:** The department issues a Request for Proposal (RFP) for services on a biennial basis; MHSI has been the sole respondent during this time. Eligibility criteria includes an applicant's ability to provide services and its ability to reach the migrant population of the state. Although Minnesota's migrant agricultural population is culturally diverse, the majority are of Mexican/American origin. MHSI's Mobile Health Unit features a bilingual (English/Spanish) nurse practitioner who provides health screening and referral services.
- e. **Source of Funding/Formula Factors:** There is no formula for distribution of the funds. Legislative appropriations for this grant have remained essentially fixed since a 1983 reduction. Grant funds are distributed on a contract basis.

		Dollars in Thousands				
		<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General		\$104	\$104	\$104	\$104	\$104

6. Indian Health Grants

- a. **Statutory reference:** M.S. 145A.14, Subd. 2
- b. **Purpose:** To establish, operate, or subsidize clinic facilities and services that furnish health services for Indians who reside off reservation. Current grants provide varying levels of community outreach, primary care, and referrals for American Indians in Hennepin, Ramsey, Beltrami and St. Louis Counties.
- c. **Identify recipients:** By statute, grant recipients are Community Health Boards (CHBs). At the present time, board recipients are the Hennepin CHB, St. Paul CHB, North Country

CHB (Beltrami-Clearwater-Hubbard-Lake of the Woods counties), and Carlton-Cook-Lake-St. Louis CHB.

- d. **Define eligibility criteria:** The department issues a biennial statewide RFP. Eligibility criteria for the grant include the applicant and provider's ability to provide the service proposed and to reach the Indian population in the applicant's service area. As part of the contract with the department, the CHBs indicate what services will be provided in their community and what organization will provide those services.
- e. **Source of Funding/Formula Factors:** There is no formula for distribution of the funds. Legislative appropriations for the grant have remained fixed since 1985. Grant funds are distributed on a competitive contract basis as are other department grants.

		Dollars in Thousands				
		<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General		\$177	\$177	\$177	\$177	\$177

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: COMMUNITY HEALTH SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	4,047	4,599	4,462	4,530	5,565	4,523	4,594	5,754
OPERATING EXPENSES	1,388	1,911	1,517	1,742	2,430	1,517	1,756	2,134
SUBTOTAL STATE OPERATIONS	5,435	6,510	5,979	6,272	7,995	6,040	6,350	7,888
PAYMENTS TO INDIVIDUALS	477	954	777	777	777	777	777	777
LOCAL ASSISTANCE	15,768	17,131	15,581	15,581	21,381	15,581	15,581	21,381
TOTAL EXPENDITURES	21,680	24,595	22,337	22,630	30,153	22,398	22,708	30,046
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SGS		45			47	
TECHNICAL REALLOCATIONS		SGS		68			71	
HEALTH CARE ACCESS INDIRECT		HCA		180			192	
TOTAL AGENCY PLAN ITEMS				293			310	
GOV'S INITIATIVES:		FUND						
(B) FINANCING LOCAL PUBLIC HEALTH		GEN			6,000			6,000
(B) VITAL RECORDS REDESIGN		SGS			1,523			1,338
TOTAL GOV'S INITIATIVES					7,523			7,338
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	15,931	17,440	15,869	15,869	21,869	15,898	15,898	21,898
STATE GOVERNMENT SPECIAL REVENUE	555	564	485	598	2,121	496	614	1,952
HEALTH CARE ACCESS	2,806	3,946	3,440	3,620	3,620	3,461	3,653	3,653
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	494	459	457	457	457	457	457	457
FEDERAL	1,648	1,933	1,840	1,840	1,840	1,840	1,840	1,840
GIFT	246	253	246	246	246	246	246	246

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: COMMUNITY HEALTH SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	21,680	24,595	22,337	22,630	30,153	22,398	22,708	30,046
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	486	457	457	457	457	457	457	457
FEDERAL	1,700	1,812	1,768	1,768	1,768	1,768	1,768	1,768
GIFT	381	12	246	246	246	246	246	246
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	606	600	610	610	610	620	620	620
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	3,173	2,881	3,081	3,081	3,081	3,091	3,091	3,091
FTE BY EMPLOYMENT TYPE:								
REGULAR	86.9	90.0	89.1	89.1	121.1	89.1	89.1	121.1
TEMP/SEAS/PART_TIME	3.7	3.5	3.5	3.5	3.5	3.5	3.5	3.5
OVERTIME	.2	.2	.2	.2	.2	.2	.2	.2
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	90.8	93.7	92.8	92.8	124.8	92.8	92.8	124.8

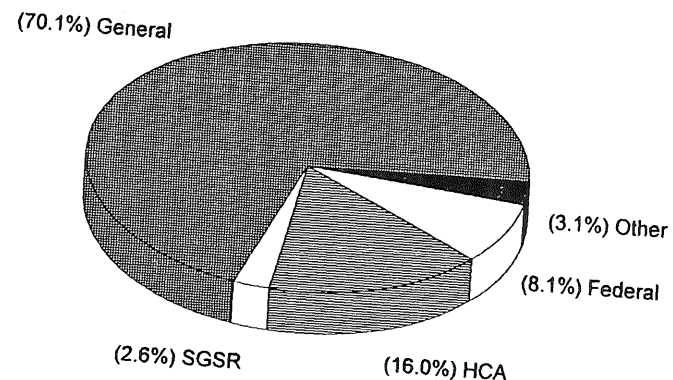
Minnesota Department of Health

Fiscal Summary

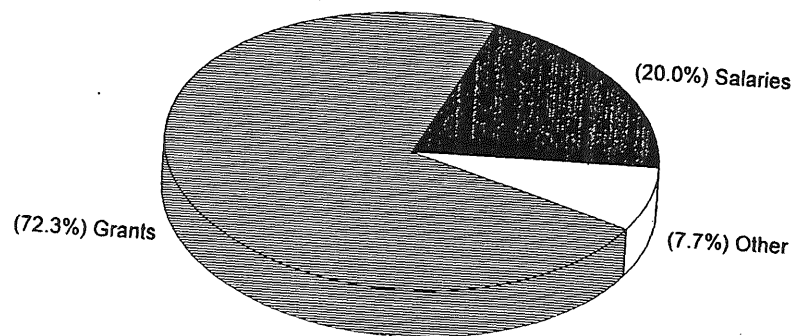
Community Health Services

F.Y. 1998 Agency Plan

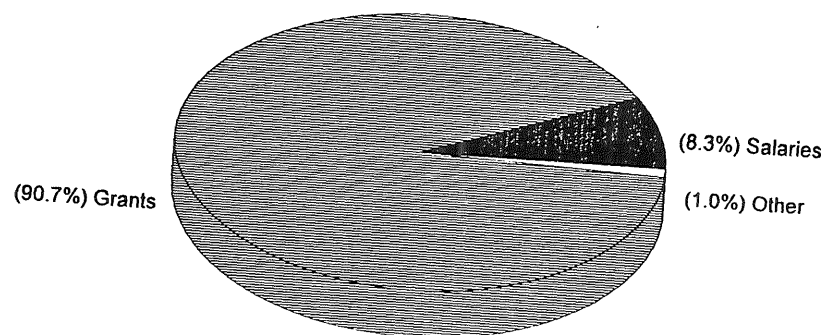
Resources \$22.6 million



Total Expenditures
\$22.6 million



General Fund Expenditures
\$15.9 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Community Health Services

ITEM TITLE: Financing Local Public Health

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$ 200	\$ 200	\$ 200	\$ 200
- State Grants	\$ 5,800	\$5,800	\$5,800	\$5,800
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$6,000,000 in F.Y. 1998 and \$6,000,000 in F.Y. 1999 for MDH and local community health boards to fund core public health functions.

RATIONALE:

Local public health agencies, together with the state health department, form the backbone of Minnesota's public health infrastructure. They are the first line of defense against disease, injury, and other threats to the health of Minnesotans. The prevention services provided by the public health system are also important because of their potential to reduce the need for more costly medical care.

Funding is needed to address new demands on the public health system and changes in health care funding.

Local public health agencies are faced with new demands including, new and emerging health threats (e.g., infectious disease and violence), the need for more collaborative work with health care delivery systems and other community groups, and the need to serve increasingly diverse populations with language and other cultural barriers. A one-time 1997 supplemental legislative appropriation was made to focus local public health agency efforts toward population-based core public health activities. In F.Y. 1997, those funds were allocated only to those counties which would be implementing Pre-paid Medical Assistance Programs (PMAP). This request extends the 1997 appropriation to be distributed to all community health boards.

In addition to extending the one-time 1997 supplemental appropriation to deal with the new demands on public health, this request addresses the changes in health care financing which are

resulting in reduced revenues for basic public health services. In the past, state policy has encouraged these agencies to use Medical Assistance (MA) reimbursements for many public health services. More recently, as managed care and cost containment strategies have been applied to publicly financed programs such as MA, funding for public health services has declined, particularly for services to children and families. This situation leads to erosion of the public health infrastructure.

PROGRAM OUTCOMES:

Public health practices must evolve from providing health care services to assessing the health status of populations and working collaboratively with providers to meet those needs. For example, public health agencies must change their focus from providing public immunization clinics to collecting data about immunization levels and barriers; and then work with medical care providers and others to develop strategies to address the problems identified. Moreover, financial support for local public health agencies is needed to assure that local governments can continue to fulfill core public health responsibilities.

Of the total request, \$5.8 million will be distributed to all community health boards, consistent with the distribution mechanisms of the CHS subsidy formula (M.S. 145A.13). State operations dollars will support technical and other assistance for further integrating the activities of the public and private health systems, primarily by providing field staff to bring technical assistance to communities in order to support local public health efforts to focus on population health and other core public health activities.

Strategies to strengthen state and local capacity to respond to the changing health care environment have been developed and implemented to the extent possible with available resources. Additional efforts are needed to more clearly delineate between provider responsibilities and public health responsibilities, and to develop strategies which most effectively use the complementary strengths and resources of each system. For example, these resources will allow local public health agencies to continue to expand collaborative efforts to assist managed care organizations as they demonstrate their contributions toward the achievement of public health goals and enroll and serve additional high risk and special needs clients.

LONG-TERM IMPACT:

The majority of funds will be allocated to local public health agencies to work with the state health department in fulfilling government responsibilities for public health. Included in those responsibilities are preventing epidemics and the spread of disease; protecting against environmental hazards; assuring the quality and accessibility of health services; preventing injuries; promoting healthy behaviors; and responding to disasters.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Community Health Services

ITEM TITLE: Vital Statistics Redesign

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government	\$1,523	\$1,338	\$1,288	\$825
Special Revenue Fund				
Revenues: (\$000s)				
State Government	\$1,050	\$1,050	\$1,050	\$1,050
Special Revenue Fund				

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1,523,000 in F.Y. 1998 and \$1,338,000 in F.Y. 1999 to implement the vital statistics information system redesign.

RATIONALE:

There is a significant opportunity for efficiency, customer service, and support of health reform activities through the development of computer network systems for vital statistics. Minnesota's vital statistics system uses a paper and (limited) microfilm-based records system, neither of which has had any major technology upgrade in the past 25 years. The department proposes implementing a reengineered system incorporating current technologies of computer networks and electronic storage in order to: support public health information requirements; further support health reform efforts; and provide better service to citizens. The reengineering has 2 interrelated components.

- A clear need exists to automate the entry, storage, retrieval, and copying of vital statistics records. In updating and automating this system, the statewide structure supporting the system (87 county and 7 municipal local registrars) must be accommodated in order that the redesigned system will provide better, quicker, and more accessible records without loss of data during system implementation. Based on 1996 legislative directives and funding, the department has worked with a county and state advisory work group to complete a comprehensive plan for the automation of the vital records system, including establishing the structure, equipment and personnel needs for implementation. There is consensus on system requirements among counties, provider groups, state agencies, and other interested parties necessary to the ongoing support of the vital statistics system.

- **Electronic Birth and Death Records.** The Electronic Birth Certificate (EBC) is a system by which hospitals provide computerized birth certificate data directly to the department. The department has begun implementation of the reengineered statewide electronic birth and death certificate system and requests funding for completion. This includes the completion of the Electronic Birth Certificate (EBC)—a system by which 75 hospitals (representing 85% of the state's births) provide computerized birth certificates directly to the department—and includes further implementation of the Electronic Death Certificate (EDC)—a system by which mortuaries provide computerized death certificates. The department will extend the EBC to cover 90% of the state's births and will bring similar numbers of the state's mortuaries onto the Electronic Death System (EDC).

Expenditures include \$5,000,000 of State Government Special Revenue funds over a four-year period for the Vital Statistics Redesign Project and for implementing the EBC/EDC system. A \$3 surcharge on birth and death records will generate \$1,050,000 per year to the State Government Special Revenue Fund to sustain the vital statistics redesign. The surcharge will be in place for 5 years, generating a total of \$5,250,000. The 4-year expenditure budget covered by a 5-year revenue budget for a systems automation project is within the guidelines of the Department of Finance.

PROGRAM OUTCOMES:

- A better, quicker, more accessible, more flexible, and more secure vital records system which can provide records rapidly and without loss or compromise of data. Local governments will have further data available for use in their public health efforts related to family health, disease prevention and control, and health care delivery policy.
- A fee-based system where the costs will be more uniformly allocated among the users of the system.
- An increase in child support collections for the Department of Human Services, local social services agencies, and the courts resulting from implementation of the EBC system. The EDC will provide more current statistics, will help prevent fraud, and will increase responsiveness to customers - usually families seeking to claim death benefits. The EBC and EDC will allow local governments to use these data in their public health efforts and will help prevent fraud in the use of these records.

LONG-TERM IMPACT:

Health care systems will be enhanced by accessible, current, population-wide data useable for systems planning and evaluation. Health care providers will be able to use population-wide data to design and evaluate the services and activities provided to their members and will be able to make comparisons of the health status of their members with that of the general population. Public health agencies responsible for core public health functions will have useable population-wide data to assess communities' health status, to meet planning and health assurance core responsibilities, and to measure the effectiveness of public and private health efforts in communities.

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Family Health activity is responsible for ensuring optimal health outcomes for children, families, and communities. Its mission is to use science-based approaches to promote the health of all Minnesotans throughout the life cycle by providing leadership in systems development through the use of the core functions of public health: assessment, policy development and planning, and assurance. Stakeholders in this activity include: communities, families, and individuals; health and social service professionals; health plans; community-based organizations; other state agencies; federal agencies; other state health departments; state and national professional associations; and grocery stores, pharmacies, and licensed liquor establishments. Specific program activities include:

1. providing statewide assessment and analysis of maternal, child, family, and community health status;
2. providing technical assistance, training, and consultation to communities relating to maternal, child, and community health;
3. developing public policies related to maternal, child, and community health issues;
4. promoting a system of quality comprehensive health services that are coordinated, family-centered, community-based, and culturally-competent;
5. developing and implementing local and statewide health promotion and health education activities targeted at mothers, children, families, and communities;
6. identifying appropriate intervention strategies, and developing and implementing programs targeted at vulnerable populations;
7. providing community grants for maternal and child health, nutrition education and supplemental foods, dental health, injury prevention, prevention of secondary complications of diabetes, tobacco use and alcohol misuse prevention, family planning services, abstinence education, prevention of chronic disease and promotion of good health, and prevention of child abuse and neglect;
8. supporting a bone marrow registry program;
9. providing surveillance activities targeted at traumatic brain and spinal cord injury, gun shot wounds, maternal and child nutrition, and fetal alcohol syndrome; and
10. assuring access to necessary services for children with special health needs through direct service delivery to families or communities when local capacity is not sufficient to meet their needs.

BUDGET ISSUES:

- The Supplemental Nutrition Program for Women, Infants, and Children (WIC) is not an entitlement program and federal funds do not meet total needs. Every month, the Minnesota WIC Program currently provides supplemental foods, nutritional counseling, and health screening for about 98,000 low-income and high-risk pregnant, breastfeeding, and postpartum women, infants, and children under the age of 5. About 73% of the eligible Minnesota population is currently served. Currently, 72% of WIC's funds come from the United States Department of Agriculture (USDA), (the federal funding agency), 24% from an infant formula rebate, and 4% from the General Fund.

Minnesota may receive a reduction in funding for F.F.Y. 1997; current estimates of the reduction range from \$1 million to \$4 million. USDA projects that Minnesota will be able to serve approximately 2,150 to 8,600 fewer participants each month.

- The Family Health division will implement an infant tracking system, in collaboration with the Public Health Laboratory, to ensure that infants who screen positive for various metabolic disorders will obtain appropriate follow-up and treatment.

REVENUE:

The revenue generated by this activity is primarily from federal categorical grants. Other sources of revenue include contracts with other state agencies, third-party reimbursements for clinic services, and drivers license reinstatement fees. The department is not proposing any policy changes that will affect the revenues of this activity. Uncertainty of federal funding and the continuing availability of categorical grants may affect the revenue base of this budget activity.

GRANTS:

1. Maternal and Child Health

- a. **Statutory references:** Title V, Social Security Act, Sec. 501-509; M.S. 145.88-145.889
- b. **Purpose of grant:** To provide services to women and children through programs for improving pregnancy outcome, young children at risk for handicapping conditions and chronic disease, family planning services, and reduction of childhood injury. Grants to Minneapolis, St. Paul and Goodhue-Wabasha are also used for child and adolescent health programs established before 1981 as "pre-block" projects.
- c. **Recipient identification and eligibility criteria:**
 - Grantees. State law specifies that funds are to be allocated to Community Health Service (CHS) areas for distribution by local boards of health. By law, the CHS agencies conduct a sub-granting process within their CHS areas to make funds available to appropriate community providers.
 - Clients. Services provided by the boards of health are targeted at low-income, high-risk persons as defined in state statute.
- d. **Criteria and formulas determining amount of payment to recipient.** The amount of funding for each CHS area is determined through a needs-based formula established in M.S. 145.882, subd. 4. The formula includes 3 variables: the number of women, the number of low-birth-weight infants, and the number of low-income children and women.
- e. **Source of funding:**

	Dollars in Thousands			
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
General	\$1,000	\$1,000	\$1,000	\$1,000
Federal	6,401	6,383	6,383	6,383
TOTAL	\$7,401	\$7,383	\$7,383	\$7,383

2. Family Planning Special Project Grants

- a. **Statutory references:** M.S. 145.925
- b. **Purpose of grant:** To improve and expand pre-pregnancy family planning services, including education, counseling, and method provision to persons in their reproductive years

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BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

as a means to reduce the number of unintended pregnancies, reduce the number of high-risk pregnancies and births, and increase the availability of services to infertile couples.

c. Recipient identification and eligibility criteria:

- Grantees. Cities, counties, groups of cities or counties, and non-profit corporations are eligible to apply. One grant is awarded on a competitive basis for a statewide family planning hotline. Other grants are awarded on a competitive basis following evaluation of applications in accordance with the authorizing legislation (M.S. 145.925) and the Family Planning Rule (4700.1900-.2500). Factors considered in selecting grant recipients include, but are not limited to:

- the probable effectiveness and cost effectiveness of the project;
- the equitable distribution of funds statewide;
- the extent funds will be used to increase availability and accessibility of services or to serve under-served populations;
- the extent proposed services are coordinated with other family planning services in the geographic area to be served;
- the extent high risk populations are served; and
- the extent other sources of funding are used.

When equivalent and competing applications are submitted for a geographic area, priority is given to local boards of health.

- Clients. Services provided by grantees are targeted at persons who are at risk for unintended pregnancy or problems during pregnancy.

d. Criteria and formulas determining amount of payment to recipient.

To ensure equitable access to family planning services to residents throughout the state, grant funds are allocated on a regional basis according to a needs-based formula established in Rule. Competition for funds occurs within each region; applicants are limited by statute to an annual award of \$75,000 per agency, per region. Applicants for the statewide family planning hotline are limited to an annual award of 5% of the funds available or \$100,000, whichever is less.

e. Source of funding:

	Dollars in Thousands			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General	\$3,805	\$3,805	\$3,805	\$3,805

3. Minnesota Children with Special Health Needs (MCSHN)

a. Statutory references: Title V, Social Security Act, Sec. 501-509; M.S. 145.146

- b. Purpose of grant:** To pay for the medical care of children with special health care needs by making payments to hospitals and private physician, dental, and surgical providers throughout Minnesota for authorized treatment and rehabilitative services.

- c. Recipient identification and eligibility criteria:** As established by Minnesota Rule 4705, payment for medical services is made for children with a disease or physiological condition that might hinder normal growth and development; families with incomes above the level established in rule are required to financially participate in the cost of medical services. The rule defines criteria for eligible providers of medical services, based on their training and experience in treating children with special health care needs.

- d. Criteria and formulas determining amount of payment to recipient.** Payment for medical services is made in accordance with the same Rule, and is consistent with the rate schedule established by the Department of Human Services for Medical Assistance reimbursements. Families must utilize all available third party reimbursement.

e. Source of funding:

	Dollars in Thousands			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General	\$1,302	\$1,302	\$1,302	\$1,302
Federal	<u>100</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL	\$1,402	\$1,302	\$1,302	\$1,302

4. Supplemental Nutrition Program for Women, Infants, and Children (WIC)

- a. Statutory references:** Child Nutrition Act of 1966, as amended.

- b. Purpose of grant:** To provide nutrition education and supplemental foods throughout the state to eligible persons in order to improve their health status and prevent the occurrence of nutrition-related health problems.

c. Recipient identification and eligibility criteria:

- Grantees. Grants are provided to local public and private non-profit health or human service agencies and Indian tribes that provide health services, either directly or through contract. Applicant agencies must have adequate, competent, professional staff with the capability to perform certification procedures, provide nutrition education, and determine the amounts and types of supplemental foods that are appropriate for each participant. In the event 2 or more agencies apply to administer the program in the same geographical area, the department gives priority as follows:

- community health board;
- public or private non-profit health agency;
- public human service agency; and
- private non-profit human service agency.

- Participants. WIC benefits are provided to pregnant women, breastfeeding women up to 12 months after delivery, postpartum non-breastfeeding women up to 6 months after delivery, infants, and children up to the 5th birthday who meet the following criteria:

- residence in the state of Minnesota;
- income less than 185% of poverty, or receiving cash assistance, Food Stamps, or Medical Assistance; and

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BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

- at nutritional risk, as determined by an evaluation of height and weight measurements, hematocrit or hemoglobin test, dietary evaluation, and medical history.

When available funds are not adequate to serve all eligible persons, participants are selected on the basis of highest nutritional risk.

d. **Criteria and formulas determining amount of payment to recipient.**

- Grantees. The base level of administrative funding for grantees is determined by multiplying the proportion of each local agency's authorized WIC caseload to the statewide caseload against the total funding available. (The authorized caseload is set at a number which ensures that all local agencies are serving participants at the same level of nutritional risk.) Additional funding is provided to meet the special needs of seasonal agencies, as well as those serving very few participants or very large geographic areas.
- Participants. The amount of supplemental foods received by participants is determined individually by a competent professional authority, based on nutritional need. Federal regulation sets the type and maximum amount of food that may be issued to each category of participant. Participants are issued vouchers which can be exchanged at approved vendors for specified foods.

e. **Source of funding:**

	Dollars in Thousands			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General	\$2,990	\$2,990	\$2,990	\$2,990
Federal	42,900	41,900	42,500	42,700
Special Revenue	<u>13,000</u>	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>
TOTAL	\$58,890	\$58,890	\$59,490	\$59,690

5. **Commodity Supplemental Food Program for Mothers and Children (MAC) and Nutrition Assistance Program for Seniors (NAPS)**

- a. **Statutory references:** Agriculture Appropriations Act of 1968, as amended.
- b. **Purpose of grant:** To provide nutrition information and supplemental nutritious foods donated by the USDA to low-income women, infants, children, and elderly who are vulnerable to malnutrition.
- c. **Recipient identification and eligibility criteria:**
- Grantees. Eligible grantees are public or private non-profit agencies, including Indian tribes. Agencies must have adequate staff to determine eligibility of applicants, distribute supplemental foods, provide nutrition information, and manage food inventory as well as have adequate facilities to warehouse the supplemental foods.

- Participants. MAC benefits are provided to pregnant women, postpartum women up to 12 months after delivery, infants, and children up to the 6th birthday who are Minnesota residents and whose income is less than 185% of poverty. NAPS benefits are provided to elderly men and women who are at least 60 years of age, residents of a geographic area served by a NAPS local agency, and have an income less than 130% of poverty.

When available funds are not adequate to serve all eligible persons, those in greatest need are served first, as defined by federal regulation:

- pregnant and breastfeeding women, and infants;
- children ages 1 to 3;
- children ages 4 to 5;
- postpartum non-breastfeeding women; and
- elderly men and women.

d. **Criteria and formulas determining amount of payment to recipient.**

- Grantees. Administrative funding for grantees is determined by multiplying the proportion of each agency's MAC/NAPS caseload to the statewide caseload against the total funding available. (The authorized caseload is limited by the caseload allocated to the department by USDA and is negotiated with each local agency on the basis of relative need for MAC/NAPS services in the community and the agency's service capacity.)
- Participants. The amount of supplemental foods received by participants is set by federal regulation, based on participant category and age. Participants are issued commodity supplemental foods each month.

e. **Source of funding:**

	Dollars in Thousands			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Federal	\$375	\$375	\$375	\$375

6. **Dental Health Grants**

- a. **Statutory references:** M.S. 144.697, Subd. 1.
- b. **Purpose of grant:** To initiate, develop, and implement new demonstration projects and programs that promote oral disease prevention and oral health promotion. Current areas of emphasis include dental sealants, baby bottle tooth decay prevention, private well water fluoride testing, oral injury prevention, smokeless tobacco use prevention, oral health care access, oral home health care, and innovative oral disease prevention programs.
- c. **Recipient identification and eligibility criteria:** Community Health Service Boards, school districts and other public or private non-profit agencies are eligible to apply. Applications are ranked according to the degree that the proposed activities serve children and families in: low-income counties; children in schools with a large percentage of students receiving free or reduced price lunches; rural counties; or special population groups.
- d. **Criteria and formulas determining amount of payment to recipient.** The amount of the grant award varies depending on the estimated cost of each approved project. Grants for the current 2-year funding period are about \$9,000 each.

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BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

e. Source of funding:

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General	\$30	\$30	\$30	\$30

7. Diabetes Control Grants

- a. **Statutory references:** M.S. 144.697, Subd. 1 and 2
- b. **Purpose of grant:** To develop and implement comprehensive diabetes control programs in health maintenance organizations (HMOs), long term care, and community settings.
- c. **Recipient identification and eligibility criteria:** HMOs, long term care organizations, and Community Health Boards are eligible to apply on a competitive basis. Funds must be used to conduct quality improvement activities, to develop a community plan, and to improve diabetes care.
- d. **Criteria and formulas determining amount of payment to recipient.** The amount of the grant award varies depending on the type of activity.
- e. **Source of funding:**

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Federal	\$275	\$275	\$253	\$218

8. Home Visiting Project Grants

- a. **Statutory references:** M.S. 145A.15
- b. **Purpose of grant:** To develop and implement community-based home visiting projects to prevent child maltreatment and neglect by provision of early intervention services for at-risk families.
- c. **Recipient identification and eligibility criteria:** Community health boards are eligible to apply on a competitive basis. Grant funds must be used to expand existing public health nursing home visiting services and approved grants must include an evaluation component.
- d. **Criteria and formulas determining amount of payment to recipient.** The amount of the grant award varies depending on the amount requested, up to a maximum of \$80,000 per 2-year grant. Grants awarded from the one-time appropriation in F.Y. 1997 were capped at \$25,000. Funds considered in selecting grant recipients include, but are not limited to: compliance with statutory requirements; services to a diversity of racial and ethnic

populations; geographic distribution; services to a variety of urban, suburban, and rural locations; community readiness; promotion of systems change; and potential for replication.

e. Source of funding:

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
General	\$250	\$500	\$250	\$250

9. ASSIST Grants

- a. **Statutory references:** M.S. 144.697 Subd. 1 and 2
- b. **Purpose of grant:** Minnesota's American Stop Smoking Intervention Study (ASSIST), a joint project of the MDH and the American Cancer Society-Minnesota Division, provides grants to community organizations and community coalitions in order to reduce the smoking rate to 15% by the year 2000 by promoting broad-based policy change that affects large segments of the population.
- c. **Recipient identification and eligibility criteria:** Eligible applicants for these funds are community health boards, local ASSIST coalitions, non-profit organizations, and private organizations.

Each applicant must address 1 or more of the following policy or media advocacy areas within tobacco control:

- reducing youth access to tobacco
- eliminating environmental tobacco smoke
- reducing tobacco advertising and promotion
- increasing economic disincentives related to tobacco products

- d. **Criteria and formulas determining amount of payment to recipient.** The amount of the grant award varies among the 3 funding components: primary intervention area; secondary intervention area; and special projects. However, the maximum annual grant amount is \$30,000.

e. Source of funding:

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Federal	\$480	\$480	\$480	\$0-

10. Minnesota Healthy Communities Grants

- a. **Statutory references:** M.S. 144.697, Subd. 1 and 2.
- b. **Purpose of grant:** To initiate, develop, and sustain community-wide health promotion and chronic disease and injury prevention programs in Minnesota communities.
- c. **Recipient identification and eligibility criteria:** Community Health Boards are eligible to apply on a competitive basis. Grant funds must be used in support of communities or neighborhoods for which the need for health promotion has been clearly identified.

BUDGET ACTIVITY: Family Health
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
 (Continuation)

- d. **Criteria and formulas determining amount of payment to recipient.** Grant awards are between \$6,000 and \$15,000 per community.

- e. **Source of funding:**

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Federal	\$73	\$73	\$67	\$67

11. Sudden Infant Death Syndrome Grant

- a. **Statutory references:** M.S. 144.07 (5) and (6)
- b. **Purpose of grant:** To provide information, counseling, and support services to families and others affected by Sudden Infant Death Syndrome (SIDS); to provide education to the public, medical professionals, and others about SIDS; and to monitor SIDS research and state and national SIDS trends.
- c. **Recipient identification and eligibility criteria:** The Minnesota Sudden Infant Death Center, Children's Health Care - Minneapolis, is the mandatory sole source to receive this grant and provide the services described above under M.S. 145.882, subd. 2.
- d. **Criteria and formulas determining amount of payment to recipient.** Not applicable.

- e. **Source of funding:**

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Federal	\$59	\$59	\$59	\$59

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: FAMILY HEALTH

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	6,996	7,200	6,475	6,522	6,842	5,947	5,994	6,317
OPERATING EXPENSES	5,017	6,247	5,830	5,835	6,830	5,663	5,668	6,720
SUBTOTAL STATE OPERATIONS	12,013	13,447	12,305	12,357	13,672	11,610	11,662	13,037
PAYMENTS TO INDIVIDUALS	50,172	51,521	50,567	50,567	50,567	50,567	50,567	50,567
LOCAL ASSISTANCE	24,241	23,732	22,849	22,849	24,049	22,592	22,592	25,292
OTHER EXPENSES	5							
TRANSFERS					500			500
TOTAL EXPENDITURES	86,431	88,700	85,721	85,773	88,788	84,769	84,821	89,396
AGENCY PLAN ITEMS:		FUND						
NEWBORN METABOLIC TESTING		SGS		52			52	
TOTAL AGENCY PLAN ITEMS				52			52	
GOV'S INITIATIVES:		FUND						
(B) CHILD'S HLTH INITIATIVE-HLTHY BEGINNINGS		GEN			140			1,700
(B) CHILD'S HLTH INITIATIVE-ADOLESCENT REPRO		GEN			875			875
(B) CHILD'S HLTH INITIATIVE-TOBACCO FREE COM		GEN			2,000			2,000
TOTAL GOV'S INITIATIVES					3,015			4,575
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	8,451	15,002	11,891	11,891	14,906	11,932	11,932	16,507
STATE GOVERNMENT SPECIAL REVENUE	34	94	64	116	116	64	116	116
HEALTH CARE ACCESS		99						
STATUTORY APPROPRIATIONS:								
GENERAL	178	58	58	58	58	58	58	58
STATE GOVERNMENT SPECIAL REVENUE		50	50	50	50	50	50	50

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: FAMILY HEALTH

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
SPECIAL REVENUE	716	1,053	898	898	898	898	898	898
FEDERAL	77,038	72,295	72,711	72,711	72,711	71,718	71,718	71,718
GIFT	14	49	49	49	49	49	49	49
TOTAL EXPENDITURES	86,431	88,700	85,721	85,773	88,788	84,769	84,821	89,396
REVENUE COLLECTED:								
DEDICATED:								
GENERAL	178	54	58	58	58	58	58	58
STATE GOVERNMENT SPECIAL REVENUE		50	50	50	50	50	50	50
SPECIAL REVENUE	543	657	705	705	705	705	705	705
FEDERAL	42,191	69,852	72,728	72,728	72,728	71,735	71,735	71,735
GIFT	18	18	47	47	47	47	47	47
TOTAL REVENUES COLLECTED	42,930	70,631	73,588	73,588	73,588	72,595	72,595	72,595
FTE BY EMPLOYMENT TYPE:								
REGULAR	146.9	153.9	145.6	146.6	153.6	144.6	145.6	152.6
TEMP/SEAS/PART_TIME	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9
OVERTIME	.2	.2	.2	.2	.2	.2	.2	.2
TOTAL FTE	149.2	156.0	147.7	148.7	155.7	146.7	147.7	154.7

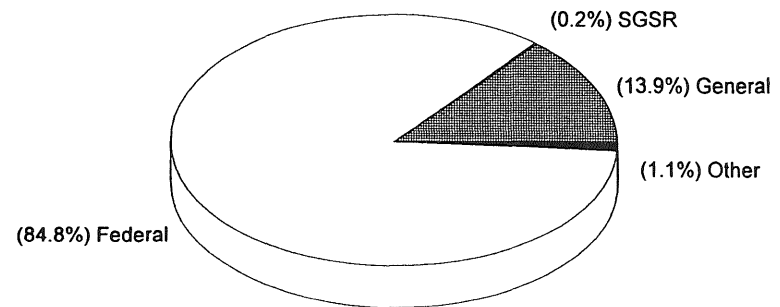
Minnesota Department of Health

Fiscal Summary

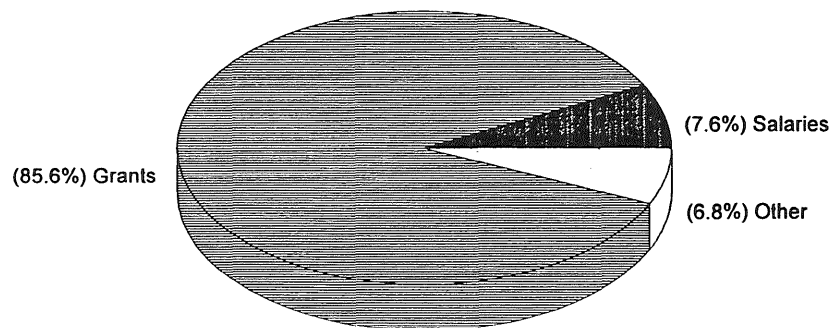
Family Health

F.Y. 1998 Agency Plan

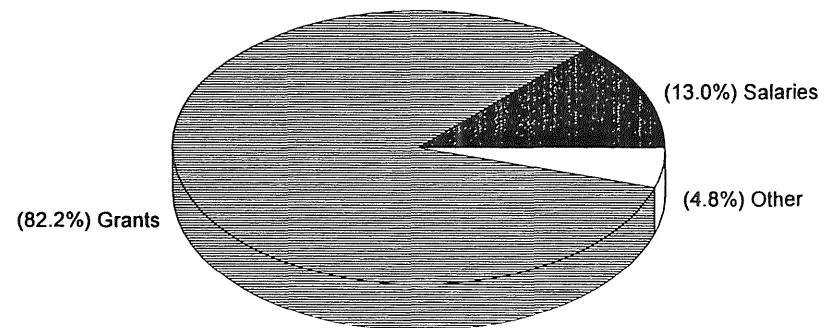
Resources \$85.8 million



Total Expenditures
\$85.8 million



General Fund Expenditures
\$11.9 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Family Health

ITEM TITLE: Newborn Metabolic Testing

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$52	\$52	\$52	\$52
Revenues: (\$000s)				
State Government	\$-0-	\$-0-	\$-0-	\$-0-
-Special Revenue Fund				

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$52,000 in F.Y. 1998 and \$52,000 in F.Y. 1999 for the implementation of an infant tracking system.

The Governor is also recommending the companion Newborn Metabolic Testing initiative in the Health Protection program section of this document. The combination of laboratory screening with follow-up care activities is a unique partnership between the Public Health Laboratory and the Family Health Division and maximizes the likelihood that intervention occurs at the earliest opportunity.

RATIONALE:

M.S. 144.125 requires tests for inborn metabolic errors be performed on all newborns.

The Public Health Laboratory screens for 5 metabolic disorders (phenylketonuria, galactosemia, hypothyroidism, hemoglobinopathies, and congenital adrenal hyperplasia) on ~65,000 newborns each year. The incidence of these disorders is low (~30 per year total), but the impact of early intervention is high, in fact mental retardation, developmental disabilities, and even death can be avoided. Early treatment can prevent the outcomes of the disorder. Annual costs of long term care, education, and loss of income, associated with failure to identify and treat these infants, make this a cost effective program.

The appropriation will support follow-up of infants who screen positive. A system is necessary to ensure that the newborns who screen positive for various genetic disorders will obtain appropriate follow-up and treatment, including ensuring that parents of infants who screen positive receive appropriate and timely notification; that their health care providers are notified; that referral

mechanisms to appropriate specialists are in place; that parents and health care providers are aware of the importance of appropriate and timely follow-up; and that on-going system evaluation occurs.

PROGRAM OUTCOMES:

The requested appropriation will ensure that infants who screen positive for metabolic disorders receive appropriate and timely medical follow-up.

LONG-TERM IMPACT:

The appropriation will help the state maintain a cost-effective program to minimize the health and developmental consequences of certain inherited diseases in newborns.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Family Health

ITEM TITLE: Children's Health Initiative

	1998-99 Biennium		2000-01 Biennium	
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,315	\$1,375	\$1,375	\$1,375
- Grants	\$1,700	\$3,200	\$3,200	\$3,200
Revenues: (\$000s)				
General Fund	\$0	\$0	\$0	\$0

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$3,015,000 in F.Y. 1998 and \$4,575,000 in F.Y. 1999 to protect and promote the health and well-being of Minnesota's children and youth, and to work towards an integrated environment including parents, neighbors, schools, businesses, health care providers, and social service systems that ensures children and youth have the supports they need for optimal development.

STRATEGY: Tobacco-free Communities for Children

Tobacco-free Communities for Children is a multi-faceted, multi-departmental approach that includes education, family, community involvement, and media messages to reduce the number of Minnesota children who smoke. Each year, \$2 million will be used to: integrate tobacco use prevention curricula into grades K-12 (\$500,000), fund community-wide programs that support school-based programs (\$500,000), fund state staff to support core public health activities (\$300,000), and develop and disseminate innovative anti-tobacco media messages to counteract advertising by tobacco companies (\$700,000).

RATIONALE:

About 3,000 American teenagers become regular smokers every day. Of that number, about 30 will die in traffic accidents and 20 will be murdered, but nearly 750 will die from smoking-related illness. Smoking is the single most preventable cause of death. The decision to smoke is almost always made in the teen years, with about 90% of all new smokers being young people. Studies have shown that effective tobacco use prevention curricula help delay the onset of smoking in early adolescence, and community-wide programs have been shown to strengthen the effectiveness of the school-based interventions. Media plays an important role for youth in shaping their vision of what

is acceptable and appropriate behavior. With pro-tobacco messages constantly bombarding our youth, it is important to provide them with the other side of the story, by counteracting messages that show smoking as a fun, social, adult thing to do.

PROGRAM OUTCOMES:

- A comprehensive tobacco use prevention plan will be developed in collaboration with the community.
- Tobacco-use prevention curricula will be integrated into grades K-12.
- Competitive grants will provide funding for communities and schools to work together to establish tobacco-free communities for children.
- A series of regional youth panels will be held to seek input from youth on the most effective strategies in reducing youth access to and use of tobacco products.
- A media campaign will counteract the pro-smoking messages currently targeting children and inform adults of the hazards of exposing children to environmental tobacco smoke.
- Technical assistance will be provided to local public health agencies on tobacco-use prevention programs.
- A Minnesota tobacco-prevention site on the Internet targeted to children and youth will be available.

LONG-TERM IMPACT:

There will be a reduction in the number of Minnesota children and youth who use tobacco products.

STRATEGY: Minnesota's Healthy Beginnings Program

The Healthy Beginnings Program will be a voluntary universal home visiting program that will offer health, counseling, social support, and educational services to all families during pregnancy and shortly after the birth of a child. A statewide steering committee, along with two state staff, will develop a comprehensive strategic plan for the program during the first year of the biennium, at a cost of \$140,000. In the second year of the biennium, a phased implementation will begin, with Healthy Beginnings grants awarded to two counties or family service collaborative areas. About 5,000 births will be covered in the initial phase, at cost of \$1.7 million for the second year of the biennium.

RATIONALE:

The research literature over the last 20 years indicates that home visiting is a successful strategy for improving child and family health outcomes and preventing child abuse and neglect. As traditional support systems for families continue to change, home visiting offers an effective alternative to promote family strengths and assets, reduce isolation, and identify and address problems and needs early and at a lower cost, before they develop into crises.

PROGRAM OUTCOMES:

- A statewide steering committee will be formed to develop a comprehensive strategic plan for universal statewide home visiting services.
- Implementation will be phased in across the state.
- Training, technical assistance, and evaluation components will be centralized at the state level, drawing on the expertise of local agency staff, as well as a number of state agencies and private non-profit organizations.
- A local coalition will designate roles, referral mechanisms, and payment responsibilities appropriate for the currently existing systems in the community. Local coalitions will include

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Family Health

ITEM TITLE: Children's Health Initiative
(Continuation)

health plans, health providers, hospitals, family service collaboratives, Part H collaboratives, county social service agencies, community health service agencies, community action agencies, Head Start programs, early childhood education, and volunteer organizations.

- All families will be identified and referred prenatally if possible, at birth at the latest.
- An initial home visit will include a public health nurse assessment, early identification of problems, information and support, and referral to community resources.
- Families at low risk will receive additional home visits from a volunteer, mentor, or para professional.
- Families at high risk for child abuse or neglect, or who have health-related needs, will receive additional home visits from a professional or a highly-trained paraprofessional under the supervision of a professional.

LONG-TERM IMPACT:

Based on experience in other states and countries, the Minnesota Healthy Beginnings Program can be expected to: improve maternal and child health, including improved pregnancy outcomes; promote and monitor healthy child development; model and teach positive parenting behavior; promote parent/child attachment; decrease child abuse, neglect, out-of-home placements, and deaths from abuse and neglect; facilitate access to health care, especially preventive care; stimulate more parental interest in job training opportunities; improve high school completion rates among adolescent parents; increase parental employment rates; reduce participation in AFDC and Food Stamps; and reduce subsequent pregnancies. The Healthy Beginnings program will include an extensive evaluation component that will measure family well-being and outcomes.

STRATEGY: Adolescent Pregnancy Prevention

MDH will strengthen its pregnancy prevention activities targeted to young adolescents who are at risk of unintended pregnancy. \$875,000 per year will be used to continue and expand the Minnesota Education Now and Babies Later program.

RATIONALE:

Adolescents who are sexually active are at risk of unintended pregnancy and sexually-transmitted diseases. It is essential that they receive meaningful education at an early age so they will be able to resist early initiation of sexual activity.

Minnesota's teen pregnancy prevention program utilizes a multifaceted, primary prevention community health promotion approach to reduce adolescent pregnancies. It is targeted to 12- to 14-year-olds and their parents, schools, and communities. The program's goal is to reduce adolescent pregnancy by reducing the number of young adolescents who engage in sexual intercourse. By statute this program is a joint activity of MDH, the Department of Children, Families, and Learning

(DCFL), and the Office of the Attorney General. Its activities include: programs of community-based collaboratives that support community organization activities and education in the schools; training and technical assistance for project staff and community leaders that is centralized at the state level; program evaluation; and media materials that support the messages.

PROGRAM OUTCOMES:

- Of the program's appropriation of \$740,000 for the current biennium, \$250,000 is a one-time appropriation to DCFL; an increase of \$250,000 to the MDH base appropriation will be used to maintain current programs. A funding increase of \$625,000 will be used to add 10-12 more sites to the 9 communities currently receiving program grants and to expand the program's coordinated media campaign.

LONG-TERM IMPACT:

- Expansion of the program will reduce the number of adolescent pregnancies in Minnesota, ultimately resulting in a positive effect on many social problems associated with unintended pregnancy, including poverty, school failure, and juvenile criminal activity.

1998-99 Biennial Budget

BUDGET ACTIVITY: Health Policy and Systems Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Health Policy and Systems Compliance activity exists to monitor the rate of growth of health care spending, and improve the quality of and access to health care services. This purpose is accomplished by surveying and analyzing conditions in the medical marketplace; researching and developing recommendations for state policies affecting the competitiveness of the market; researching and monitoring trends in health care expenditures and prices; conducting reviews of reports and maintaining a database of major health care expenditures in excess of \$500,000; evaluating and making recommendations regarding anti-trust exceptions for cooperative arrangements involving providers or purchasers; developing a risk adjustment system for the state administered public programs; and implementing a Medical Education and Research Trust Fund.

In addition, this activity is responsible for collecting, analyzing, and disseminating financial, utilization, and services data for acute-care hospitals and free-standing outpatient surgical centers; collaborating with private sector organizations, public programs, and the federal government to implement the Health Care Administrative Simplification Act of 1994; conducting a pilot project to assess the utility and feasibility of using health care claims data to determine the accessibility, utilization, cost, and quality of health care services; collaborating with the Minnesota Health Data Institute to develop quality measures that provide meaningful and comparable information to consumers and purchasers; and collaborating with the Minnesota Health Care Commission on the analysis of health care policy issues.

This activity is also responsible for the regulation of Health Maintenance Organizations (HMOs) and Community Integrated Service Networks (CISNs). Functions associated with this portion of the activity include auditing and monitoring HMOs/CISNs to assure financial solvency; reviewing certificates of coverages issued by HMOs/CISNs to assure compliance with statutory requirements; conducting quality assurance examinations of HMOs/CISNs in order to assure compliance with statutory requirements; and conducting investigations of HMO/CISN enrollee complaints.

In addition, this activity is responsible for the regulation of individuals and facilities in the field of mortuary science, speech-hearing occupations, unlicensed mental health practitioners, occupational therapy practitioners, and alcohol and drug counselors. Functions associated with this portion of the activity include licensing of funeral personnel and funeral establishments; administering a registration system for speech-language pathologists and audiologists; administering a certification system for hearing instrument dispensers; and establishing a credentialing system for alcohol and drug counselors.

Essential public health functions are carried out in a variety of ways through this activity. Examples include the assessment of factors that influence access to health care services and the analysis of conditions that impact on the medical marketplace; the development of policy recommendations concerning ways to improve market competition and control the growth of health care expenditures; and the regulation of HMOs/CISNs to assure access to health care services.

The clientele of this activity includes consumers, purchasers and providers of health care services, and the legislature as it relates to the development of recommendations on health care policy issues.

BUDGET ISSUES:

- The 1996 legislature authorized the commissioner of health to establish a trust fund for the purpose of subsidizing Medical Education and Research Costs (MERC) in Minnesota. Although \$10 million was included in the governor's fiscal year 1996 budget request for MERC, no funding was appropriated. However, the legislature did create a MERC advisory task force, directed it to make recommendations on potential sources of funding for medical education and research and on mechanisms for the distribution of such funding.
- The 1996 legislature directed the commissioners of health, human services, and administration to develop a plan to provide prescription drugs at significantly discounted prices to individuals 65 years or older whose income is below 200% of the current federal poverty level.
- The 1996 legislature directed the commissioners of health and commerce to study the feasibility of allowing direct provider contracting of health care services. The legislature directed the commissioners to recommend consumer protections and reserve requirements to ensure protection of persons receiving health coverage through networks allowed to conduct direct provider contracting. If it is determined that health care systems who participate in direct contract arrangements are engaging in the business of insurance, the commissioners of health and commerce will develop an appropriate regulatory framework to assure that consumer protection concerns are addressed.
- The department is writing rules to establish a licensure system for alcohol and drug counselors. It is estimated that the cost of implementing the licensure requirement in statute will greatly exceed the base appropriation for this activity. To address this concern, full funding for this activity has been included in the agency's plan.
- Mortuary Science program revenue is generated from fees on individual mortician, funeral director, and mortuary science trainee licenses and funeral establishment permits that are issued. Current fee revenue averages \$155,000 per year and the fee amounts which are specified in rule have not been adjusted since 1987. Revenue has not kept pace with expenditures in recent years and this has resulted a negative balance of approximately \$33,000 for the program. It is projected that revenue will need to average \$218,000 per year over the next 5 years in order to offset the negative balance and cover operating costs of the program. The department intends to make adjustments in the mortuary science fees prescribed in rule in order to generate annual revenue of \$218,000.
- Hearing instrument dispenser certification fee revenue, which currently is approximately \$100,000 per year, is insufficient to offset annual program operating expenses and recover an accumulated deficit of \$325,000. The deficit has accrued due to the relatively small number (300) in this occupational group and extraordinary expenses associated with changing from a permit to a certification program, as well as costs related to an expensive disciplinary action. The department proposes to address this issue by amending M.S. 153A.17 to gradually increase the certification, exam, and trainee fees to fully offset ongoing program operating costs and to recover the accumulated deficit through a surcharge fee increase.
- Due to the expiration of authority to collect an annual surcharge and additional costs associated with converting rules to statute, the speech-language pathologist and audiologist registration program has accumulated a deficit of \$18,000. In order to increase revenues necessary to recover the deficit and fully offset future program operating costs, the department proposes to amend M.S. 148.511 to create a biennial renewal schedule, increase renewal and late fees, and implement new fees for verifying credentials to other institutions and states.

1998-99 Biennial Budget

BUDGET ACTIVITY: Health Policy and Systems Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)
(Continuation)

REVENUE

The primary source of revenue for this activity is the fees charged to the health occupations. These fees are deposited into the State Government Special Revenue Fund as non-dedicated revenue. The department is proposing several changes that will increase projected revenue by approximately \$543,000 in F.Y. 1998 and \$852,000 in F.Y. 1999.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: HLTH POLICY & SYST COMPLIANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	4,087	4,082	4,100	4,007	4,119	4,192	4,165	4,280
OPERATING EXPENSES	2,132	3,146	2,190	2,572	2,610	2,190	2,559	2,594
SUBTOTAL STATE OPERATIONS	6,219	7,228	6,290	6,579	6,729	6,382	6,724	6,874
PAYMENTS TO INDIVIDUALS	363							
LOCAL ASSISTANCE	3,012	245	245	245	16,550	245	245	24,507
TOTAL EXPENDITURES	9,594	7,473	6,535	6,824	23,279	6,627	6,969	31,381
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SGS		164			173	
TECHNICAL REALLOCATIONS		GEN		65			65	
TECHNICAL REALLOCATIONS		SGS		<469>			<478>	
HEALTH CARE ACCESS INDIRECT		HCA		264			275	
ALCOHOL AND DRUG COUNSELOR LICENSURE		SGS		265			307	
TOTAL AGENCY PLAN ITEMS				289			342	
GOV'S INITIATIVES:		FUND						
(B) MEDICAL EDUCATION AND RESEARCH COSTS		GEN			15,245			21,772
(B) MEDICAL EDUCATION AND RESEARCH COSTS		HCA			1,210			2,640
TOTAL GOV'S INITIATIVES					16,455			24,412
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,072	116	137	202	15,447	138	203	21,975
STATE GOVERNMENT SPECIAL REVENUE	1,572	2,232	2,072	2,032	2,032	2,107	2,109	2,109
HEALTH CARE ACCESS	3,308	4,506	3,914	4,178	5,388	3,970	4,245	6,885
TRUNK HIGHWAY	1,512							

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: HLTH POLICY & SYST COMPLIANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
STATUTORY APPROPRIATIONS:								
GENERAL	136							
SPECIAL REVENUE	858	116	55	55	55	55	55	55
FEDERAL	779	110	107	107	107	107	107	107
GIFT	357	393	250	250	250	250	250	250
=====								
TOTAL EXPENDITURES	9,594	7,473	6,535	6,824	23,279	6,627	6,969	31,381
=====								
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	136							
STATE GOVERNMENT SPECIAL REVENUE	50							
SPECIAL REVENUE	55	55	55	55	55	55	55	55
FEDERAL	782	107	107	107	107	107	107	107
GIFT	339	187	250	250	250	250	250	250
NONDEDICATED:								
GENERAL	1	1						
STATE GOVERNMENT SPECIAL REVENUE	1,186	1,494	2,022	2,565	2,565	2,194	3,046	3,046
HEALTH CARE ACCESS	77							
TRUNK HIGHWAY	38							
=====								
TOTAL REVENUES COLLECTED	2,664	1,844	2,434	2,977	2,977	2,606	3,458	3,458
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	88.9	84.0	84.0	87.0	89.5	84.0	87.0	89.5
TEMP/SEAS/PART_TIME	2.4	1.8	1.8	1.8	1.8	1.8	1.8	1.8
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
=====								
TOTAL FTE	91.4	85.9	85.9	88.9	91.4	85.9	88.9	91.4
=====								

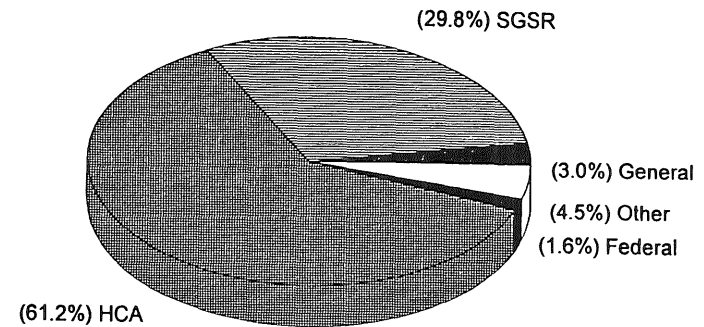
Minnesota Department of Health

Fiscal Summary

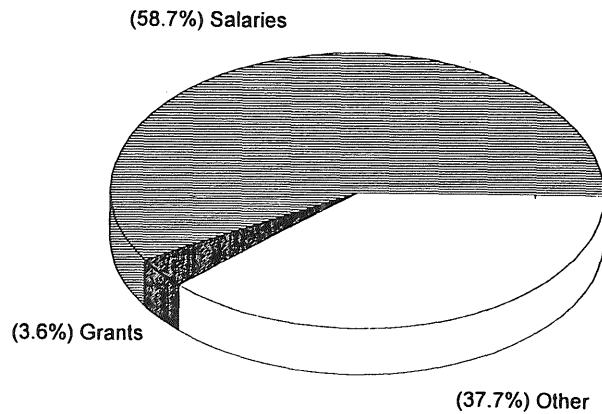
Health Policy & Systems Compliance

F.Y. 1998 Agency Plan

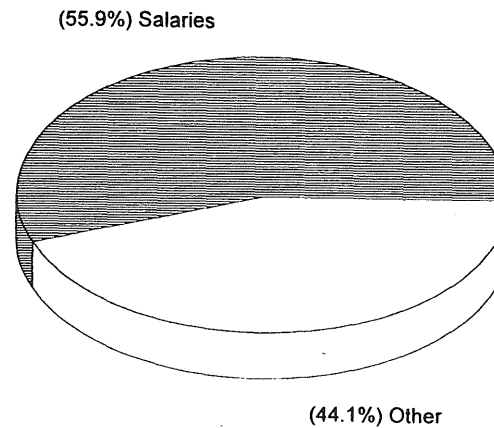
Resources \$6.8 million



Total Expenditures
\$6.8 million



General Fund Expenditures
\$0.2 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Alcohol and Drug Counselor Licensure

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government	\$265	\$307	\$254	\$211
Special Revenue Fund				
Revenues:				
State Government Special Revenue Fund	\$420	\$704	\$408	\$637

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$265,000 in F.Y. 1998 and \$307,000 in F.Y. 1999 for licensure of alcohol and drug counselors in the state of Minnesota, which currently is expected to begin in F.Y. 1998.

RATIONALE:

In F.Y.1995, the MDH began the rule writing process to establish the alcohol and drug counselor licensure system. Rules promulgation will be completed in late F.Y.1997 or early F.Y. 1998. The base appropriation underestimated the cost of rulemaking and the licensure system required by statute. The department estimates that the cost of implementing the licensure requirements in the statute will greatly exceed the base appropriation of \$205,000: the projected total costs of rulemaking at the end of F.Y. 1997 is \$512,000; the estimated costs (including indirect costs) of starting and operating the licensure system in F.Y. 1998 and F.Y. 1999 are \$469,861 and \$512,156 respectively. The statute allows rulemaking and startup costs to be recovered over a period of 5 years. Therefore, the State Government Special Revenue Fund revenues exceed estimated operating expenditures in each year of the next 2 bienniums and until the surcharge fee expires in F.Y. 2002.

PROGRAM OUTCOMES:

The number of persons expected to apply for alcohol and drug counselor licensure is estimated at 4,900, and the department expects 3,000 of these persons to qualify for licensure. The licensure statute allows a two-year transition period for persons to become licensed and provides 6 possible methods by which applicants may meet the minimum qualifications for licensure. M.S. 148C requires that all costs of rulemaking and establishing and operating the licensure system be recovered

within a five-year period through fees paid by applicants and licensees. The alcohol and drug licensure account in the SGSR Fund will have a small positive balance in F.Y. 2003.

LONG-TERM IMPACT:

The purpose of the alcohol and drug counselor licensure program is to provide a set of standards for alcohol and drug counselors in the state, in addition to providing consumer protection measures for the public. The start-up phase of any regulatory system is expensive, however, costs decline as the licensure system begins to process more renewals than first time applicants. The costs of all occupational regulatory systems, while ostensibly paid for by the regulated practitioners through fees, are presumed to be passed on to consumers of services. Fees to be paid by applicants for alcohol and drug counselor licensure will be set in rule and are currently estimated at a \$200 application fee, \$100 initial license fee and a \$34 surcharge fee. At the first biennial license renewal, the fee is \$278. Other fees and revenues which may be required depending upon the applicant include background investigation fees, verification fees and civil penalties.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Mortuary Science Fee Increase

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$0	\$0	\$0	\$0
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$63	\$63	\$63	\$63

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing fees for the Mortuary Science Program by \$63,000 in each fiscal year in order to maintain the current level of program effort.

RATIONALE:

Fees for the Mortuary Science Program have not been increased since August 1987. Current revenues, approximately \$155,000 per year, do not meet expenditures. Revenues are based on individual mortician, funeral director, and mortuary science trainee (intern) licenses fees and on funeral establishment permit fees. The requested fee increase of \$63,000 per year will recover a projected deficit at the end of the current biennium of \$33,000 and cover inflation increases for the next 5-year period.

PROGRAM OUTCOMES:

The Mortuary Science Program licenses 1,380 morticians and 500 funeral establishments. It conducts 300 funeral establishment inspections each year and investigates 25 consumer complaints annually. Increasing the fees will make it possible to maintain this current level of program activity.

LONG-TERM IMPACT:

As program operational costs increase due to inflation over time, periodic adjustments in fees will be necessary in order to maintain the current level of program activity.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and Systems Compliance

ITEM TITLE: Fee Increases for Hearing Instrument Dispenser Certification Regulation

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
Special Revenue Fund	\$0	\$0	\$0	\$0
Revenues: (\$000s)				
State Government				
Special Revenue Fund	\$50	\$75	\$84	\$86

Statutory Change? Yes X No

If yes, statutes(s) affected: sec. 153A.17

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing the fees for hearing instrument dispenser certification so that an accumulated deficit in the State Government Special Revenue Fund of approximately \$375,000 will be recovered over 5 years and so that annual revenues approximate annual operating expenditures.

RATIONALE:

The program has produced deficits since its inception primarily due to costs of investigating consumer complaints about hearing aid sales. In addition, legislative changes to the regulations in 1993 resulted in a significant decrease in the number of dispensers subject to regulation: at the beginning of F.Y. 1994 practitioners numbered about 450; by the end of F.Y. 1995, practitioners numbered about 250. One of the legislative changes required of the department was to develop a practical examination to test the competency of dispensers. Development costs have contributed to the deficit. In F.Y. 1995 the department denied a credential to a hearing instrument seller, and though the ensuing contested case found in favor of the department, the costs of the enforcement proceedings are estimated to exceed \$100,000. While the department has steadily reduced the resources committed to the regulatory system and the monthly average number of complaints has declined 33% in F.Y. 1996, revenues are, and will continue to be, insufficient to cover annual operating costs and recoup the accumulated deficit projected to be \$375,000 at the end of F.Y. 1997.

PROGRAM OUTCOMES:

The purpose of the regulation is to protect consumers who are primarily elderly, hard of hearing, and often vulnerable adults. The program does this by educating and advising consumers about

their rights under federal and state laws pertaining to hearing instruments (classified by the FDA as medical devices) in-home sales, consumer sales contracts, and other consumer protection laws. Consumers are also protected by having access to a program which receives and investigates complaints about dispenser activities and which takes disciplinary action against dispensers for illegal activity. Since 1989 the activity has received over 900 oral or written complaints. Department involvement has resulted in a refund to the consumer in over 14% of the complaints received. Enforcement actions for illegal conduct have resulted in discipline of the dispenser in approximately 7% of the complaints.

LONG-TERM IMPACT:

The significant reduction in the number of practitioners seriously aggravated a pre-existing deficit by reducing fee revenues at the same time exam development costs and a contested case significantly increased operating costs. The department assumes that the number of dispensers will not return to previous levels in the near future. To recover operating costs and the accumulated deficit from a projected annual average of 330 dispensers, the annual certification fee would increase gradually from \$280 to \$425 over 3 years before decreasing to \$400 per year in F.Y. 2002 so that fee receipts would recover operating expenses each year. A surcharge fee (currently \$60 per year), would increase to \$250 per year for 5 years, if prorated equally to each dispenser, so that the projected F.Y. 1997 deficit would be recovered. Additional revenues would come from an increase in the exam fee: it is currently \$200 for both written and practical portions and would be changed to \$200 for each exam part.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Systems and Special Populations
ACTIVITY: Health Policy and System Compliance

ITEM TITLE: Medical Education and Research Costs

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations (MDH)	\$150	\$150	\$150	\$150
- MERC Grants (MDH)	\$15,095	\$21,622	\$22,856	\$24,035
- MA Health Care Grants (DHS)				
Family & Children	(2,917)	(6,479)	(7,084)	(7,655)
Elderly & Disabled	(681)	(1,484)	(1,593)	(1,689)
- GAMC Grants (DHS)	<u>(1,647)</u>	<u>(3,809)</u>	<u>(4,329)</u>	<u>(4,841)</u>
Total	\$10,000	\$10,000	\$10,000	\$10,000
Health Care Access Fund				
- MERC Grants (MDH)	1,210	2,640	2,860	3,080
- MinnesotaCare Grants (DHS)	(1,210)	(2,640)	(2,860)	(3,080)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 256B.69

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for medical education and research activities in the state of Minnesota which are currently supported by diminishing patient care dollars. An appropriation of \$15,245,000 from the General Fund and \$1,210,000 from the Health Care Access Fund is requested for F.Y. 1998; and \$21,772,000 from the General Fund and \$2,640,000 from the Health Care Access Fund is requested for F.Y. 1999. Of these amounts, \$5,245,000 of the General Fund dollars in F.Y. 1998 and \$11,772,000 in F.Y. 1999, as well as \$1,210,000 of the Health Care Access dollars in F.Y. 1998 and \$2,640,000 of the Health Care Access dollars in F.Y. 1999 represent a corresponding decrease in the base budget for the Department of Human Services (DHS). The transfer of the MA and MinnesotaCare dollars is dependent on federal waiver approval by the U.S. Department of Health and Human Services, Health Care Financing Agency.

RATIONALE:

Medical education and research dollars available for clinical training and research activities are declining with increased competition in the health care market. Medical education and research are vital activities affecting not only the health care community, but the health of every citizen and the economy of the entire state. The impact of increased competition and the increasing unwillingness of purchasers to pay for the incremental cost of teaching through negotiated rates, as well as the anticipated cuts in Medicare funding for medical education, contribute to the problem of decreased funding for these activities.

Rates that are paid by DHS under capitation to a health care service network have an inpatient hospital medical education component. DHS has estimated the amount of this component to be \$3,598,000 for F.Y. 1998 and \$7,963,000 for F.Y. 1999 for Medical Assistance grants and \$1,647,000 for F.Y. 1998 and \$3,809,000 for F.Y. 1999 for General Assistance Medical Care grants. For MinnesotaCare grants, DHS has estimated the amount to be \$1,210,000 in F.Y. 1998 and \$2,640,000 in F.Y. 1999. It is proposed that these costs be removed from the capitation rates and the dollars used to pay these costs be appropriated to MDH for the Medical Education and Research Costs (MERC) Trust Fund.

MDH will use \$150,000 per year from the General Fund appropriation to administer the MERC Trust Fund, including provision of staff support to the MERC Advisory Committee, determination of eligibility for funding, determination of dollar allocation amounts for eligible programs, establishment of criteria for and subsequent review of annual cost and program reports, and preparation of annual legislative reports.

PROGRAM OUTCOMES:

Although no funds were appropriated for MERC during the 1996 session, the legislature did authorize the commissioner of health to establish a trust fund for purposes of funding medical education and research activities in the state of Minnesota. The legislature also authorized the commissioner to appoint an advisory committee to provide advice and oversight on the distribution of dollars from the trust fund. Eligible applicants for receipt of MERC funding include accredited medical education teaching institutions, consortia, and programs. MERC funds are to be distributed to all qualifying applicants based on the following criteria: 1) total medical education funds available; 2) total trainees in each eligible education program; and 3) the statewide average cost per trainee, by type of trainee, in each medical education program. MERC funds may not be used to displace current funding appropriations from federal or state sources.

LONG-TERM IMPACT:

Dollars available for clinical training and research activities will continue to decline as competition in the health care market increases. The trust fund will provide an additional source of funds to help maintain the high level of quality training and research in the state of Minnesota. Funds will support the training of needed clinicians who provide services throughout Minnesota, and continue the support of the research and training infrastructure which contributes to the Minnesota economy overall.

1998-99 Biennial Budget

BUDGET ACTIVITY: Facility and Provider Compliance
PROGRAM: Health Systems and Special Populations
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Facility and Provider Compliance Division protects the health of the public by assuring the quality of care provided for patients and residents of health care organizations. The division regulates both facility based and non-facility based providers. The providers include nursing homes, hospitals, group homes for the developmentally disabled, home care, laboratories, renal dialysis centers, and physical therapists. State licenses are issued to 1,760 providers and 3,800 providers are certified to participate in the Medicare and Medicaid programs. The division operates a variety of regulatory, consultative, informational, educational, and enforcement programs to assure that health care recipients receive services which meet their health and safety needs.

The Case Mix Review Program assures that the quality and quantity of services provided to residents in certified long term care facilities are appropriate to their individual needs, and that the payment received by the facilities reflects care needed and actually provided to the individual resident. Reconsiderations and onsite audits have resulted in significant savings in rates paid by individuals and by Medical Assistance. The annualized savings resulting from reconsiderations and audits exceeds \$6,700,000.

Engineering services assures that health care facilities provide a comfortable, sanitary, and safe environment by assuring compliance with physical plant rules for state licensure and National Fire Protection Association Life Safety Code standards for federal certification of these facilities. Plans for health care facility construction and modifications are reviewed and approved; inspections of completed projects are conducted; and technical assistance concerning physical plant rules and fire safety standards is provided.

The Licensing and Certification Program provides assurance of quality care through a variety of mechanisms such as provider and consumer education; incentives; onsite inspections of health care providers; issuance of violations; preparation of inspection reports; resurveys to assure correction of violations have been made and initiation of enforcement actions when needed; complaint investigation referrals from the office of health facility complaints; processing of provider applications for licensure and Medicare or Medicaid certification; administration of the nursing assistant registry; and the collection and dissemination of information.

The Office of Health Facility Complaints (OHFC) investigates complaints filed against health care facilities and providers. OHFC investigations entail interviews with patients, family members, providers and their staff, a review of records, and an evaluation of patient care. If the investigation finds that state or federal law has been violated, the health care organization is required to take corrective action. The office works in conjunction with law enforcement agencies involving complaints of abuse or neglect under the state's Vulnerable Adults Act (VAA).

BUDGET ISSUES:

Division activities are supported by federal Medicare funds, state and federal Medicaid funds, and license fees paid by providers. The Medicaid funding is provided via a contract with the Department of Human Services and supports inspections and case mix reviews of residents of nursing homes and group homes for the developmentally disabled. As federal funding continues to decline, all division

activities are carefully scrutinized. This includes evaluation of alternative approaches to all aspects of the division's activities; review and changes to survey methodology and protocols; modifications to the complaint process to increase turnaround and response times; and prudent use of technology. The division is proactive in recommending changes at the federal level which will reduce program costs while maintaining a quality program.

The MDH is required to present a plan to the 1997 legislature on recommendations to standardize criminal disqualification standards. The recommendations are to be accompanied by legislative proposals. The department is working with an advisory group and with staff from the Department of Human Services and the Office of the Attorney General.

The department will also submit legislation amending current laws for voluntary and involuntary receiverships of nursing homes. Amendments to current laws are based on recent experiences and the need for more detailed provisions regarding department authority and responsibility, especially as it relates to the state's financial implications of receiverships.

REVENUE

The revenue generated by this activity comes from license fees charged to hospitals, nursing homes, and home care facilities. Federal revenue is received for the Medicare program. There are no proposed changes to the projected revenue for F.Y. 1998 and F.Y. 1999.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: FACILITY/PROVIDER COMPLIANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	9,610	10,728	10,527	10,468	10,468	10,584	10,525	10,525
OPERATING EXPENSES	4,626	6,133	5,724	5,772	5,772	5,724	5,844	5,844
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	14,236	16,861	16,251	16,240	16,240	16,308	16,369	16,369
LOCAL ASSISTANCE	1,129	1,087	1,002	1,002	1,002	1,002	1,002	1,002
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	15,365	17,948	17,253	17,242	17,242	17,310	17,371	17,371
AGENCY PLAN ITEMS:		FUND						
-----		-----						
AGENCY COST INCREASES		SGS		23			181	
TECHNICAL REALLOCATIONS		SGS		<34>			<120>	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				<11>			61	
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL		200						
STATE GOVERNMENT SPECIAL REVENUE	2,214	5,107	4,621	4,610	4,610	4,678	4,739	4,739
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	9,427	8,514	8,505	8,505	8,505	8,505	8,505	8,505
FEDERAL	3,724	4,127	4,127	4,127	4,127	4,127	4,127	4,127
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	15,365	17,948	17,253	17,242	17,242	17,310	17,371	17,371
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	8,564	8,422	8,632	8,632	8,632	8,632	8,632	8,632
FEDERAL	3,725	4,126	4,127	4,127	4,127	4,127	4,127	4,127
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	4,335	3,716	3,695	3,695	3,695	3,681	3,681	3,681

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HLTH SYST & SPEC POPULATIONS
ACTIVITY: FACILITY/PROVIDER COMPLIANCE

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TOTAL REVENUES COLLECTED	16,624	16,264	16,454	16,454	16,454	16,440	16,440	16,440
FTE BY EMPLOYMENT TYPE:								
REGULAR	165.2	186.1	186.1	186.1	186.1	186.1	186.1	186.1
TEMP/SEAS/PART_TIME	.2							
TOTAL FTE	165.4	186.1	186.1	186.1	186.1	186.1	186.1	186.1

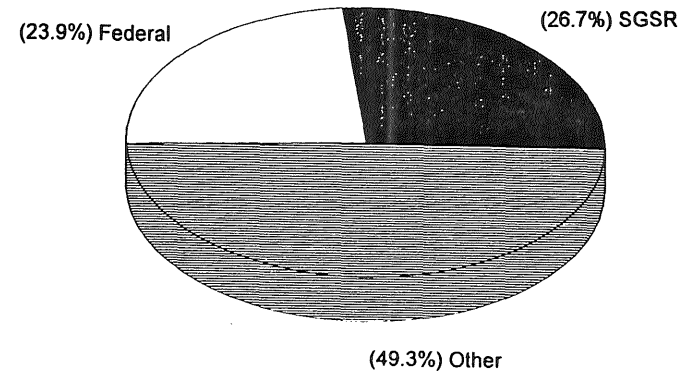
Minnesota Department of Health

Fiscal Summary

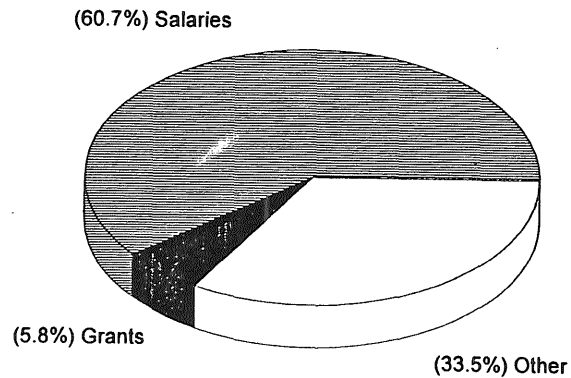
Facility and Provider Compliance

F.Y. 1998 Agency Plan

Resources \$17.2 million



Total Expenditures
\$17.2 million



(There are no General Fund expenditures for this activity.)

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1998-99 Biennial Budget

PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

The Health Protection Program exists to control or eliminate communicable and chronic disease, to protect citizens from environmental hazards, and to provide access to quality laboratory testing on human specimens and environmental samples.

PROGRAM STATUS:

As part of the department's efforts to strengthen its essential activities, this program leads the department's efforts in the area of emerging infectious diseases. The emergence of new diseases (e.g., antibiotic resistant organisms) as well as the re-emergence of disease once thought to be under control (e.g., TB, foodborne illness, sexually transmitted diseases) have required the agency to refocus its priorities in infectious disease control, an area once thought to be on the decline.

The environmental health activity is preventive in nature and protects the public health by assuring that actual and potential risks from exposures to environmental hazards are minimized and controlled. This activity provides health protection through enforcement of state and federal standards, provision of technical consultation with local health agencies, collection and assessment of environmental health data, and the provision of health education materials.

The state's public health laboratory exists to help protect the health of all Minnesota citizens through assessment of human disease-causing conditions: by testing human specimens for infectious agents and for various inherited metabolic diseases; by testing animal specimens for rabies; and by testing for hazardous substances in air, soil, water, wildlife, the work place, and the outdoor environment.

Financial support for the program is largely dependent on program fees and federal funds.

PLANNED RESULTS:

The agency plan will facilitate the accomplishment of related performance objectives as identified in the 1996 Annual Performance Report:

- By the end of F.Y. 99, the number of tuberculosis cases will stabilize at approximately 180 per year, while the number of tuberculosis (TB) cases under supervision and the number of persons on preventive treatment for TB will increase.
- We will continue to develop an enhanced surveillance system to identify new cases of disease. We will also develop infection control guidelines, consultation, and the ability to conduct training to public and private health care workers to prevent development and transmission of antibiotic-resistant infections.
- Although many factors influence the numbers of persons infected with human immunodeficiency virus (HIV) or sexually transmitted disease, increased screening, outreach, and other interventions sponsored by the department must be intensified to reach persons at risk for these sexually transmitted diseases. The year 2000 goal is an increase of less than 3% per year in newly diagnosed cases of AIDS (258 cases in F.Y. 96) and a reduction in the incidence of other sexually transmitted diseases - gonorrhea to 53/100,000 population (62 in F.Y. 96); chlamydia to 125/100,000 (132 in F.Y. 1996); and syphilis to 1.2/100,000 (1.0 in F.Y. 1996).

- Currently, Minnesota falls short of our Year 2000 Immunization Goal of 90% of children being up-to-date when measured within two months of the date(s) on which they were to be vaccinated, particularly among children from poor families and those who lack adequate health insurance or access to health care. By documenting immunizations in a way that can be easily accessible to all public and private providers, computerized registries can serve as an invaluable tool to efficiently identify children who have never been immunized or who fall behind immunization schedules. The registries provide assessment data to monitor the immunization status of a practice or community and save staff time by providing easy access to reports for school, day care and other requirements.
- The department certifies all enclosed arenas that operate internal combustion engine-powered machines such as ice resurfacing machines, motorcycles, trucks, and automobiles. Legislation passed during the 1995 session ("Mighty Ducks") provided funding for the construction of new ice areas. During the next five years, the number of ice arenas is expected to increase to approximately 250. Rapid expansion of indoor ice arenas and the significant public health impact of contaminated indoor air at such facilities requires a more concerted approach on the part of the department.
- Several factors have contributed to the changing epidemiology of food borne disease including: changes in diet, changes in the types and sources of food consumed, and corresponding new and emerging infectious agents. In order to reduce the risk of food borne disease, the department proposes a joint government/industry partnership to promote quality assurance initiatives in food service.
- The department regulates x-ray equipment and monitors sources of ionizing radiation. The department is proposing fee and program changes to cover program costs and operating deficits and to provide for continued assurance of public health protection from sources of radiation.
- The public health laboratory screens for five metabolic disorders in newborns. Although the incidence of these disorders is low, the impact of early intervention is high. The department proposes an appropriation to assure the continuation of the screening program and to assure that those infants who screen positive receive appropriate follow-up.
- The Drinking Water Revolving Fund (DWRF) provides financial assistance, in the form of low interest loans, to eligible public drinking water suppliers for the construction or improvement of storage, conveyance, and treatment systems. The program, as authorized by Congress, will provide between \$50 million and \$100 million annually to a loan pool co-administered by the department and the Minnesota Public Facilities Authority (PFA). The department and PFA are in the process of finalizing draft rules and establishing the infrastructure necessary to implement the program as federal funds become available. The state is required to provide a 20% match, which was approved by the 1996 Legislature. Funds to manage the state program are provided from the federal share of the state grant, which will be administered by the Environmental Protection Agency.
- Minnesota is one of four states with a federal grant to actively track emerging infectious disease agents. In Minnesota, we are focusing primarily on agents that contribute to food borne disease outbreaks. A committee, including representatives from public health and from health care delivery systems, provides advice on ensuring effective surveillance for emerging infectious agents. The laboratory component is geared toward improving rapid testing methods to help ensure the identification of disease-causing agents.

PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
(Continuation)

BUDGET AND REVENUE SUMMARY:

The plan includes adjustments to the following fee programs: Enclosed Arenas; X-Ray Inspection; Food, Beverage, and Lodging; Well Management; Plumbing; and Newborn Metabolic Screening. The plan will increase expenditures out of the State Government Special Revenue Fund by \$874,000 in F.Y. 1998, and \$851,000 in F.Y. 1999. Revenues will increase by \$921,000 in F.Y. 1998, and \$1,406,000 in F.Y. 1999.

LCMR Recommendations Comparative Risks of Multiple Chemical Exposures. This appropriation is to develop comparative risk information for managing exposures to multiple environmental hazards from measurements of pesticides, volatile organic compounds, and metals in soil, air, water, and food (\$150,000 Future Resources Fund).

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends additional funding for the following initiatives:

- For well record database enhancements to protect the state's water resources, the Governor recommends \$120,000 from the General Fund in F.Y. 1998 and \$120,000 in F.Y. 1999.
- For training local public health agencies to interpret well water quality data, the Governor recommends \$100,000 from the General Fund in F.Y. 1998 and \$100,000 in F.Y. 1999.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
ENVIRONMENTAL HEALTH	16,121	19,100	19,211	20,157	20,377	19,660	20,623	20,843
DISEASE PREVENTION & CONTROL	19,805	28,034	27,303	27,313	27,313	27,353	27,365	27,365
PUBLIC HEALTH LABORATORIES	5,378	6,170	5,653	5,998	5,998	5,694	5,939	5,939
TOTAL EXPENDITURES BY ACTIVITY	41,304	53,304	52,167	53,468	53,688	52,707	53,927	54,147
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SGS		487			536	
TECHNICAL REALLOCATIONS		SGS		277			369	
MN RESOURCES		MNR		150				
FOOD SAFETY QUALITY ASSURANCE INITIATIVE		SGS		110			113	
ENCLOSED ARENAS		SGS		77			79	
PLUMBING PROGRAM PLACEHOLDER		SGS					18	
X-RAY INSPECTION PROGRAM		SGS		50			50	
NEWBORN METABOLIC TESTING		SGS		150			55	
TOTAL AGENCY PLAN ITEMS				1,301			1,220	
GOV'S INITIATIVES:		FUND						
(B) WELL RECORD DATABASE ENHANCEMENT		GEN			120			120
(B) TRAINING TO INTERPRET WELL WATER QUALITY		GEN			100			100
TOTAL GOV'S INITIATIVES					220			220
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	6,832	7,510	7,352	7,352	7,572	7,468	7,468	7,688
MINNESOTA RESOURCES				150	150			
STATE GOVERNMENT SPECIAL REVENUE	10,834	12,478	11,406	12,557	12,557	11,554	12,774	12,774
METRO LANDFILL CONTINGENCY	164	193	193	193	193	193	193	193
STATUTORY APPROPRIATIONS:								
GENERAL	164							
SPECIAL REVENUE	2,877	4,063	3,576	3,576	3,576	3,576	3,576	3,576
FEDERAL	20,151	28,411	29,372	29,372	29,372	29,648	29,648	29,648
GIFT	282	649	268	268	268	268	268	268

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION

			FY 1998			FY 1999		
		Est.	Base	Agency	Governor	Base	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1996	FY 1997	Level	Plan	Recomm.	Level	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	41,304	53,304	52,167	53,468	53,688	52,707	53,927	54,147
FTE BY EMPLOYMENT TYPE:								
=====								
REGULAR	447.5	478.2	492.2	496.2	498.2	496.2	500.2	502.2
TEMP/SEAS/PART_TIME	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4
OVERTIME	.6	.6	.6	.6	.6	.6	.6	.6
=====								
TOTAL FTE	453.7	484.2	498.2	502.2	504.2	502.2	506.2	508.2

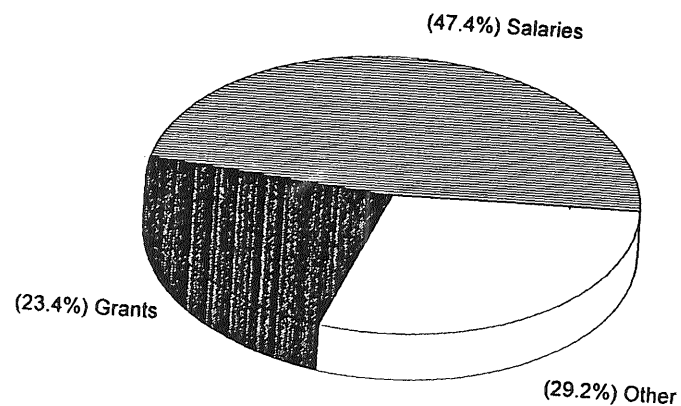
Minnesota Department of Health

Fiscal Summary

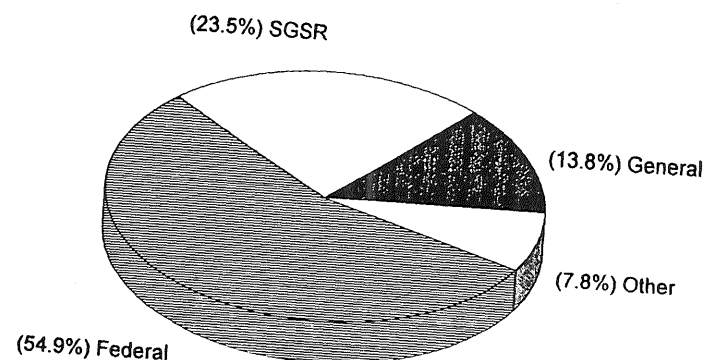
Health Protection

F.Y. 1998 Agency Plan

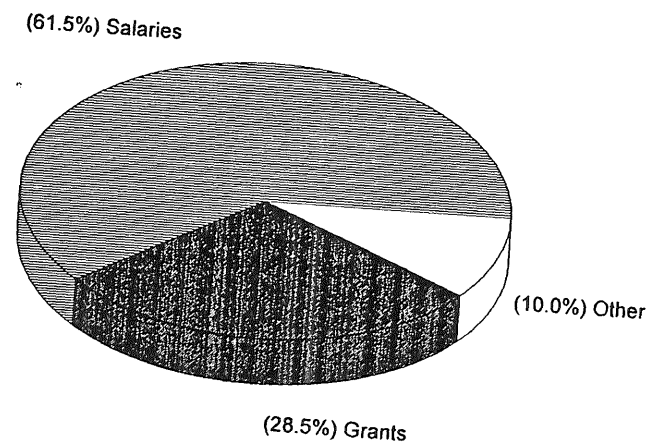
Total Expenditures
\$53.5 million



Resources \$53.5 million



General Fund Expenditures
\$7.4 million



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BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Environmental Health activity is preventive in nature and protects the public health by assuring that actual and potential risks from exposures to environmental hazards are minimized and controlled. Environmental hazards include human-made and naturally occurring biological, physical, chemical, and radiological agents and substances. Exposures to these environmental health hazards may occur in the workplace, home, natural environment, or public facility such as schools, hospitals, or restaurants. Customers of this activity include the regulated community; federal, state, and local agencies; and the general public, including children, women, families, and workers. Services are delivered through a variety of regulatory, consultative, informational, and educational programs to assure that the public is protected against actual and potential exposures to environmental hazards.

This activity provides health protection through enforcement of state and federal standards; provision of technical consultation with local health agencies, the regulated community, and other state agencies; collection and assessment of environmental health data; evaluation of potentially health-threatening environmental conditions; and provision of health education materials about environmental health risks to the public, health care providers, and local health agencies.

Drinking Water Protection enforces the federal Safe Drinking Water Act and monitors 9,000 public water supply systems; regulates wellhead protection plans for public water supply systems; regulates well construction, sealing, and maintenance; enforces the state plumbing code; and reviews public water supply construction plans, plumbing plans for public building construction, and swimming pool design plans.

Environmental Health Hazard Management regulates asbestos and lead abatement; ensures compliance with the Minnesota Clean Indoor Air Act (MCIAA) and standards for the indoor air quality of enclosed sports arenas; assesses human exposure to environmental contaminants near federal superfund sites, clean-up sites, and metropolitan area landfills; analyzes health risks as part of the environmental review process; develops health-based standards for groundwater contaminants; develops health effects advice related to eating sport fish from Minnesota rivers and lakes; and provides health education materials on radon, MCIAA, indoor air quality, lead, and health risks to the public, health care providers, and the regulated community.

Environmental Health Services is responsible for the regulation of approximately 5,800 food, beverage, and lodging establishments and other public facilities including manufactured home parks, recreational camping areas, childrens' camps, migrant labor camps and mass gatherings; investigates foodborne and waterborne disease outbreaks; registers sanitarians; enforces the MCIAA in licensed public establishments; and evaluates delegated local food, beverage, and lodging programs in 18 cities and 43 counties to ensure sanitation and other environmental health standards are met.

Radiation Control regulates x-ray equipment and all sources of ionizing radiation; registers and inspects 5,000 facilities with over 11,000 sources of ionizing radiation; approves mammography screening programs; collects and analyzes milk, water, soil, and air samples to evaluate radiation levels and the effectiveness of radioactivity control procedures; and assures availability of trained staff to determine protective action guidelines in the event of a nuclear power plant emergency.

BUDGET ISSUES:

- License fee for full menu restaurants which seat 50 or fewer patrons will be reduced. The 1996 legislature directed the commissioner of health to: 1) survey full menu restaurants to determine the types of services provided, operation frequency, seating capacity and number of employees; and 2) evaluate the impact of a potential fee reduction for full menu restaurants serving 50 or fewer patrons. The department proposes to reduce the license fee from \$250 to \$155 for this license fee category. This fee reduction will benefit approximately 477 restaurants, without adversely impacting the current program.
- Fees for the state Well Management program will be increased. Fees were last increased in F.Y. 1994, and must be increased in 1999 to cover current program costs. The department will also propose a new fee to cover the costs related to the support of core activities such as the development and maintenance of consistent statewide rules and policies on well construction, sealing, and related activities.
- A fee schedule will be established in statute for sources of ionizing radiation such as x-ray machines, radium sources, and industrial devices; and increase current registration fees to cover current program costs, operating deficits, and the addition of one FTE to perform data management activities. The biennial registration fees were last increased in F.Y. 1991 and must be increased in 1998 to cover current program costs.
- A fee to support the costs of the certification and annual inspection of approximately 180 enclosed sports arenas in the state will be established. All arenas that operate internal combustion engine-powered machines such as ice resurfacing machines, motorcycles, truck, and automobiles would be inspected. The machines generate carbon monoxide and nitrogen dioxide which can cause adverse health effects for participants and spectators of events held in the enclosed arenas, such as hockey games and monster truck events.
- A pilot project to evaluate food service industry self-monitoring and quality assurance programs based on the concept of hazard analysis and critical control points will be developed. This pilot project will allow the industry to set measurable goals that exceed the minimum requirements and submit regular reports to the department in lieu of routine inspection. The MDH will be able to evaluate the effectiveness of innovative strategies for effective food safety and foodborne illness prevention.
- The Drinking Water Revolving Fund (DWRF) provides financial assistance, in the form of low interest loans, to eligible public drinking water suppliers for the construction or improvement of storage, conveyance and treatment systems. The program as authorized by Congress, will provide between \$50 million and \$100 million annually to a loan pool co-administered by the department and the Minnesota Public Facilities Authority (PFA). The department and PFA are in the process of finalizing draft rules and establishing the infrastructure necessary to implement the program as federal funds become available. The state is required to provide a 20% match, which was approved by the 1996 legislature. Funds to manage the state program are provided from the federal share of the state grant which will be administered by the Environmental Protection Agency.
- The department is studying current practices in residential facilities licensed by the department as Board and Lodging with Special Services. The department is particularly interested in evaluating assistance with medication administration and other special services provided to residents. The study is intended to provide the department information and recommendations to develop potential legislation and policy changes, about how these facilities should be regulated to best protect the health of residents.

BUDGET ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

- The department is developing a state food protection plan to address issues related to food safety. Changes in diet and consumption practices have led to changes in both the types and sources of foods consumed. People eat out more often and are eating more fruits and vegetables, thus increasing the opportunity for exposure to a wide variety of pathogens. Controlling foodborne diseases requires the active participation of producers, distributors, food service workers and consumers. MDH regulatory strategies will place a greater emphasis on consultation and education, so that food producers, distributors and retailers will be empowered to assume greater responsibility for food safety. MDH will develop collaborative relationships with segments of the food industry to share responsibility in order to prevent foodborne disease.
- Revisions are needed to the state plumbing code and the state plumbing statute. An advisory workgroup met in 1995 to recommend to the department needed changes to the plumbing program. This advisory group consisted of representatives of the plumbing industry, water well contractors, laborers, site utility contractors, facility maintenance professionals, lawn irrigation professionals, water conditioning contractors and building and plumbing inspectors. In addition, a lawsuit was filed in 1995 against the department by a group representing laborers who lay water pipe outside of buildings. This group claimed that industry practice and local enforcement practices did not reflect the requirements outlined in current law and regulations. Broader discussions about the department's plumbing program have begun with a variety of industry groups, local jurisdictions and with the Minnesota Department of Administration. The lawsuit, the advisory group recommendations, and discussions with a variety of groups may lead to legislation.
- As a result of interagency and legislative discussions, the MDH and the Minnesota Pollution Control Agency have signed a memo of agreement in which the department agreed to develop and adopt rules for health risk values (HRV) for pollutants in ambient air. A technical advisory workgroup was named to advise the department on the development of the health risk values. The workgroup will review the draft rules and supporting documents and provide input to the department on their development. The 23 member workgroup represents academia, public health, medicine, environmental groups, local government, state agencies, labor, industry and business sectors. The advisory workgroup began meeting in May 1996. The department expects the rule will be ready for proposal by the spring of 1997.

REVENUE:

The proposed fee increase for the x-ray inspection program will allow more effective database management and improved registration, inspection, and enforcement services. The increase in revenues for this fee is to the State Government Special Revenue Fund.

The proposed new fee will allow annual inspections of all enclosed sports arenas that operate internal combustion-engine powered machines. This activity will protect participants and spectators of events held in enclosed sports arenas from the potential risk of exposure to carbon monoxide and nitrogen dioxide. The increase in revenues for this fee is to the State Government Special Revenue Fund.

The proposed fee increase for the well management program will allow the department to maintain current levels of effort in licensing, inspection, technical assistance, and rule promulgation. These activities will assist in the continued protection of drinking and groundwater resources. The increase in revenues for this fee is to the State Government Special Revenue Fund.

The proposed new license categories and associated fee for underground site utility work will enable the department to ensure that properly trained individuals install underground water and sewer lines. The increase in revenues for this fee is to the State Government Special Revenue Fund.

A reduction in license fees for full-menu restaurants which seat 50 or fewer patrons will benefit approximately 477 restaurants without adversely impacting the current program. The second food safety related initiative that will fund a joint government/industry partnership to promote quality assurance initiatives in food service will cause no increase in revenues. The department is requesting funds which are already being collected in the State Government Special Revenue Fund be appropriated for this activity.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: ENVIRONMENTAL HEALTH

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	9,428	10,635	11,515	11,793	11,940	11,874	12,157	12,304
OPERATING EXPENSES	6,393	8,189	7,420	8,088	8,161	7,510	8,190	8,263
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	15,821	18,824	18,935	19,881	20,101	19,384	20,347	20,567
PAYMENTS TO INDIVIDUALS		50	50	50	50	50	50	50
LOCAL ASSISTANCE	308	226	226	226	226	226	226	226
OTHER EXPENSES	<8>							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	16,121	19,100	19,211	20,157	20,377	19,660	20,623	20,843
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
AGENCY COST INCREASES		SGS		383			426	
TECHNICAL REALLOCATIONS		SGS		176			277	
MN RESOURCES		MNR		150				
FOOD SAFETY QUALITY ASSURANCE INITIATIVE		SGS		110			113	
ENCLOSED ARENAS		SGS		77			79	
PLUMBING PROGRAM PLACEHOLDER		SGS					18	
X-RAY INSPECTION PROGRAM		SGS		50			50	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				946			963	
=====								
GOV'S INITIATIVES:		FUND						
-----		-----						
(B) WELL RECORD DATABASE ENHANCEMENT		GEN			120			120
(B) TRAINING TO INTERPRET WELL WATER QUALITY		GEN			100			100
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					220			220
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	1,476	1,705	1,762	1,762	1,982	1,794	1,794	2,014
MINNESOTA RESOURCES				150	150			

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: ENVIRONMENTAL HEALTH

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
STATE GOVERNMENT SPECIAL REVENUE	9,565	11,069	10,127	10,923	10,923	10,254	11,217	11,217
METRO LANDFILL CONTINGENCY	164	193	193	193	193	193	193	193
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	377	478	398	398	398	398	398	398
FEDERAL	4,539	5,655	6,731	6,731	6,731	7,021	7,021	7,021
TOTAL EXPENDITURES	16,121	19,100	19,211	20,157	20,377	19,660	20,623	20,843
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	403	441	398	398	398	398	398	398
FEDERAL	4,487	5,235	6,325	6,325	6,325	6,615	6,615	6,615
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	11,142	11,028	11,185	11,586	11,586	11,174	11,597	11,597
TOTAL REVENUES COLLECTED	16,032	16,704	17,908	18,309	18,309	18,187	18,610	18,610
FTE BY EMPLOYMENT TYPE:								
REGULAR	202.1	215.4	231.4	235.4	237.4	235.4	239.4	241.4
TEMP/SEAS/PART_TIME	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.9
OVERTIME	.4	.4	.4	.4	.4	.4	.4	.4
TOTAL FTE	204.6	217.7	233.7	237.7	239.7	237.7	241.7	243.7

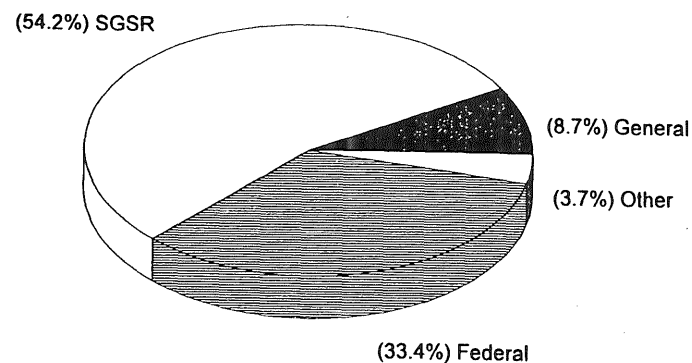
Minnesota Department of Health

Fiscal Summary

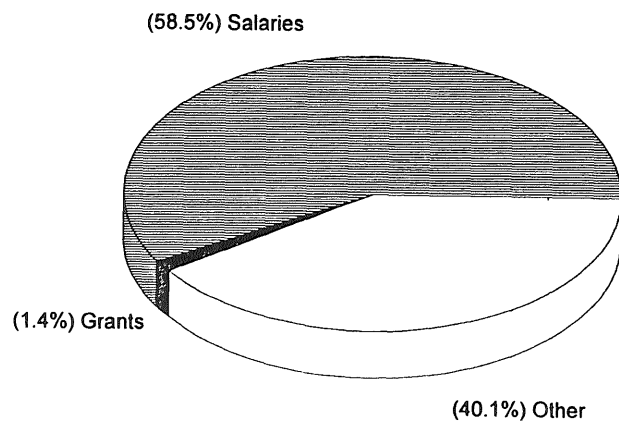
Environmental Health

F.Y. 1998 Agency Plan

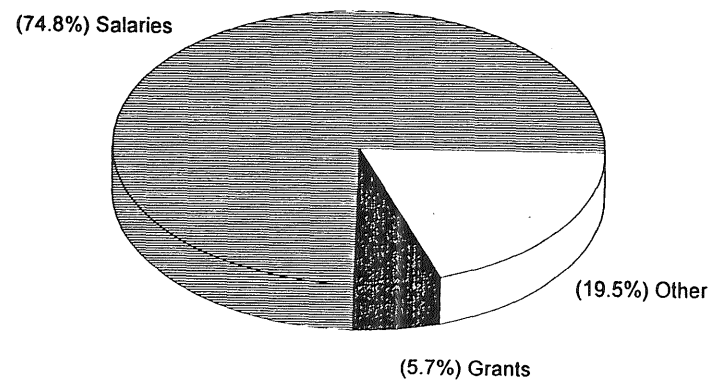
Resources \$20.2 million



Total Expenditures
\$20.2 million



General Fund Expenditures
\$1.8 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Food Safety Quality Assurance Initiative

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$110	\$113	\$113	\$113
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$(45)	\$(45)	\$(45)	\$(45)

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 144

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increased appropriation from the State Government Special Revenue Fund of \$110,000 in F.Y. 1998 and \$113,000 in F.Y. 1999 to finance a joint government/industry partnership to promote quality assurance initiatives in food service.

The Governor recommends a reduction in licence fees of \$45,000 in F.Y. 1998 and F.Y. 1999 for full-menu restaurants which seat 50 or fewer patrons.

RATIONALE:

The department does not have sufficient appropriation to adequately address issues related to food safety. Several factors have contributed to the changing epidemiology of foodborne disease in the 1990s. Changes in diet have led to changes in both the types and sources of foods consumed. New infectious agents continue to emerge and new trends for known agents transmitted through food are being identified. Controlling foodborne diseases requires active participation of producers, distributors, food service workers, and consumers. Interventions aimed at improving hygienic conditions in the production of fresh foods and improving food handling practices on the part of consumers and food service workers, may reduce the risk of foodborne disease. Regulatory strategies must be developed to place greater emphasis on consultation and education, so the regulated industry will be empowered to assume greater responsibility for food safety.

This initiative will establish a collaborative model for the prevention of foodborne disease, enlisting government, the food service industry, and consumers. This initiative will evaluate the substitution of food service industry quality assurance programs that use the concept of hazard analysis critical control points (HACCP) in lieu of direct government inspection. HACCP outlines a step-by-step

process for ensuring safe food. Quality assurance programs using the HACCP concept can be effective in reducing foodborne illness. One FTE position is needed to build partnerships with qualifying food service industry programs and function as a liaison to the regulated industry. One FTE position is needed to develop and distribute appropriate educational materials, brochures, fact sheets, and seminars to promote the shift from inspection to consultation/education and to encourage the HACCP approach to food safety throughout the state. Current program revenues are sufficient to support this initiative.

The department proposes to reduce the license fee for full-menu restaurants which seat 50 or fewer patrons from \$250 to \$155. This fee reduction will benefit approximately 477 restaurants. The 1996 legislature required the department to study options for reducing license fees for restaurants with 10 or fewer employees. A survey of restaurants was conducted; and the department recommends this license fee reduction based on the results of the study.

PROGRAM OUTCOMES:

The department will be able to use and to evaluate alternate methodologies for food safety monitoring. The department will develop more flexible approaches to carry out its regulatory responsibilities. Resources can be targeted more effectively. For example, inspection activity can be focused on establishments that need more frequent monitoring because they do not have quality assurance programs. It will increase the department's ability to use education more effectively as a tool for assuring food safety. The department will utilize collaborative models to empower all segments of the food service industry, including consumers, as partners and active participants.

The proposed fee reduction shows a responsiveness to the food service industry to work collaboratively to identify appropriate levels of resources to fund these activities.

LONG-TERM IMPACT:

The department will continue to assume a leadership role in identifying mechanisms for assuring food safety. New partnerships among government, the food service industry, and consumers will be developed. Collaborative approaches to addressing food safety issues will be developed and encouraged. These new models will allow for a more targeted allocation of resources based on the specific needs of food service operations.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Enclosed Arenas

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$77	\$79	\$84	\$85
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$76	\$80	\$84	\$87

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 144.05, 144.12, 144.1222, 144.99

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$77,000 in F.Y. 1998 and \$79,000 in F.Y. 1999 to cover the costs of an annual inspection of all enclosed arenas that operate internal combustion engine-powered machines.

RATIONALE:

The department certifies all enclosed arenas that operate internal combustion engine-powered machines such as ice resurfacing machines, motorcycles, trucks, and automobiles. These machines generate carbon monoxide and nitrogen dioxide which can cause adverse health effects for the participants and spectators of events held in enclosed arenas. Many of the participants and spectators of these events are children. The department rules require a minimum of weekly air monitoring tests while internal combustion engine-powered machines are used in these facilities. Approximately 180 enclosed arenas are currently certified by the department, and are inspected on an annual basis by staff. These activities are funded with General Fund dollars. Legislation passed during the 1995 session ("Mighty Ducks" bill) provided funding for the construction of new ice arenas. During the next 5 years, the number of ice arenas is expected to increase to approximately 250. Without this initiative, inspection frequency is expected to be decreased to once every 2 to 4 years.

PROGRAM OUTCOMES:

All enclosed arenas that operate internal combustion engine-powered machines will be inspected annually by the department. These inspections will provide protection for the participants and spectators, especially children, from the potential health effects from exposure to elevated levels of carbon monoxide and nitrogen dioxide. Operators of enclosed arenas will gain a better understand-

ing of 1) the health effects of exposure to carbon monoxide and nitrogen dioxide, 2) how exposures occur, and 3) how to avoid exposures through the safe operation of internal combustion engine-powered machines.

LONG-TERM IMPACT:

Many of the enclosed arenas are operated by local governments such as cities or counties. The annual certification fee scale would support the monitoring and inspection of enclosed arenas that : 1) operate internal combustion ice resurfacing machines; 2) operate electric ice resurfacing machines; 3) use both electric ice-resurfacing machines and electric equipment to clean and prepare ice; and 4) that hold motorized events. Due to potential health effects from exposure to elevated levels of carbon monoxide and nitrogen dioxide, the managers of enclosed arenas have supported the department's regular inspection of their facilities.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Plumbing Standards

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$-0-	\$18	\$18	\$18
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$-0-	\$18	\$18	\$18

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 326.01

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$18,000 for F.Y. 1999 to fund regulation of plumbing and water conditioning professionals.

RATIONALE:

Regulation of plumbing and water conditioning installations and licensure of plumbing and water conditioning professionals is recognized as an important public health protection program. The MDH proposes to establish license categories and fees for underground site utility work as part of a proposed settlement agreement resulting from a law suit filed against the commissioner by general contractors and laborers. These general contractors and laborers are commonly doing such work, but under current law it must be under the supervision of a licensed plumber in cities over 5,000 in population.

PROGRAM OUTCOMES:

Public health is protected by assuring that properly trained and licensed individuals install these underground water and sewer lines. Licensure of general contractors and laborers, after proper training and examination requirements are met, is a way to provide such public health protection.

LONG-TERM IMPACT:

An increase in underground site utility installations that are in compliance with the state plumbing code.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: X-ray Inspection Program

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$50	\$50	\$50	\$50
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$370	\$370	\$370	\$370

Statutory Change? Yes X No _____

If yes, statutes(s) affected: M.S. 144.121

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$50,000 in F.Y. 1998 and \$50,000 in F.Y. 1999 to cover the costs of an additional FTE to perform needed data management activities and the replacement of equipment needed to test the operation of x-ray machines and other sources of ionizing radiation.

The Governor also recommends establishing registration fees for sources of ionizing radiation in statute and increasing existing fees currently in rule to cover current program costs and operating deficits.

RATIONALE:

The biennial registration fee for x-ray machines and other sources of ionizing radiation were last increased in 1990, effective 1-1-91. The biennial fee must be increased in order to cover current program costs and current operating deficits. This fee has been in rule (Minnesota Rules, part 4730.0600) since 1977. Since the fees must be raised to cover current program costs and operating deficits, a legislative change is more expedient and cost effective. The registration fee is required once every 2 years and consists of a base facility fee with an additional fee(s) based on the type and number of machines or sources at the facility. The proposed fee increase will result in an increase in the base facility fee from \$80 to \$132 and in the additional fee, for example a dental x-ray machine, from \$40 to \$66.

An additional FTE is needed for data management related to the x-ray program. The commissioner is responsible for monitoring over 5,000 facilities with over 11,000 sources of ionizing radiation. The data base needed to monitor these facilities has become more complex, requiring more advanced data management skills and expertise to manage. Managing a more complex database, which includes a tracking system for registration, inspection, and enforcement data requires very

specific advanced data management expertise.

PROGRAM OUTCOMES:

The fee increase will enable the department to continue to register and inspect sources of ionizing radiation to minimize public exposure to radiation. The proposed fee increase will allow the department to cover program costs as well as eliminate the current operating deficit within 5 years. X-ray machines comprise the majority of the registered sources of ionizing radiation. Inspection of x-ray machines helps to ensure the public and x-ray operators are not overexposed to radiation, diagnoses are accurate, and treatment is performed safely. Other sources of radiation include: industrial x-ray machines, lead analyzers, nuclear well and logging devices.

The addition of a data management position will result in more accurate registration, inspection, and enforcement. There are over 5,000 facilities with 11,000 x-ray machines or other sources of ionizing radiation in Minnesota. The maintenance of an accurate database is critical to ensuring these sources of radiation are monitored. Reports will be generated more quickly, and management will have the ability to evaluate inspection and enforcement activities more easily.

LONG-TERM IMPACT:

The department will be able to continue to ensure public health protection from sources of radiation. The proposed fee increase will allow the department to cover program costs as well as eliminate the current operating deficit within 5 years. Improved data management will result in a more efficient program.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Well Management Program

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$0	\$0	\$0	\$0
Revenues: (\$000s)				
State Government				
- Special Revenue Fund	\$0	\$465	\$465	\$465

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 103I

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in well fees to support activities relating to well protection.

RATIONALE:

Responsibility for the regulation of well construction and protection is the responsibility of the commissioner of health. The commissioner is authorized by statute to delegate this regulatory program to local governments. Nine counties and 2 cities now have assumed delegation and are working in partnership with the state to achieve public health protection through the regulation of well construction. The local delegated program oversees the field components of well construction, well sealing, enforcement, technical assistance, and public education/information and, in some cases, ties well construction approvals to other land use approvals. The state provides a number of core services including developing and maintaining consistent statewide rules and policies, licensing of all well contractors and drilling equipment, data management, operating the state well disclosure program, and providing technical support to the local programs.

Traditionally, when the commissioner delegates the well program, well construction revenues are then collected by the local government and used to support their program. This reduces the revenue of the state to pay for state core services. As a result, the state ends up using the fees it collects in the areas of nondelegation to support the state core services for those areas with a delegated program. The state and local agencies, working collaboratively, have proposed a series of fee changes to resolve the funding issue. The proposed concept involves the establishment of a "state core services" fee applied to all new wells drilled in the state and to all well sealing fees.

Well management fees were last raised during F.Y. 1994. The program is projected to run a deficit in F.Y. 1999 without a fee increase. The total revenue generated by the proposed new and increased fees is projected to adequately fund the state well program at current levels of effort beyond F.Y. 2001.

PROGRAM OUTCOMES:

The primary outcomes are the continued protection of drinking water and groundwater resources. Approximately 70% of Minnesotans rely on groundwater for their drinking water. Strong regulation of wells, including clear rules, well driller licensing, adequate inspection, fair and firm enforcement, and technical assistance, ensures that drinking water is protected today, and groundwater is protected for tomorrow. The program has reduced well construction violations three-fold since 1990, and is now effecting the sealing of approximately 12,000 abandoned wells each year. Shared responsibility between state and local government for the regulation of water well protection will continue and state and local officials will have the tools they need to protect our drinking water.

LONG-TERM IMPACT:

High quality drinking water is essential to good health. A properly constructed well can provide high quality drinking water for several generations. Proper sealing of abandoned wells ensures that contamination on the ground surface will not easily contaminate groundwater supplies. Adequate support for state core activities related to well protection will exist.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Well Record Database Enhancement

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$120	\$120	\$120	\$120

Revenues: (\$000s)
 General Fund

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a General Fund appropriation of \$120,000 in F.Y. 1998 and \$120,000 in F.Y. 1999 for monitoring of the state's water resources.

RATIONALE:

Maintaining a database of well record information supports state efforts to effectively monitor and protect its water resources and to identify the presence of contaminants in groundwater used for drinking. The department proposes to expand its capabilities to provide state and local agencies and the general public with information regarding the construction and geologic conditions at well sites. Also, this proposal would enhance efforts to coordinate the editing of existing well construction data with other state agencies. The department is the principal agency for collecting well records for new well construction because it administers state rules regarding well construction and sealing. The department and the Minnesota Geological Survey (MGS) cooperate on building the state's well record database. Contracting with MGS to optically scan the records of about 30,000 pre-State Well Code wells, which MGS has collected, would help ensure that all possible well construction information is made available to the public.

PROGRAM OUTCOMES:

This proposal would result in a continually updated database of well construction and geologic information which contains all of the information contained in well records. Currently, this is not available and has resulted in different versions of the data being housed at various state agencies which makes interagency coordination of monitoring and data sharing very difficult. It is also a problem for local governments which are attempting to compare their information on wells with state agency data. This initiative would reduce much of the current duplication of data entry and misunderstanding caused by state and local agencies having different versions of the well record database.

LONG-TERM IMPACT:

Better coordination and sharing of data describing well construction and geologic conditions at well sites among state and local agencies. This will reduce duplication of data entry and result in more efficient use of monitoring dollars. It will also greatly reduce the time required to collect data needed to characterize the state's groundwater resources and the movement of contaminants into groundwater used for drinking. Furthermore, this initiative will support department efforts to protect public health by ensuring ready access to well construction and aquifer information.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of
PROGRAM: Health Protection
ACTIVITY: Environmental Health

ITEM TITLE: Training Local Health Agencies to Interpret Well Water Quality Data

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$100	\$100	\$100	\$100

Revenues: (\$000s)
 General Fund

Statutory Change? Yes _____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends this proposal as part of an interagency initiative to address monitoring of the state's water resource.

RATIONALE:

County health agency staff have requested that department staff assist them with interpreting the results of well water quality analyses which are generated by county water testing programs. Thousands of analyses for nitrate and coliform bacteria are generated annually by county water testing programs. Counties wish to go from merely using these data to help property owners determine whether their well water is safe to drink to using it to help identify areas experiencing groundwater contamination in general. Also, counties will use this information to select wells for monitoring the presence of agricultural pesticides or volatile chemicals related to urban land use. The department has broad experience with interpreting the results of well water quality data as it relates to protecting human health and can quickly implement a training and technical assistance program through existing relationships with county health organizations. Once county water testing data are correctly interpreted and correlated with well construction information, they will provide state agencies with much needed information to determine the scope of nitrate contamination of the state's groundwater resources.

PROGRAM OUTCOMES:

This proposal would result in county health and environmental agencies gaining the capabilities to use the results of well water testing programs to better differentiate areas where well construction and maintenance cause contamination of wells versus areas where aquifers are becoming contaminated by land uses. This will help counties and the state select areas for long-term monitoring of groundwater quality and the types of educational methods that should be used to inform well owners

and property owners about management practices for controlling groundwater and well contamination.

LONG-TERM IMPACT:

Developing capabilities to properly interpret well water quality data will enable counties to better protect public health and manage land use so it has minimal impact on groundwater quality. The state will benefit by 1) having access to better quality data describing the extent of nitrate contamination of groundwater, and 2) identifying well construction and management practices which contaminate well water.

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BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The Disease Prevention and Control (DP&C) activity focuses on the control or elimination of communicable and chronic diseases. Its mission is to provide leadership in the prevention and control of acute and chronic disease; conduct surveillance to detect the occurrence of such disease; recommend prevention and control measures; and implement disease prevention and control programs. Customers of this activity include other state and local public and private agencies, health care providers, children, women, families, workers, and the general public.

Activities are designed to monitor disease rates and occurrence, control communicable diseases, encourage Minnesotans to use preventive health services such as immunizations, and provide a wide range of health information and technical assistance. Specific program activities include:

1. A reportable disease system for collecting information about 68 communicable diseases such as measles, tuberculosis, human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS), salmonella, E. coli, and meningitis. Information from this system is used to investigate and control disease outbreaks, and to identify newly emerging diseases in Minnesota.
2. A cancer surveillance system that collects and analyzes information about 20,000 diagnosed cancer cases per year to better understand the impact of this disease in Minnesota.
3. Coordination of locally based immunization programs and vaccines for adults and children. This activity also gathers information that identifies underimmunized children and parts of the state to target information and outreach services. Collaboration with private providers of immunization services continues to be a cornerstone of efforts to improve immunization rates.
4. Individual and community-based HIV and sexually transmitted disease (STD) screening, intervention, and prevention programs based on a community planning process which sets priorities and establishes a statewide prevention plan.
5. HIV-related services such as dental care, mental health, transportation, and case management for persons living with HIV/AIDS to improve the quality of life and prevent further transmission.
6. Screening for certain types of cancer with corresponding research into ways to increase utilization of preventive health services.
7. Providing technical assistance, information, media, and educational programs to local health agencies, private physicians, health plans, and the general public about disease prevention and control issues.

This activity uses the core public health functions of assessment, policy development and planning, and assurance to identify health problem priorities, design public health interventions, and monitor impact on the prevention and control of disease.

BUDGET ISSUES:

- Over the past 5 years, there has been a growing awareness of the threat posed to the nation's health from new and emerging or re-emerging infectious diseases. Over 50 emerging or re-emerging infectious diseases are identified in an Institute of Medicine report, and new diseases or problems continue to be identified each year. Furthermore, the death rate in the U.S. from infectious disease increased by more than 20% between 1980 and 1992. The Institute of Medicine calls for an urgent expansion of the public health infrastructure to address this growing problem. In 1996, the Division of Disease Prevention and Control and the Division of Public Health Laboratories

initiated a program to identify, characterize, and develop prevention strategies for emerging infectious diseases. This initiative is funded by federal grants and awarded to four states to address this growing problem.

- Improved infrastructure to assure high levels of immunizations has been a priority for the MDH and local health departments over the past few years. Public health leadership in this population-based preventive health strategy is critical to understanding the problems in improving the health status of the people of Minnesota and reducing health care costs for preventable diseases. Newly licensed vaccines including varicella (chicken pox), hepatitis A, and a-cellular pertussis have complicated an already difficult schedule, making staying up-to-date with immunizations a challenge for providers and parents. The MDH has used federal funds to support local health departments in working with their local communities to improve immunization rates. Community and statewide immunization registries are a newly emerging strategy for tracking immunizations for an individual, health providers, and the state to assure the individual child receives the right vaccine at the right time; health providers can learn if they have effective procedures in place to reach children and the state can monitor whether children throughout the state are receiving the recommended vaccinations. This strategy will require additional efforts to achieve improved immunization rates.
- The HIV/AIDS epidemic has evolved into several different epidemics, each with its own unique characteristics. Prevention and care strategies need to reflect this and be tailored to specific population groups. Given the difficulties of identifying individuals who engage in behaviors that place them at risk and our limited understanding of how to help these individuals to change their behavior, the HIV/AIDS epidemic will continue well into the next century. Teaching adolescents, who are just becoming sexually active, how to survive in a world of HIV and other STDs will continue to present challenges to all of society. Initiating and sustaining the behavior changes necessary to prevent further transmission of HIV/STDs requires continuous and meaningful messages to persons at risk of infection. As a condition for receiving federal HIV prevention funds, Minnesota has implemented an extensive community planning process designed to establish community priorities for HIV and STD prevention in Minnesota.
- Services to persons with HIV assist those living with this chronic communicable disease to address the behavior change necessary to prevent further transmission of HIV. In addition, services have addressed issues such as housing, transportation, medical, and health promotion issues. Approximately 3,500 people are now living with HIV or AIDS in Minnesota, compared to 2,844 in 1994, a 23% increase. In addition to the increasing numbers, the life expectancy of persons with HIV/AIDS is increasing, requiring services over a longer period of time for clients in the program. Because the Twin Cities metropolitan area is now eligible for federal Title I Ryan White Comprehensive AIDS Resources Emergency (CARE) Act funds, a joint statewide/metro area HIV Planning Council has been established with Hennepin county. The Planning Council is conducting needs assessments, identifying priorities, and setting funding criteria for the competitive service delivery grants.
- Although screening for breast and cervical cancer is a proven strategy for reducing mortality and morbidity from these types of cancer, many women do not seek or receive these services. Approximately 2,800 new cases of breast cancer and 200 cases of cervical cancer-over 750 breast cancer and 45 cervical cancer deaths-are reported every year among women in Minnesota. Efforts to learn of the individual, community, and health care system barriers to accessing these preventive health care services are an important function of public health in a reformed health care system. The department is developing a population-based, statewide approach to conducting research into how to work with populations which underutilize preventive care services, and develop interventions based on that research which can then be used by medical providers and public health agencies. The department uses federal funds to conduct this research, to support

1998-99 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

local health departments in educating and recruiting women for screening, and to provide free screening services to women through a partnership of public and private health care organizations. Through these efforts, public health can improve the health status of the population and control health care costs. This program is entirely federally funded.

REVENUE:

The revenue generated by this activity is primarily from federal grants received from the Department of Health and Human Services. This activity does not collect any fees. The department is not proposing any changes in policy that will affect revenues.

GRANTS:

1. HIV/STD Prevention and HIV Services Grants

- a. **Statutory references:** M.S. 144.05. Federal funds have also been awarded to the agency for this program under sections 301(a), 311(b), and 318 of the Public Health Service Act and Title II of the Ryan White CARE Act.
- b. **Purpose of grant:** To enable agencies to offer confidential HIV counseling and testing; to provide case management services to HIV positive individuals; to conduct targeted risk reduction/education to people at-risk of HIV infection; to provide and improve services for people with HIV in Minnesota; to assess situations of health threats; and to evaluate all program activities.
- c. **Recipient identification and eligibility criteria.** Recipients of the counseling and testing grant include 8 community health departments throughout Minnesota and numerous specialized clinics, some of which offer family planning services, STD information, or function as community-based centers.

Case management grants fund 8 projects, including both hospital and community-based programs.

The targeted risk reduction education grants fund 40 programs. These community-based efforts target youth at high risk of HIV and STD infection, communities of color, men who have sex with men, and other individuals or groups whose behavior puts them at high risk of contracting HIV/STD.

Recipients of HIV CARE grants include 23 agencies (including the Minnesota Department of Human Services) which provide transportation, home care, dental care, mental health services, financial assistance, child care, health insurance continuation, drug reimbursement, and other services.

- d. **Criteria and formula determining amount of payment to recipient.** Grants are primarily awarded on a competitive basis to which agencies submit proposals. Proposals are ranked based on criteria specified in the "Request for Proposals." Such criteria have included:

- an overall understanding of AIDS and HIV infection;
- a program which is technically, organizationally, and operationally sound;
- a program which, where possible, can measure changes in knowledge, attitudes, and behaviors relative to risk factors; and
- evidence of community support for the proposal.

e. Source of funding:

	<u>Dollars in Thousands</u>			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
General	\$1,864	\$1,864	\$1,864	\$1,864
Federal	<u>\$3,909</u>	<u>\$3,909</u>	<u>\$3,909</u>	<u>\$3,909</u>
Total	\$5,773	\$5,773	\$5,773	\$5,773

2. Refugee Health Program Grants

- a. **Statutory references:** Section 412(B)(5), Immigration and Nationality Act.
- b. **Purpose of grant:** To enable local CHS agencies to provide health assessments to newly arrived refugees and to address refugee health problems of public health concern. Health assessments of refugees are intended to identify and lead to the treatment of health conditions which could affect the public health and the personal well-being of refugees and impede their effective resettlement.
- c. **Recipient identification and eligibility criteria.** Recipients of these grants are the state's 2 largest public health agencies which serve the jurisdictional area receiving most of Minnesota's refugees.
- d. **Criteria and formula determining amount of payment to recipient.** The 2 areas are awarded funds to complete activities for refugee populations. Execution of these contracts is dependent upon the acceptance by the health agency of the duties as referred to in the preceding section.
- e. **Source of funding:**

	<u>Dollars in Thousands</u>			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Federal	\$40	\$40	\$40	\$40

3. Immunization Program Support Grants

- a. **Statutory references:** Public Health Service Act Section 301.317 as amended.
- b. **Purpose of grant:** To develop and implement local action plans that strengthen the overall immunization delivery system and target underimmunized areas. Some of the emphasis is on strengthening relationships between public health and private providers in the areas of immunization assessment, service delivery, information sharing, and joint efforts to achieve public health goals. The activities in this grant are based on the core public health functions of assessment, policy development and planning, and assurance as they relate to vaccine-

1998-99 Biennial Budget

BUDGET ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)
 (Continuation)

preventable diseases in children.

- c. **Recipient identification and eligibility criteria:** Recipients of the grants are the 50 local Boards of Health in Minnesota.
- d. **Criteria and formula determining amount of payment to recipient.** Funding is awarded on a non-competitive basis, using a three-part formula allocation: 1) \$2,000 base to each county/city to ensure adequate support for carrying out core public health functions; 2) one-third of the remaining dollars based on a five-year average of live births to target funds based on the number of children needing immunizations; and 3) the remaining dollars based on a combined index of the number of children on AFDC plus those eligible for Medical Assistance to target funds to those areas with greatest poverty.

e. **Source of funding:**

	Dollars in Thousands			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Federal	\$1,512	\$1,944	\$1,450	\$1,595

4. Hepatitis B Grants

- a. **Statutory references:** Public Health Service Act Section 301.317 as amended.
- b. **Purpose of grant:** To prevent transmission of hepatitis B to infants of carrier mothers, to sexual and needlesharing partners of carriers, and for routine infant immunization. Activities focus on identifying and following pregnant women who are carriers of hepatitis B to assure that infants receive appropriate care and immunizations to prevent development of this disease. For adults, screening and immunization are provided in STD clinics. For infants, funds support immunization against hepatitis B.
- c. **Recipient identification and eligibility criteria:** Eligible recipients are the 2 local Boards of Health in which most of the target populations reside-St. Paul and Hennepin county.
- d. **Criteria and formula determining amount of payment to recipient.** Funding is awarded based on approved program activities in the award areas and on funds available for these activities from the two federal programs.

e. **Source of funding:**

	Dollars in Thousands			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Federal	\$258	\$273	\$288	\$317

5. Breast and Cervical Cancer Screening Grants

- a. **Statutory references:** M.S. 144.697, Subdivisions 1 and 2. Federal funds have been awarded to the agency for this program under the Breast and Cervical Cancer Mortality Prevention Act of 1990, Public Law 101-354 and amendments thereto.
- b. **Purpose of grant:** To significantly increase the proportion of age-appropriate women who are screened for breast and cervical cancer.
- c. **Recipient identification and eligibility criteria:** Public and private nonprofit agencies are eligible to apply for patient recruitment grant funding. Individual medical care providers or a consortium of providers are eligible to apply for funding to provide screening services to low income and uninsured or underinsured women.
- d. **Criteria and formula determining amount of payment to recipient.** The amount of the recruitment grant award is determined by the number of eligible women in the agency service area. Screening service awards are based on the number of women the agency proposes to screen and the Medicare rate for the services offered.
- e. **Source of funding:**

	Dollars in Thousands			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Federal	\$2,300	\$2,300	\$2,300	\$2,300

6. Tuberculosis Prevention and Control

- a. **Statutory references:** Part 317 of the Public Health Services Act.
- b. **Purpose of grant:** To provide home or face-to-face visits to educate, assist, interview, conduct contact testing, and supervise treatment, including provision of directly observed therapy as indicated to persons with or exposed to tuberculosis.
- c. **Recipient identification and eligibility criteria:** Recipients of this support are the two metropolitan-based local Boards of Health who see the majority of persons with tuberculosis in their tuberculosis clinics.
- d. **Criteria and formula determining amount of payment to recipient.** Funding is provided to support staff time to provide the services described above.
- e. **Source of funding:**

	Dollars in Thousands			
	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Federal	\$80	\$141	\$120	\$120

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: DISEASE PREVENTION & CONTROL

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	7,463	9,558	9,425	9,425	9,425	9,480	9,480	9,480
OPERATING EXPENSES	4,215	6,238	5,640	5,650	5,650	5,635	5,647	5,647
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	11,678	15,796	15,065	15,075	15,075	15,115	15,127	15,127
PAYMENTS TO INDIVIDUALS	1,290	1,906	1,906	1,906	1,906	1,906	1,906	1,906
LOCAL ASSISTANCE	6,837	10,332	10,332	10,332	10,332	10,332	10,332	10,332
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	19,805	28,034	27,303	27,313	27,313	27,353	27,365	27,365
AGENCY PLAN ITEMS:		FUND						
-----		-----						
AGENCY COST INCREASES		SGS		9			10	
TECHNICAL REALLOCATIONS		SGS		1			2	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				10			12	
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	4,432	4,761	4,539	4,539	4,539	4,601	4,601	4,601
STATE GOVERNMENT SPECIAL REVENUE	96	138	130	140	140	132	144	144
STATUTORY APPROPRIATIONS:								
GENERAL	164							
SPECIAL REVENUE	40	514	509	509	509	509	509	509
FEDERAL	14,793	21,984	21,869	21,869	21,869	21,855	21,855	21,855
GIFT	280	637	256	256	256	256	256	256
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	19,805	28,034	27,303	27,313	27,313	27,353	27,365	27,365
REVENUE COLLECTED:								

DEDICATED:								
GENERAL	199							

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: DISEASE PREVENTION & CONTROL

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
SPECIAL REVENUE	19	488	509	509	509	509	509	509
FEDERAL	14,970	21,996	22,041	22,041	22,041	22,027	22,027	22,027
GIFT	169	230	107	107	107	107	107	107
TOTAL REVENUES COLLECTED	15,357	22,714	22,657	22,657	22,657	22,643	22,643	22,643
FTE BY EMPLOYMENT TYPE:								
REGULAR	160.9	173.1	171.1	171.1	171.1	171.1	171.1	171.1
TEMP/SEAS/PART_TIME	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	163.2	175.4	173.4	173.4	173.4	173.4	173.4	173.4

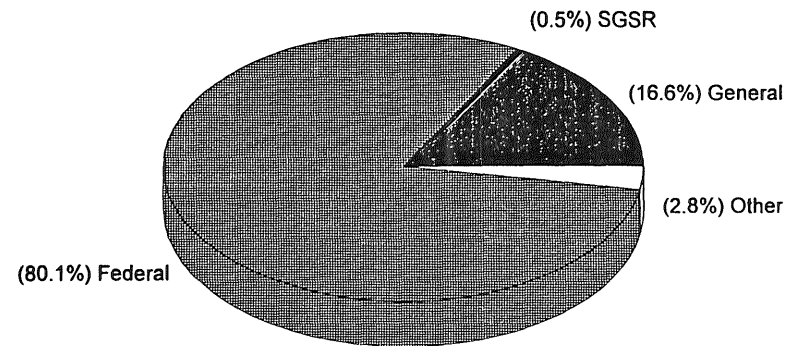
Minnesota Department of Health

Fiscal Summary

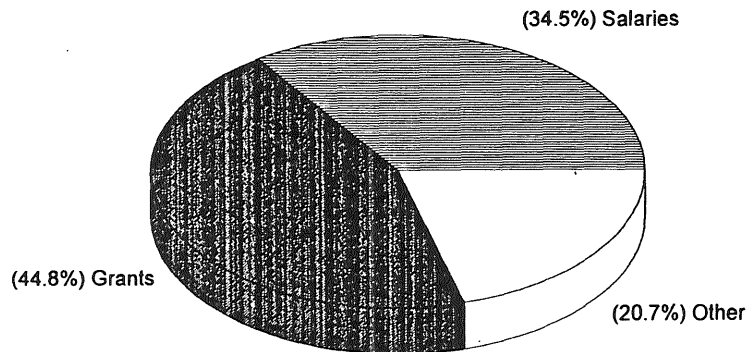
Disease Prevention & Control

F.Y. 1998 Agency Plan

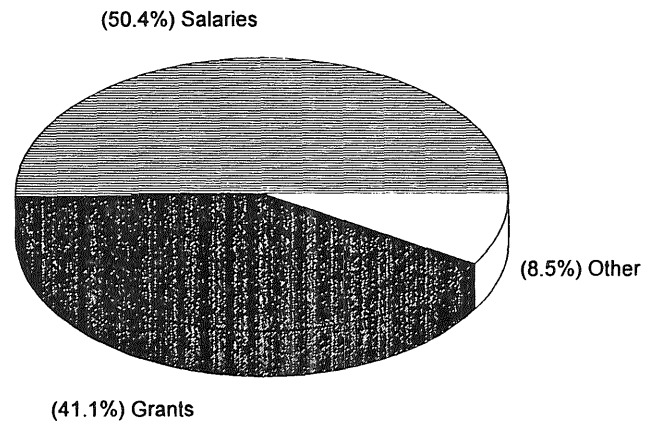
Resources \$27.3 million



Total Expenditures
\$27.3 million



General Fund Expenditures
\$4.5 million



BUDGET ACTIVITY: Public Health Laboratory
PROGRAM: Health Protection
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

The state's public health laboratory exists to help protect the health of all Minnesota citizens through assessment of human disease-causing conditions: by testing human specimens for infectious agents and for various inherited metabolic diseases; by testing animal specimens for rabies; and by testing for hazardous substances in air, soil, water, wildlife, the work place, and the outdoor environment. The laboratory provides data, interpretation, and technical support for programs which identify and prevent diseases and unsafe environmental conditions; identifies potential communicable disease outbreaks; and maintains the capability to perform tests in a variety of public health and environmental emergencies. The laboratory assures the quality of other laboratories performing work for environmental monitoring programs by certifying those that comply with various quality criteria and procedures. These activities are performed pursuant to statutory authority assigned to the commissioner of health.

Laboratory clients include department programs, other state and federal agencies, local health departments, environmental laboratories, and private health care providers. Clients rely upon laboratory data to assess the effectiveness of their programs for policy development and for planning future disease and environmental control activities. The laboratory is focusing on serving client needs by decreasing turnaround times, minimizing per-test cost increases, and improving the quality of data used for investigations. This will be achieved in part, through further computerization, through implementation of more rapid methods of analysis, and through the use of continuous quality improvement problem-solving teams.

As indicated in greater detail in the laboratory's performance report, the laboratory primarily fulfills the public health core functions of assessment by providing reliable and consistent quantitative information upon which other public health and environmental programs base their decisions and assurance through activities designed to assure laboratory service availability and environmental laboratory test quality.

BUDGET ISSUES:

The fee for screening all newborns for metabolic diseases will be increased to cover ongoing operating costs. The laboratory will also replace aging and outdated equipment. This cost-effective screening program minimizes the health and developmental consequences of certain inherited diseases in newborns.

REVENUE:

The laboratory proposes that the newborn metabolic screening fee be increased from \$13.00 to \$21.00, effective 7-1-97. The fee was last raised in 1990. Revenue from this fee is deposited into the State Government Special Revenue Fund. The fee increase will eliminate a 1997 deficit and assure sufficient revenue to cover projected program cost increases through the year 2001.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: PUBLIC HEALTH LABORATORIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,738	4,031	4,010	4,102	4,102	4,051	4,124	4,124
OPERATING EXPENSES	1,640	2,139	1,643	1,896	1,896	1,643	1,815	1,815
SUBTOTAL STATE OPERATIONS	5,378	6,170	5,653	5,998	5,998	5,694	5,939	5,939
TOTAL EXPENDITURES	5,378	6,170	5,653	5,998	5,998	5,694	5,939	5,939
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SGS		95			100	
TECHNICAL REALLOCATIONS		SGS		100			90	
NEWBORN METABOLIC TESTING		SGS		150			55	
TOTAL AGENCY PLAN ITEMS				345			245	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	924	1,044	1,051	1,051	1,051	1,073	1,073	1,073
STATE GOVERNMENT SPECIAL REVENUE	1,173	1,271	1,149	1,494	1,494	1,168	1,413	1,413
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2,460	3,071	2,669	2,669	2,669	2,669	2,669	2,669
FEDERAL	819	772	772	772	772	772	772	772
GIFT	2	12	12	12	12	12	12	12
TOTAL EXPENDITURES	5,378	6,170	5,653	5,998	5,998	5,694	5,939	5,939
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2,706	2,669	2,669	2,669	2,669	2,669	2,669	2,669
FEDERAL	645	672	672	672	672	672	672	672
GIFT	7	7	12	12	12	12	12	12

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: HEALTH PROTECTION
ACTIVITY: PUBLIC HEALTH LABORATORIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	1,207	998	1,087	1,607	1,607	1,087	1,607	1,607
TOTAL REVENUES COLLECTED	4,565	4,346	4,440	4,960	4,960	4,440	4,960	4,960
FTE BY EMPLOYMENT TYPE:								
REGULAR	84.5	89.7	89.7	89.7	89.7	89.7	89.7	89.7
TEMP/SEAS/PART_TIME	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
TOTAL FTE	85.9	91.1	91.1	91.1	91.1	91.1	91.1	91.1

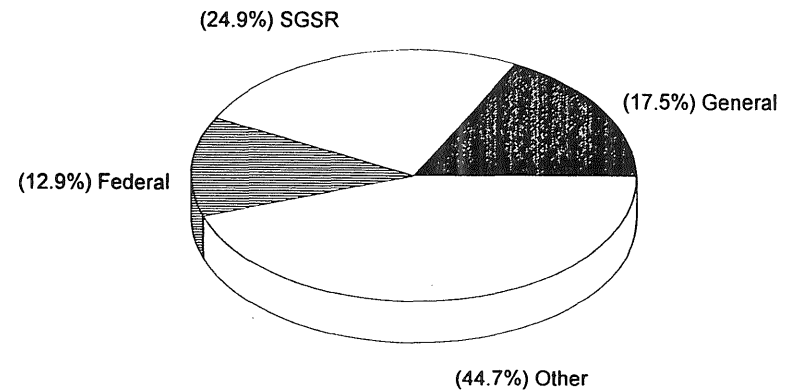
Minnesota Department of Health

Fiscal Summary

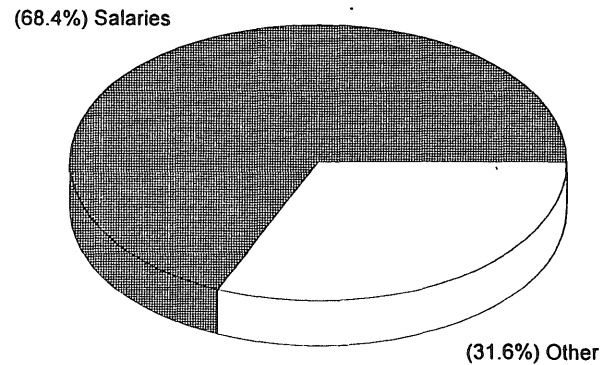
Public Health Laboratories

F.Y. 1998 Agency Plan

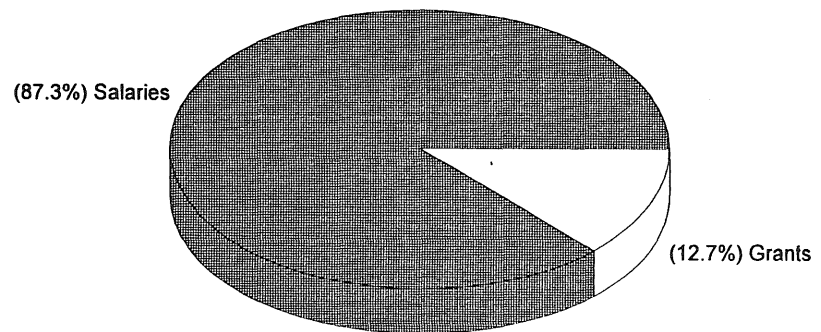
Resources \$6.0 million



Total Expenditures
\$6.0 million



General Fund Expenditures
\$1.1 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Health Protection
ACTIVITY: Public Health Laboratory
ITEM TITLE: Newborn Metabolic Testing

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
State Government				
- Special Revenue Fund	\$150	\$55	\$55	\$55
Revenues: (\$000s)				
State Government	\$520	\$520	\$520	\$520
-Special Revenue Fund				

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$150,000 in F.Y. 1998 and \$55,000 in F.Y. 1999 to cover increased test costs for the newborn metabolic testing program. This includes a one-time appropriation of \$95,000 for equipment replacement.

The Governor is also recommending the companion Newborn Metabolic Testing initiative in the Health Systems and Special Populations program section of this document. The combination of laboratory screening with follow-up care activities is a unique partnership between the Public Health Laboratory and the Family Health Division and maximizes the likelihood that intervention occurs at the earliest opportunity.

RATIONALE:

M.S. 144.125 requires tests for inborn metabolic errors be performed on all newborns.

The Public Health Laboratory screens for 5 metabolic disorders (phenylketonuria, galactosemia, hypothyroidism, hemoglobinopathies, and congenital adrenal hyperplasia) on ~65,000 newborns each year. The incidence of these disorders is low (~30 per year total), but the impact of early intervention is high. Early treatment can prevent the outcomes of the disorder. Annual costs of long term care, education, and loss of income, associated with failure to identify and treat these infants, make this a cost effective program.

The appropriation will support replacement of aging equipment, cover laboratory cost increases, and recover an anticipated deficit in 1997.

The appropriation will ensure continuation of the metabolic testing program upon which physicians and parents rely to help identify metabolic disorders in infants early after birth so that intervention

can be initiated, and mental retardation, developmental disabilities, and even death can be avoided.

M.S. 144.125 requires that this program be self-supporting. The fee will be raised from \$13.00 to \$21.00 effective 7-1-97 to assure that revenue covers all program costs through 2001. The fee was last raised in 1990, based on a birth rate of 70,000, to provide sufficient revenue for 4 years. The birth rate decreased to ~65,000 which caused a decrease in revenue while supply costs increased. The \$21.00 fee is based on ~65,000 births, and provides sufficient revenue for 4 years. Action in 1997 is important to address increased costs. Without this appropriation, the department will need to reduce or eliminate screening for 2 of the 5 disorders.

The increase in revenues reported above does not match the requested increased appropriation because we will be recovering a shortfall which will occur at the end of F.Y. 1997, and anticipated increasing supply and personnel costs through 2001.

PROGRAM OUTCOMES:

The requested appropriation will ensure continuation of the screening program.

LONG-TERM IMPACT:

The appropriation will help the state maintain a cost-effective program to minimize the health and developmental consequences of certain inherited diseases in newborns.

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PROGRAM: Management and Support Services
AGENCY: Health, Department of (MDH)

PROGRAM DESCRIPTION:

The Management and Support Services Program provides executive level policy and leadership for the state and the agency on public health and health care issues.

The program also provides financial management, human resource management, information system and technology support, communication services, and operational support services to department.

PROGRAM STATUS:

There have been several key organizational changes made at MDH in order to efficiently manage operations and effectively adapt to a constantly changing landscape. This process began in 1994 when the department began to define the appropriate role of public health in an integrated health care delivery system. This definition included a commitment to strengthen core public health functions.

In 1995, the governor and the commissioner of health determined that the department's organizational arrangements and management practices should be assessed to determine the department's ability to respond to the changing definition of health care and public health.

Profound new pressures are at the door that will transform every government institution. The state and federal governments must continue to seriously address health care budget measures. How we respond to these challenges has everything to do with how successful MDH will be in protecting, maintaining, and improving the health of the citizens of the state.

MDH's organizational structure was designed to be responsive to the challenges that lie ahead. MDH was not interested in just moving boxes but in clearly examining functions, operations, and resources in the context of developing the ability to adapt to a constantly changing landscape.

In 1995, the department was organized into a health systems and special populations programmatic focus and a population-based/assessment programmatic focus. In addition, an Office of Budget and Legislation and an Office of Policy was established in the Executive Office. The organizational changes signaled a transition from a traditional, fairly rigid bureaucracy with central fiscal control to a more flexible organization with greater expectations for leadership and teamwork placed on all employees.

PLANNED RESULTS:

Throughout 1996, the department has been working on a process to manage change. The process was designed to improve or enhance ways for employees to work together to develop priorities and make decisions. The outcome is a vision and a set of guiding principles which will allow the department to attain its goals and improve outcomes.

The agency plan will allow the reported performance measures from the 1996 Annual Performance Report to be accomplished. General performance measures for this program are integrated into the agency's program activity objectives and goals.

BUDGET AND REVENUE SUMMARY:

Information resource management (IRM) provides agency and information resource community users an effective way to get more out of their investments in information resources. In order to coordinate the department's efforts in this area, we have established the position of Chief Information Officer within the executive office of the agency.

Information Technology (IT) has never been more critical to quality of life and economic vitality. This is an issue that touches every citizen throughout the state of Minnesota. The MDH has a large responsibility in this area. Both external and internal interviews have stated that the department is the responsible entity for serving as a sound data source specifically for the measurement of the health status of populations.

Historically, public health has collected data to serve a particular program need. "Silos" of data have been created for specific programs such as cancer, communicable disease, injuries, and health behaviors. However, in the future, public health will be expected to carry out health status assessment functions with greater sophistication and in greater detail. As the health care system increasingly shifts toward a population-based focus, the interests of public health and the health care sector are beginning to converge. As both the interests and population-of-interest in these two sectors converge, there is a real opportunity to integrate health promotion and disease prevention into health care delivery.

To move in this direction, health care organizations and the public health community will need to coordinate not only their roles and responsibilities, but also their information systems. The challenge and opportunity facing the MDH will be to more fully assess and assure the health status of the population. Since there is no single data set or system that the department can utilize to address these needs, the department will create collaborative, coordinated ways to collect, analyze, determine appropriate indicators, share and distribute information about population health status from multiple information sources.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan and recommends an additional \$250,000 from the General Fund in F.Y. 1998 and \$250,000 in F.Y. 1999 for the department's information resource management infrastructure.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FINANCE & ADMINISTRATION	9,244	10,860	10,092	10,092	10,092	10,306	10,306	10,306
MANAGEMENT SUPPORT	2,701	2,846	2,715	2,808	3,058	2,768	2,861	3,111
TOTAL EXPENDITURES BY ACTIVITY	11,945	13,706	12,807	12,900	13,150	13,074	13,167	13,417
AGENCY PLAN ITEMS:		FUND						
TECHNICAL REALLOCATIONS		GEN		<65>			<65>	
TECHNICAL REALLOCATIONS		SGS		158			158	
TOTAL AGENCY PLAN ITEMS				93			93	
GOV'S INITIATIVES:		FUND						
(B) ESTABLISH IRM INFRASTRUCTURE		GEN			250			250
TOTAL GOV'S INITIATIVES					250			250
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	2,357	2,764	2,957	2,892	3,142	3,082	3,017	3,267
STATE GOVERNMENT SPECIAL REVENUE				158	158		158	158
HEALTH CARE ACCESS	116	147	149	149	149	151	151	151
TRUNK HIGHWAY	15							
STATUTORY APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		199	199	199	199	199	199	199
HEALTH CARE ACCESS		77	77	77	77	77	77	77
SPECIAL REVENUE	9,308	10,360	9,266	9,266	9,266	9,406	9,406	9,406
FEDERAL	149	153	153	153	153	153	153	153
GIFT		6	6	6	6	6	6	6
TOTAL EXPENDITURES	11,945	13,706	12,807	12,900	13,150	13,074	13,167	13,417
FTE BY EMPLOYMENT TYPE:								
REGULAR	117.7	117.4	117.4	117.4	120.4	117.4	117.4	120.4
TEMP/SEAS/PART_TIME	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
OVERTIME	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
TOTAL FTE	122.7	122.4	122.4	122.4	125.4	122.4	122.4	125.4

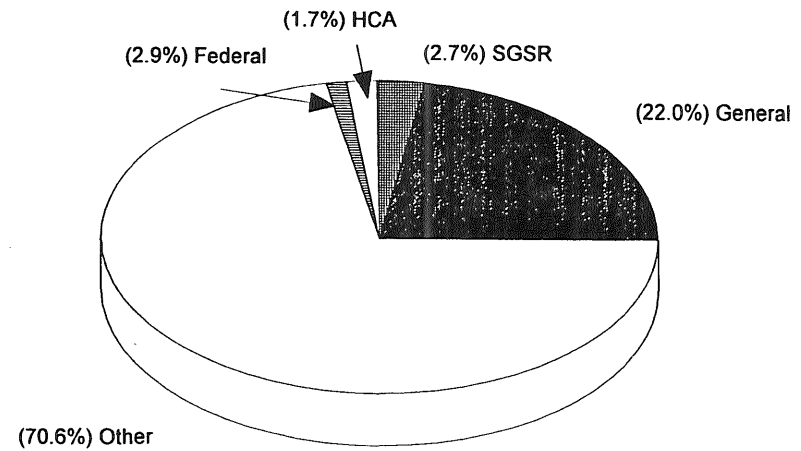
Minnesota Department of Health

Fiscal Summary

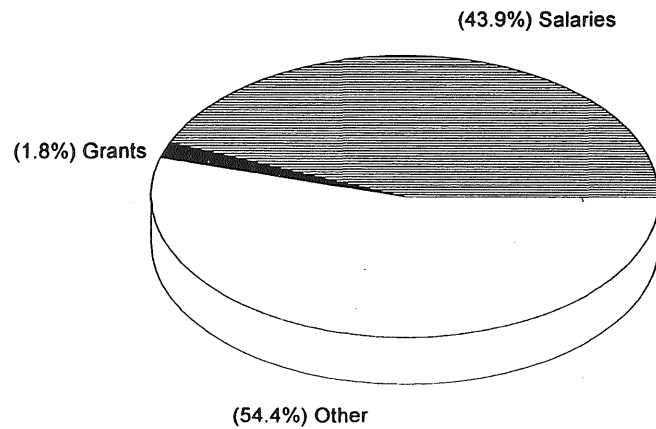
Management & Support Services

F.Y. 1998 Agency Plan

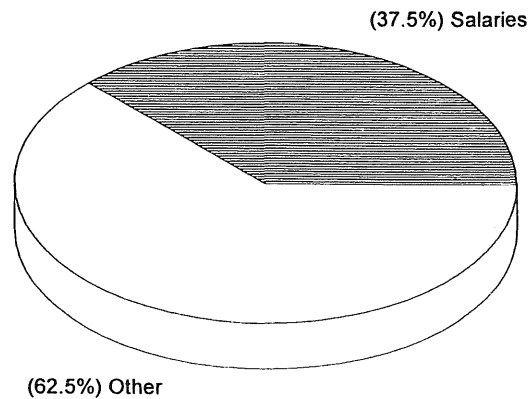
Resources \$12.9 million



Total Expenditures \$12.9 million



General Fund Expenditures \$2.9 million



BUDGET ACTIVITY: Finance and Administration
PROGRAM: Management and Support Services
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

This activity provides a centralized system of support services for the department.

Field Services includes the maintenance and operations support for seven district offices (Duluth, Bemidji, St. Cloud, Fergus Falls, Mankato, Rochester, Marshall) and receptionist and clerical support for all department programs. The purpose is to house and serve department staff by providing space, equipment, and support services so that staff can effectively provide quality public health services to our customers throughout the state.

Financial Management maintains a centralized budgeting, accounting, and financial reporting system to assure proper accounting and reporting of all fiscal transactions for all department activities. This section is also responsible for the department's federal grants coordination system, which includes assistance in preparing applications, monitoring budgets, cash management through the Letter of Credit system, preparing required financial reports, and completing the financial statements for single audit purposes.

Information Systems & Technology includes the development and maintenance of support services for effective management of information systems, records management, telecommunications systems, and technology enhancements necessary for an environment conducive to informed decision-making and to efficient and effective performance by all activities in the department. These support services administer the department's computer network and technology infrastructure that connects 1,200 MDH computers and all buildings both in the metro area and field offices, and with other state offices and the Internet, administers 9 MDH local area networks and their servers, directly supports computer users in the Finance and Administration division and the Executive Office, and administers the MDH telephone and voice mail systems. Its records management officer ensures that all MDH records series have retention schedules so that records are stored and disposed of properly.

Operations Support Services includes direct and indirect support to the various divisions and laboratories of the department in various locations. These support services are designed to promote department efficiency and effectiveness and include contract management, purchasing, stores, warehousing, shipping, receiving, janitorial, leasing, space planning, security, recycling, duplicating, mailing, packaging, and other related services. Operations Support Services has three major goals:

1. To provide physical facilities that are safe, secure, and adequate for the varied activities of the department.
2. To insure that the goods and services needed by programs are delivered to meet customer requirements.
3. To provide general support services that meet customer requirements and enhance the ability of department programs to achieve excellence.

Continuous improvement is emphasized in order to better identify customer requirements for support services and to redesign these services to insure customer satisfaction. Focus group, surveys, and other means of generating customer information have been used to help determine customer requirements and opportunities for improvement. The task of providing these services, however, has been made more difficult by the number of major locations needing to be served.

Disability Determinations reviews and provides initial and annual determinations of disability for the Teachers Retirement Association, the Public Employees Retirement Association and the State Retirement System.

BUDGET ISSUES:

- The department's Chief Information Officer (CIO) will take leadership in articulating the overall perspective and priorities for managing the departments information resources. The CIO will ensure information sharing throughout the MDH and provide for data and technology services to the MDH divisions. Some restructuring and refocusing of the Information Systems and Technology section may result.
- Driven by public expectations of improved public health services, the department has grown from 340 people in 1968 to over 1,000 individuals in 1994.

The Department has juggled the space requirements of its divisions by internal reduction of space per person and leasing off-site office facilities. The separation of the department's divisions into several locations has made coordination less efficient, has diminished the opportunity for facilities and equipment sharing, and has become a considerable obstacle to convenient public access.

In response to these problems and consistent with the "Long Range Plan for Locating State Agencies," the 1994 legislature appropriated funds "For predesign of a new health building and parking ramp in the capitol complex area in St. Paul."

Funds were not appropriated, however, in 1996 for the next phase, which would have been the design phase. This has caused a significant delay in the long term resolution of the department's continuing facility issues.

As detailed in the "Minnesota Department of Health Building Predesign Report", the most pressing facility problem is the physical separation of divisions and programs resulting in a strong negative impact on operational efficiency, communications, interdivisional synergy, and department identity to citizens and staff.

The department is being forced to reevaluate its less desirable alternatives, such as leasing additional space, which were also detailed in the predesign report. Although this is not in the long term best economic interests of the state, it is necessary to meet the operational needs of the MDH.

REVENUE:

The department proposes no changes that affect the revenue generated by this activity.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES
ACTIVITY: FINANCE & ADMINISTRATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,157	3,301	3,369	3,369	3,369	3,449	3,449	3,449
OPERATING EXPENSES	6,077	7,559	6,723	6,723	6,723	6,857	6,857	6,857
OTHER EXPENSES	10							
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	9,244	10,860	10,092	10,092	10,092	10,306	10,306	10,306
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	9,244	10,860	10,092	10,092	10,092	10,306	10,306	10,306
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
TECHNICAL REALLOCATIONS		GEN		<158>			<158>	
TECHNICAL REALLOCATIONS		SGS		158			158	
=====		=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS								
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	1,793	2,016	2,298	2,140	2,140	2,408	2,250	2,250
STATE GOVERNMENT SPECIAL REVENUE				158	158		158	158
TRUNK HIGHWAY	15							
STATUTORY APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		199	199	199	199	199	199	199
HEALTH CARE ACCESS		77	77	77	77	77	77	77
SPECIAL REVENUE	7,410	8,551	7,501	7,501	7,501	7,605	7,605	7,605
FEDERAL	26	17	17	17	17	17	17	17
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	9,244	10,860	10,092	10,092	10,092	10,306	10,306	10,306
=====								
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	7,576	7,513	7,262	7,262	7,262	7,369	7,369	7,369

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES
ACTIVITY: FINANCE & ADMINISTRATION

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
GIFT			1	1	1	1	1	1
TOTAL REVENUES COLLECTED	7,576	7,513	7,263	7,263	7,263	7,370	7,370	7,370
FTE BY EMPLOYMENT TYPE:								
REGULAR	76.2	76.9	76.9	76.9	76.9	76.9	76.9	76.9
TEMP/SEAS/PART_TIME	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
OVERTIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	80.2	80.9	80.9	80.9	80.9	80.9	80.9	80.9

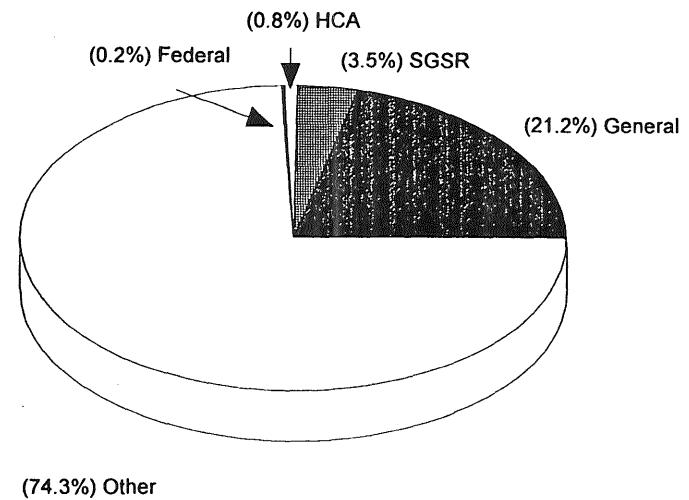
Minnesota Department of Health

Fiscal Summary

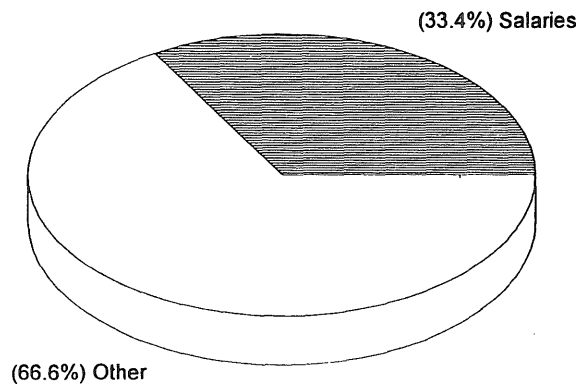
Finance & Administration

F.Y. 1998 Agency Plan

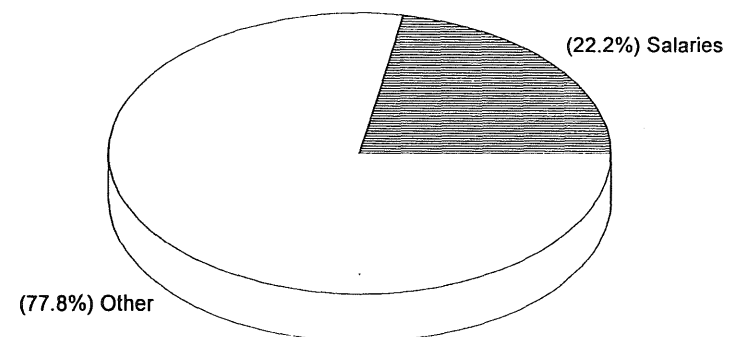
Resources \$10.1 million



Total Expenditures \$10.1 million



General Fund Expenditures \$2.1 million



1998-99 Biennial Budget

BUDGET ACTIVITY: Management Support
PROGRAM: Management & Support Services
AGENCY: Health, Department of (MDH)

ACTIVITY DESCRIPTION:

Management Support - Provides the executive leadership and management to effectively coordinate the activities of the MDH. It is comprised of the following:

- **Executive Team** provides policy and budget management direction and leadership for the department. The executive team develops and implements departmental policies and provides leadership to the state in developing public health priorities. It is comprised of the Commissioner, the Deputy Commissioner, the Assistant Commissioner of Health Systems and Special Populations, the Assistant Commissioner of Health Protection, the Director of Budget and Legislation, the Director of the Office of Public Affairs, the Director of the Office of Planning and Evaluation, and the Director of Human Resource Management.

Over the past year the Executive Team has initiated a department-wide process to manage change. The process was designed to create new ways for managers and employees to work together to develop priorities and make decisions. The outcome is a vision and a set of guiding principles with a strong commitment from all employees at the department to work within a model of shared leadership.

- **Office of Budget and Legislation** provides direction and advice to the department in the areas of budget and legislation. This position provides the direct supervision to the Division of Finance and Administration, and is currently the Chief Information Officer of the department.
- **Office of Planning and Evaluation** provides leadership and guidance to the department in the areas of policy, planning, and evaluation. This position also provides direct supervision and guidance to the following activities:
 - Office of Minority Health, which provides the coordination of departmental and community minority health activities; and evaluates, researches and reports on the status of minority health.
 - Comprehensive School Health Program, which is a planned and coordinated school-based program designed to enhance child and adolescent health.
- **Human Resource Management** provides a wide range of full-service human resource management services which contributes to the ability of the department to achieve its mission. Utilizing the framework of the state's civil service system, this activity includes recruitment and staffing, job evaluation and classification, labor/management relations, training and development, compensation and benefit administration, payroll administration, performance management, employee safety, diversity and affirmative action, employee relations and human resource planning, and policy development and administration.
- **Office of Public Affairs** disseminates information to the general public through the media and other public information materials. This information includes reports on disease outbreaks, regulatory activities, and other public health issues. The Communications Office also responds to requests from the general public and the media for information about MDH programs and

activities and public health issues. The MDH library responds to the knowledge-based information needs of the department staff, public health and school health personnel throughout the state, community health agency staff, other libraries, and the public. Information is provided from the MDH collection, interlibrary loans, Internet sources, and database vendors. The MDH Information Clearinghouse responds to health policy or reform questions from health care providers and the general public. The library also administers the pamphlet request system and the audiovisual library.

BUDGET ISSUES:

- The department's Chief Information Officer (CIO) will take leadership in articulating the overall perspective and priorities for managing the department's information resources. The CIO will ensure information sharing throughout the MDH and provide for data and technology services to the MDH divisions. This effort is important in the development of department wide policies, plans, and data coordination and sharing.
- In the human resource management area, additional resources will be reallocated from other programs for the development, design, conduct and evaluation of department-wide training in order to build the capacity of our workforce to perform at the highest level possible and to be positioned for the future.

REVENUE:

The department is not proposing any changes that will affect revenue generated by this activity.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES
ACTIVITY: MANAGEMENT SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2,167	2,261	2,289	2,289	2,489	2,342	2,342	2,542
OPERATING EXPENSES	528	585	426	519	569	426	519	569
SUBTOTAL STATE OPERATIONS	2,695	2,846	2,715	2,808	3,058	2,768	2,861	3,111
LOCAL ASSISTANCE	6							
TOTAL EXPENDITURES	2,701	2,846	2,715	2,808	3,058	2,768	2,861	3,111
AGENCY PLAN ITEMS:		FUND						
TECHNICAL REALLOCATIONS		GEN		93			93	
TOTAL AGENCY PLAN ITEMS				93			93	
GOV'S INITIATIVES:		FUND						
(B) ESTABLISH IRM INFRASTRUCTURE		GEN			250			250
TOTAL GOV'S INITIATIVES					250			250
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	564	748	659	752	1,002	674	767	1,017
HEALTH CARE ACCESS	116	147	149	149	149	151	151	151
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	1,898	1,809	1,765	1,765	1,765	1,801	1,801	1,801
FEDERAL	123	136	136	136	136	136	136	136
GIFT		6	6	6	6	6	6	6
TOTAL EXPENDITURES	2,701	2,846	2,715	2,808	3,058	2,768	2,861	3,111

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH DEPT
PROGRAM: MANAGEMENT & SUPPORT SERVICES
ACTIVITY: MANAGEMENT SUPPORT

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	1,987	1,948	1,877	1,877	1,877	1,910	1,910	1,910
FEDERAL	123	376	377	377	377	379	379	379
GIFT	1	1	6	6	6	6	6	6
=====								
TOTAL REVENUES COLLECTED	2,111	2,325	2,260	2,260	2,260	2,295	2,295	2,295
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	41.5	40.5	40.5	40.5	43.5	40.5	40.5	43.5
TEMP/SEAS/PART_TIME	.9	.9	.9	.9	.9	.9	.9	.9
OVERTIME	.1	.1	.1	.1	.1	.1	.1	.1
=====								
TOTAL FTE	42.5	41.5	41.5	41.5	44.5	41.5	41.5	44.5
=====								

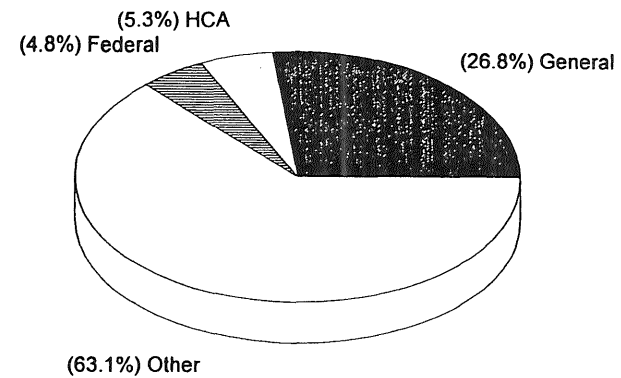
Minnesota Department of Health

Fiscal Summary

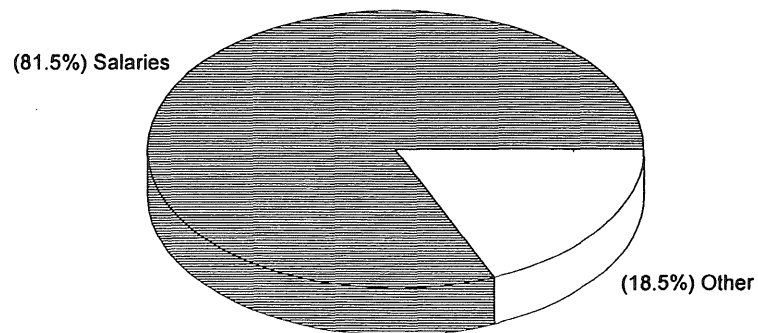
Management Support

F.Y. 1998 Agency Plan

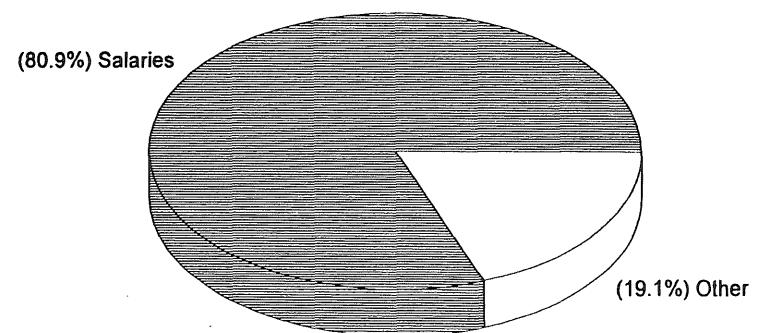
Resources \$2.8 million



Total Expenditures
\$2.8 million



General Fund Expenditures
\$0.8 million



F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Health, Department of (MDH)
PROGRAM: Management and Support Services
ACTIVITY: Management Support

ITEM TITLE: Information Resources Management (IRM) Infrastructure

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$250	\$250	\$250	\$250
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$250,000 for F.Y. 1998 and \$250,000 for F.Y. 1999 for information resources management infrastructure. The Information Policy Office awarded a rating of excellent to this initiative.

RATIONALE:

The MDH has a responsibility for the measurement of health status of populations. The current approach to information management makes it difficult to meet these demands. Historically, public health has collected data to serve a particular program need. "Silos" of data have been created for specific programs such as cancer, communicable disease, injuries, and health behaviors. Historically, these silos have been built as a result of federal categorical program funds. Using the silo approach, applications are designed to collect, store, and analyze data for a single purpose. While this approach has served specific public health programs and interventions well, silos are not conducive to answering questions about overall population health status.

The future of public health will include managing health status assessment functions with greater sophistication and in greater detail. As the health care system increasingly shifts toward a population-based focus, the interests of public health and the health care sector converge. With the growth of managed systems of care, the responsibility for defined populations of enrollees, and the emergence of health care plan "report cards" the health care system is becoming a more suitable vehicle for achieving certain public health objectives (such as the delivery of clinical preventive services). Both state and local public health agencies are responsible for assuring that the enrollees of these health delivery systems are receiving appropriate services. As the interests of the public and private sectors converge, there is an opportunity to integrate health promotion and disease prevention into health care delivery.

The challenge and opportunity facing MDH is to more fully assess and assure the health status of the population and of sub-groups of the population. Since there is no single data set or system that the department can utilize to address these needs, we will develop collaborative, coordinated ways to collect, analyze, and determine appropriate indicators and share and distribute information about population health status from multiple information sources.

PROGRAM OUTCOMES:

The department proposes a coordinated information system approach to providing leadership for the collection, analysis, dissemination, and accessibility of information in support of population health goals. MDH will establish an ongoing process and organizational structure to align use of data and technology with the department's mission.

This initiative will fund agency-wide IRM activities including: the installation of a network security system, an upgrade of the current network operating system to provide a seamless network across the agency, equipment, facilitation of internal enterprise-wide data management planning activities, and training and assistance on data modeling.

In addition, the proposal includes an analyst to lead the department in data administration, developing policies and specifications, and assisting in information planning and data management practices; and an analyst to perform department data modeling and ensure that system development is consistent with department models.

LONG-TERM IMPACT:

This initiative will enable and support integration of data and effective infrastructure on an organization-wide basis, critical for the effective management of information resources and collaboration with the demands and needs of its partners at federal, state, and local government levels, as well as with the private sector. The extent to which public health achieves its mission depends, in large part, on the availability of accurate, comparable, timely, and complete information. In fact, the collection, analysis, use, and communication of health-related information is the quintessential public health service, undergirding all others. Meeting these information needs depends on the effective management of the department's information resources.

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1998-99 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: Veterans Homes Board

PROGRAM

PAGE

VETERANS HOMES

C-358

Minneapolis Veterans Home
Hastings Veterans Home
Silver Bay Veterans Home
Luverne Veterans Home
Fergus Falls Veterans Home
Board of Directors

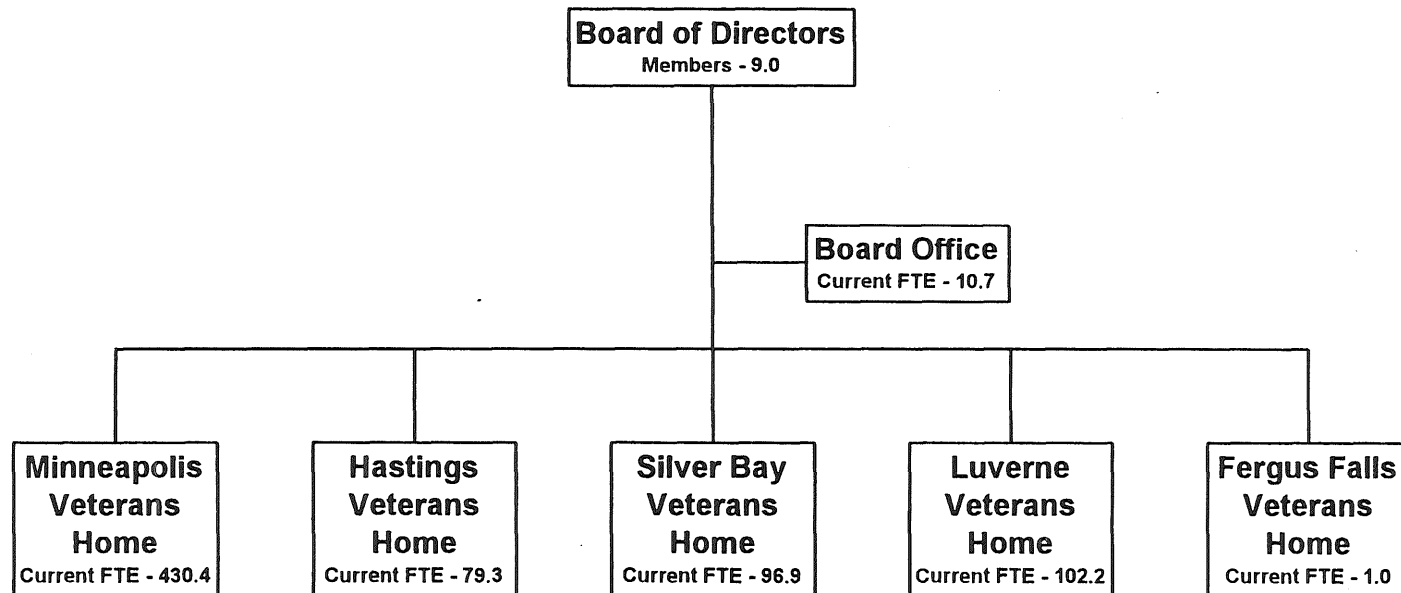
DESIGNATED CONTRIBUTIONS

C-382

DEDICATED RESOURCES

C-384

Minnesota Veterans Homes Organization Chart



June 30, 1996 FTE Employees: 720.5

**1998-99 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Veterans Homes Board

Fund: General

Summary of Agency Actions:

	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 98-99</u>
<u>BASE-YEAR (F.Y. 1997)</u>			
Appropriations (F.Y. 1997)	\$18,739	\$18,739	\$37,478
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(125)	(125)	(250)
Doc-Space Rent/Lease Increase	2	3	5
1998-99 Compensation Inflation	<u>373</u>	<u>755</u>	<u>1,128</u>
<u>BASE LEVEL (for 1998 and 1999)</u>	\$18,989	\$19,372	\$38,361
<u>AGENCY DECISION ITEMS</u>			
Fergus Falls Operational Phase-up	2,000	2,120	4,120
Hastings Domiciliary Beds Full Utilization	<u>810</u>	<u>903</u>	<u>1,713</u>
<u>AGENCY PLAN (for 1998 and 1999)</u>	\$21,799	\$22,395	\$44,194
<u>GOVERNOR'S INITIATIVES</u>			
Emergency Fire/Sewer-Mpls. Campus	1,270	-0-	1,270
Minneapolis Campus Infrastructure Design	<u>662</u>	<u>-0-</u>	<u>662</u>
GOVERNOR'S RECOMMENDATIONS	\$23,731	\$22,395	\$46,126

Brief Explanation of Agency Plan:

- The agency plan includes \$2,000,000 in F.Y. 1998 and \$2,120,000 in F.Y. 1999 to fund the initial operation of the new Fergus Falls home.
- The agency plan includes \$810,000 in F.Y. 1998 and \$903,000 in F.Y. 1999 to complete the operational phase-up to the licensed level of beds in the Hastings home.
- The agency plan includes continued operation of the existing veterans homes at approximately the same level of service. The Minneapolis home, however, will experience some fluctuation in its level of service during the campus renovation.

Revenue Summary:

The agency plan has no impact on general fund revenues. The plan will generate dedicated receipts in the Miscellaneous Special Revenue Fund, Miscellaneous Agency Fund, and the Gift Fund.

Affected Statutes:

None.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends funding for the following initiatives:

- \$1,270,000 from the General Fund in F.Y. 1998 for emergency utility infrastructure repairs at the Minneapolis Campus; and
- \$662,000 from the General Fund in F.Y. 1998 for design costs associated with a future utility infrastructure upgrade project at the Minneapolis Campus.

1998-99 Biennial Budget

AGENCY: Veterans Homes (MVH)

AGENCY DESCRIPTION:

The purpose of the Minnesota Veterans Homes (MVH), under M.S. 198, is to "provide nursing care and related health and social services for veterans and their spouses who meet the eligibility and admission requirements of the Minnesota veterans homes."

The department's commitment to veterans and their families is set forth in the mission statement adopted by the Veterans Homes Board of Directors:

The mission of the Veterans Homes Board is to oversee and guarantee high-quality health care for veterans and dependents in its care.

This mission is demonstrated by:

- Targeting services to veterans with special needs.
- Supporting research and education in geriatrics and long term care.
- Providing a therapeutic environment that encourages resident independence, respects individuality, and promotes self-worth and well-being.
- Continuous evaluation of care and services to be responsive to changing needs.
- Managing the Veterans Homes with honesty, integrity, and cost effectiveness.
- Recognizing employees for their contributions.
- Working cooperatively with the medical communities.

To accomplish this mission, our homes located in Minneapolis, Hastings, Silver Bay, Luverne, and (soon to be) Fergus Falls provide domiciliary or skilled nursing care services to our veterans in the "least restrictive, most appropriate level of care available."

The department is organized into 3 programs: 1) veterans homes, 2) designated contributions, and 3) dedicated resources.

Clientele include veteran residents, their families, veterans organizations, and the citizens of the State of Minnesota.

MVH supports the Minnesota Milestones in providing services to residents.

AGENCY ISSUES:

The following factors shape and change the services provided to residents:

- Increases in medical and health care costs. Inflation in the cost of health care goods and services challenges MVH to maintain high quality of care services while striking a balance between the capacity levels the department is budgeted to serve and the maximum number of clients the department is licensed to serve.

The Silver Bay, Luverne and Hastings veterans homes have begun networking with the U.S. Department of Veterans Affairs (USDVA) clinics through a video teleconferencing and teleconsulting network. This capability will reduce the number of times residents will need to be transported to the Minneapolis Veterans Affairs Medical Center (VAMC) for consultations and

treatments. Another benefit will be the additional training opportunities to the homes and the surrounding communities. The agency seeks to expand video teleconferencing and teleconsulting capabilities to the Minneapolis home.

- Changes in medical and health care delivery requirements. Revision of state and federal regulations under which we are licensed require us to adopt changes in provision of care and especially in documentation and monitoring of care given.

The agency has completed initial installation of a management information system (MIS) that has Local Area Networks (LANs) at each home and is connected to the Wide Area Network (WAN) of the agency. The agency has selected a long term care software package that is used by the homes to manage documentation needs in a more cost effective manner. This software enables the homes to expand Quality Assurance (QA) programs in Total Quality Management (TQM) programs. The data capabilities provided by the software increases the information available to manage decision making.

- Changing medical and health care needs of our residents. Our aging veteran population has increasing health and behavioral problems. Currently, the majority of our veterans in skilled nursing care are from World War II, and are in their 70's.

The Korean/Vietnam Era veterans admission requests are increasing. Many of the health care needs of these 2 distinct population groups are different from the WW II veterans. This will require changes in our programs, service delivery methods, and staff training. The homes' domiciliary care programs have begun to transition their programs to provide the services and treatments these veterans require.

The homes are caught between hospitals reducing their costs by discharging patients earlier and the homes' abilities to provide services to residents. The homes have increasing demand to provide oxygen therapy, gastro-enteral feedings, and wound care to residents being discharged from acute care settings. To provide these treatments is both expensive and staff intensive.

- Facility renovation and construction. The Minneapolis home is in the initial stages of a 5 year campus renovation project that will bring the home up to current health care standards. The Hastings home is in the final stages of renovating building 23 up to its licensed level of 200 domiciliary beds. Federal reimbursement for these projects has been requested. Federal funds have been approved and are being received for the Hastings renovations.

A new home is under construction in Fergus Falls. This home, like the Silver Bay and Luverne homes, will not be built with state funds but with local and federal monies.

AGENCY STRATEGIES:

The agency's budget plan is constructed to achieve the following outcomes:

- Funding at capacity levels for the Minneapolis home during the renovation period. As buildings are renovated, we expect our census to fluctuate. Since receipts represent a significant portion of the operating budget, the home will need to rely on its general fund appropriation to maintain minimum service levels.
- Continue expanding QA programs. These programs provide information on the quality of care, how we can implement changes cost effectively, and identify training requirements for staff. These programs will also define how the homes can implement alternative care options for residents that are available to veterans through other health care institutions, especially the

AGENCY: Veterans Homes (MVH)
(Continuation)

VAMC. By implementing the options, the department can insure that it is not duplicating health care services available to our residents through other programs.

- Implementation of TQM programs in each home will require additional staff training to teach employees how to review work systems and processes, to analyze these, and to identify how to improve them. The additional cost will include documentation required to track the employee work groups' efforts and results. The long range goals of both programs are to improve quality of care and increase service delivery options at a reduced cost.

To reduce the costs of implementation of TQM, the agency is working to expand its MIS capabilities. Additional hardware and software programs will enable the department to reduce the cost of documentation, and insure that information is available to management for decision making in a timely manner. To accomplish these changes and insure information can be shared between the homes' employee work groups, the LAN systems will need to be expanded and additional staff added to the network. As employees are added to the LANs, software training will be necessary to insure maximized use of the programs. Also, software programs may need to be customized to the homes' uses.

- Continued review and revision (when necessary) of our rules to insure that the veterans are receiving the highest quality of care available in the least restrictive methods and environments possible, while insuring care is provided in a cost effective manner.

REVENUE SUMMARY:

The department has several sources of dedicated receipts. USDVA per diems and maintenance charges assessed to residents are dedicated to the homes for operations. These revenues have historically supported less than 50% of the fully opened homes operating costs.

Additional funds received by the homes are donations from veterans and non-veterans organizations that are used to supplement the recreational therapy programs provided in our homes. These receipts, per M.S. 198.061, are dedicated to the homes.

SUMMARY OF BUDGET REQUEST:

- Funding to operate the homes, at licensed levels, in a cost effective manner without reducing services to our residents.
- Funding to begin operation of the new Fergus Falls home.
- Funding to complete the operational phase-up to the licensed level of beds in the Hastings home.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends funding for the following initiatives:

- \$1,270,000 from the General Fund in F.Y. 1998 for emergency utility infrastructure repairs at the Minneapolis Campus; and
- \$662,000 from the General Fund in F.Y. 1998 for design costs associated with a future utility infrastructure upgrade project at the Minneapolis Campus.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD

PROGRAM RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
VETERANS HOMES	33,728	36,786	36,937	40,376	42,308	37,320	42,290	42,290
DESIGNATED CONTRIBUTIONS	342	401	617	617	617	506	506	506
DEDICATED RESOURCES	1,208	1,412	1,413	1,413	1,413	1,413	1,413	1,413
TOTAL EXPENDITURES BY PROGRAM	35,278	38,599	38,967	42,406	44,338	39,239	44,209	44,209
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL			18,989	21,799	23,731	19,372	22,395	22,395
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	33,728	36,786	17,948	18,577	18,577	17,948	19,895	19,895
AGENCY	1,208	1,412	1,413	1,413	1,413	1,413	1,413	1,413
GIFT	342	401	617	617	617	506	506	506
TOTAL EXPENDITURES	35,278	38,599	38,967	42,406	44,338	39,239	44,209	44,209
FTE BY EMPLOYMENT TYPE:								
REGULAR	684.9	689.4	689.4	725.1	725.1	689.4	735.4	735.4
TEMP/SEAS/PART_TIME	8.3	8.3	8.3	23.3	23.3	8.3	61.1	61.1
OVERTIME	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
TOTAL FTE	719.5	724.0	724.0	774.7	774.7	724.0	822.8	822.8

1998-99 Biennial Budget Agency Level Revenue Summary

Agency: Veterans Homes Board

REVENUE SOURCES:

The Minnesota Veterans Homes Board generates dedicated revenues. Funds collected are deposited into the Miscellaneous Special Revenue Fund, the Miscellaneous Agency Fund, and the Gift Fund.

The agency estimates Special Revenue Fund receipts of \$17.2 million in F.Y. 1997 which represents 44% of the agency's total resources. Special Revenue Fund receipts include \$7.6 million from federal per diem payments, \$9.1 million from resident maintenance charges, and \$.5 million from service and rental fees.

The Agency Fund is estimated to have receipts of \$1.5 million in F.Y. 1997 which represents 4% of the agency's total resources. These receipts include the residents' trust accounts, canteen operations (in our Minneapolis and Hastings homes), and leasing accounts.

The agency estimates Gift Fund receipts of \$.5 million in F.Y. 1997 which represents 1% of the agency's total resources. The homes deposit all cash donations into the Gift Fund.

FEE STRUCTURE:

The agency has 2 primary sources of income, federal per diem payments and resident maintenance charges, which, when combined with the General Fund appropriation, fund the operations of the homes. Federal per diem payments are set by federal law and are currently at \$39.74 for skilled care and \$16.13 for domiciliary care.

Resident maintenance charges are established as set forth in Minnesota Rules Chapter 9050. A monthly cost of care is first determined for each facility and level of care. Residents are then billed the monthly charge, subject to, among other things, income limitations.

RECENT CHANGES:

In an effort to increase financial flexibility and accountability, the Governor's F.Y. 1994-95 budget recommended that the agency keep all receipts collected from federal per diem payments and resident maintenance charges, and that the General Fund appropriations for the department be reduced accordingly. M.S. 198.34 authorized placement of these receipts in the Special Revenue Fund for operation of the homes. However, the appropriation act did not authorize the transfer of the General fund appropriation to the Special Revenue Fund. Because of the operational difficulties of operating from 2 funds, the Governor's F.Y. 1996-1997 budget recommended that these receipts be deposited to the Special Revenue Fund in accordance with M.S. 198.32, and that direct General Fund appropriations for the operations of homes be transferred into that fund as well. The effect of this transfer has been to allow the agency greater flexibility in the planning, management, and expenditure of its operational resources to meet cost increases and undertake additional projects and services as federal per diem payments increase and as revenue enhancement activities permit.

FORECAST BASIS:

The agency anticipates no significant change in revenue collections under current law. Federal per diem reimbursement rates are subject to changes in federal law which cannot be accurately forecasted. Maintenance charges to residents are limited by resident incomes.

DECISION ITEMS:

The agency is seeking additional funding to reopen 24 beds at the Hastings home and for the start up and opening of the Fergus Falls home. These openings will result in additional revenues to each of the sources listed above, but primarily to the Special Revenue Fund. Estimated receipts in the Special Revenue Fund would increase by \$.6 million in F.Y. 1998 and \$1.9 million in F.Y. 1999.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD

			FY 1998			FY 1999		
		Est.						
SUMMARY OF AGENCY REVENUES	FY 1996	FY 1997	Forecast	Agency Plan	Governor Recomm.	Forecast	Agency Plan	Governor Recomm.
=====								
NON-DEDICATED REVENUE:								

TAXES:								
GENERAL	8							
=====								
TOTAL NON-DEDICATED RECEIPTS	8							
=====								
DEDICATED RECEIPTS:								

DEPARTMENTAL EARNINGS:								
SPECIAL REVENUE	16,558	16,860	16,560	17,189	17,189	17,197	19,144	19,144
OTHER REVENUES:								
SPECIAL REVENUE	285	329	329	329	329	329	329	329
AGENCY	148	201	201	201	201	201	201	201
GIFT	318	536	476	476	476	476	476	476
OTHER SOURCES:								
SPECIAL REVENUE	6							
AGENCY	1,112	1,253	1,253	1,253	1,253	1,253	1,253	1,253
=====								
TOTAL DEDICATED RECEIPTS	18,427	19,179	18,819	19,448	19,448	19,456	21,403	21,403
=====								
AGENCY TOTAL REVENUES	18,435	19,179	18,819	19,448	19,448	19,456	21,403	21,403
=====								

PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

The veterans homes program provides domiciliary (board and care) and skilled nursing care services to residents. These services are provided in veterans' homes located in Minneapolis, Hastings, Silver Bay, and Luverne. The Minneapolis home provides both domiciliary and skilled nursing care. The Hastings home provides domiciliary care. The Silver Bay and Luverne homes provide skilled nursing care. The board office, located in St. Paul, houses a centralized management team that supports the homes and the board of directors.

The goals for the activities in this program are:

- Meeting the needs of this predominately male veteran population, which has chronic physical and mental health care issues and does not fit well into traditional private care settings, while implementing changes in health care delivery methods in compliance with new state and federal regulations.
- Providing a focused and supportive environment that encourages each resident to attain and maintain basic self care whenever possible, and to achieve the highest level of independence possible.
- Whenever possible, to assist the veteran in achieving his/her goal of returning to an independent living situation.

PROGRAM STATUS:

During the 1996-97 biennium the veterans homes:

- Completed the grant application process to receive federal participation for the Minneapolis campus renovation project and prepared to move into the construction phase.
- Completed renovations of the Hastings veterans home building 23 (main domiciliary building). Received federal reimbursement for the project. The home can now return 70 beds to operation.
- Completed phases II and III of the current 4 part MIS plan. Standardized software on all PC's and file servers. Trained employees on use of PC's and software. Installed health care, dietary, and veterans benefits software. Upgraded PC's and file servers to handle MAPS and SEMA4.
- Developed new programs to better meet and coordinate special veteran needs such as a dementia unit, hospice, mental health, chemical dependency, Post Traumatic Stress Disorders (PTSD) and homelessness, etc.
- Continued to accept a management challenge to increase operating receipts. Receipts are now dedicated to the operations of the homes. We have been successful in meeting this challenge. Federal per diems have increased. A complete review of all residents' veterans benefits was accomplished. On behalf of residents, the department filed appropriate forms necessary to establish and/or increase veterans benefits.

- Continued efforts to improve loss control through training to increase awareness of: environmental hazards, safe work habits (workers compensation), American with Disabilities Act compliance, and resident and staff security. Provided training for staff and management as required under the "A Work Place Accident and Injury Reduction Act" (AWAIR). Completed internal safety inspections for each home.
- Expanded Quality Assurance (QA) programs to lay the ground work to transition to Total Quality Management (TQM) programs.
- Continued the transition from program based budgeting to performance based budgeting.
- Increased affiliations with the medical community.

The Board of Directors continues to work with federal, state, local, and private agencies to develop alternative institutional and noninstitutional care programs for veterans and to develop a geriatric research and teaching mission in collaboration with the USDVA and other medical education facilities.

PLANNED RESULTS:

The agency budget plan will allow the homes to continue to meet the following performance measures:

- Occupancy levels will remain at 95% of capacity;
- Expand QA programs into TQM programs; and
- Develop alternative care options.

BUDGET AND REVENUE SUMMARY:

- Funding to operate the homes, at licensed levels, in a cost effective manner without reducing services to our residents.
- Funding to begin operation of the new Fergus Falls home.
- Funding to complete the operational phase-up to the licensed level of beds in the Hastings home.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends funding for the following initiatives:

- \$1,270,000 from the General Fund in F.Y. 1998 for emergency utility infrastructure repairs at the Minneapolis Campus; and
- \$662,000 from the General Fund in F.Y. 1998 for design costs associated with a future utility infrastructure upgrade project at the Minneapolis Campus.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
BOARD OF DIRECTORS	863	851	861	861	861	871	871	871
MPLS VETERANS HOMES	20,253	21,509	21,737	21,737	23,669	21,969	21,969	21,969
HASTINGS VETERANS HOME	4,018	4,755	4,797	6,020	6,020	4,840	6,241	6,241
SILVER BAY VETERANS HOMES	4,221	4,757	4,805	4,805	4,805	4,855	4,855	4,855
LIVERNE VETERANS HOME	4,373	4,689	4,737	4,737	4,737	4,785	4,785	4,785
FERGUS FALLS VETERANS HOME		225		2,216	2,216		3,569	3,569
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	33,728	36,786	36,937	40,376	42,308	37,320	42,290	42,290
=====								
AGENCY PLAN ITEMS:		FUND						
=====		=====						
FERGUS FALLS OPERATIONAL PHASE_UP		GEN		2,000			2,120	
HASTINGS DOMICILIARY BEDS FULL UTILIZATN		GEN		810			903	
FERGUS FALLS OPERATIONAL PHASE_UP		SR		216			1,449	
HASTINGS DOMICILIARY BEDS FULL UTILIZATN		SR		413			498	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				3,439			4,970	
=====								
GOV'S INITIATIVES:		FUND						
=====		=====						
(B) EMERGENCY INFRASTRUCTURE REPAIRS-MPLS		GEN			1,270			
(B) UTILITY INFRASTRUCTURE DESIGN-MPLS		GEN			662			
=====		=====			=====			=====
TOTAL GOV'S INITIATIVES					1,932			
=====								
EXPENDITURES BY FUND:								
=====								
DIRECT APPROPRIATIONS:								
GENERAL			18,989	21,799	23,731	19,372	22,395	22,395
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	33,728	36,786	17,948	18,577	18,577	17,948	19,895	19,895
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	33,728	36,786	36,937	40,376	42,308	37,320	42,290	42,290
=====								
FTE BY EMPLOYMENT TYPE:								
=====								
REGULAR	684.9	689.4	689.4	725.1	725.1	689.4	735.4	735.4

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	8.3	8.3	8.3	23.3	23.3	8.3	61.1	61.1
OVERTIME	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
TOTAL FTE	719.5	724.0	724.0	774.7	774.7	724.0	822.8	822.8

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BUDGET ACTIVITY: Minneapolis Veterans Home
PROGRAM: Minnesota Veterans Homes
AGENCY: Minnesota Veterans Homes

ACTIVITY DESCRIPTION:

The Minnesota Veterans Home in Minneapolis is licensed for 346 skilled nursing care beds and 194 boarding care (domiciliary) beds. Current capacity, however, is 346 skilled and 76 boarding care beds. 118 beds were closed for service in F.Y. 1993, per the laws of 1991, Chapter 324. Our current population is 97% male (with 81% of these from the 7 county metropolitan area), with an average age of 73 (skilled nursing care) and 54 (domiciliary). The veteran population in our program served in 4 war-time conflicts, with World War II having the highest representation (64%) followed by Korean War (17%), Vietnam Era veterans (10%), and World War I (1%). Peace time veterans make up 8% of the total resident population.

The facility provides a continuum of care for A through K level case mix veterans with special medical and psychiatric needs. A significant proportion of residents exhibit moderate to severe behavioral problems and have psychiatric disorders including severe dementia, substance dependence, personality disorders and major mental illnesses. The combination of the special medical needs and the behavioral problems of this population require a higher staffing (to resident) ratio than basic industry standards require.

As required by state and federal regulatory agencies, this home provides the following services for all residents: Rehabilitation Services-- physical, occupational and speech therapies; physician services; chiropractic services; social services; dietary services; recreational therapy; housekeeping and laundry services; chaplaincy services; maintenance services; and non-emergency transportation to and from approved medical providers. In addition, the home makes available mental health, dental, podiatric, optometric, diagnostic and pharmaceutical services to residents.

The Minnesota Veterans Home in Minneapolis continues to expand the geriatric Nurse Practitioner services. Since the last biennium, an additional Nurse Practitioner has been added to the staff. Initiated in the F.Y. 1997, this program allows Nurse Practitioners to act in concert with physicians to improve the quality of care residents receive by supporting the activities of medical staff and working to improve the functioning, proficiency and understanding of all staff giving resident care. Staff from this program have also participated with various organizations to support gerontological research and educational projects. An expected benefit of the program is enhanced medical care and reduced physician costs.

Affiliations continued to be strengthened over the last biennium. The facility has provided a broad variety of clinical experiences from varied educational programs, including intern pharmacists, dieticians, psychologists, nurse practitioners, R.N. students, and other post secondary and graduate students attending colleges and universities in the metropolitan area. The facility also hosts a supported work environment for Minneapolis Public School students who, due to mental handicaps, receive assistance in learning job skills. These community functions are a shared benefit for students and staff alike.

As a community historical resource (the entire Minnesota Veterans Home-Minneapolis campus is listed on the National Register of Historic Places and is considered an integral part of the history of Minneapolis) the 51 acre campus has 18 buildings, some of which date back to the 1890's. As part of maintaining the value of the campus, the facility is beginning a campus-wide renovation. This

project will rehabilitate several buildings and various aspects of the physical environment, reconstituting the campus for continued service to veterans.

BUDGET ISSUES:

A review of the case mix data collected for the Minnesota Veterans Home-Minneapolis reflects a relatively high level of nursing care, with an average case mix ranging from 2.29 (Level F) to 2.56 (Level G). A contributing factor to the high level of case mix is the escalating care needs of many residents combined with new admissions being more fragile and in need of higher level of nursing services, often found within the range of the I, J and K case mix levels. The care level of residents has also been affected by the diagnosis of significant behavioral or psychiatric disorders accompanying new admissions, requiring a more sophisticated and intense program of intervention and treatment. Earlier discharges from acute care settings has become a trend within the field of long-term care, impacting our facility with increased levels of nursing needs, including sub-acute types of care such as highly specialized diets, gastro-ental feedings, wound care, oxygen therapy, extended rehabilitation therapy and sophisticated psychological services.

Increasing case mix levels, correlated with an average age of 73 for skilled care residents, contributes to a shortened length of stay, a phenomenon that is affecting long-term care. New admissions have increased over 60% since 1992, placing changing and more significant demands on facility staff involved with the admission process. All of the primary services associated with the care and adjustment of the resident to the nursing home environment have been dedicating increased levels of time to the admission and discharge process in adjusting to changing trends.

Staff levels within the facility are dictated by strict standards set by state regulations. These staffing levels can be affected by the medical and physical requirement of care, but unfortunately cannot be influenced by behavioral needs and resulting time demands of residents. In working to allocate human resources while carefully administering budgetary concerns, the facility has worked effectively (albeit with occasional high levels of concern) in continuing to provide quality services as reflected in the perfect licensing survey results awarded by the Minnesota Department of Health in the 1996 annual survey.

The program is still faced with staff ratio concerns arising from high case mix levels and fewer dollars available to expend on increasing staff numbers. The facility has adopted a proactive mode in moving forward with significant training for staff in the areas of the Vulnerable Adult Law, the Americans with Disabilities Act and other topics that are essential to have a well prepared work force. Training requirements must be met without decreasing the number of hours dedicated to caring for residents.

We anticipate that the projects involved in the campus renovation plan will take 5 years to complete. During that time, the resident census will fluctuate due to the relocation of residents as various projects progress. Relocating residents will cause severe disruption in their daily lives, creating a need to provide additional mental health services. Fluctuations in census will also directly impact the amount of receipts the home collects.

REVENUE

This activity generates dedicated receipts to the Special Revenue Fund. The 2 primary sources of revenue are federal per diem payments and resident maintenance charges.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: MPLS VETERANS HOMES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	16,784	17,686	17,914	17,914	17,914	18,146	18,146	18,146
OPERATING EXPENSES	3,468	3,822	3,822	3,822	4,695	3,822	3,822	3,822
CAPITAL OUTLAY					1,059			
SUBTOTAL STATE OPERATIONS	20,252	21,508	21,736	21,736	23,668	21,968	21,968	21,968
PAYMENTS TO INDIVIDUALS	1	1	1	1	1	1	1	1
TOTAL EXPENDITURES	20,253	21,509	21,737	21,737	23,669	21,969	21,969	21,969
GOV'S INITIATIVES:								
(B) EMERGENCY INFRASTRUCTURE REPAIRS-MPLS					1,270			
(B) UTILITY INFRASTRUCTURE DESIGN-MPLS					662			
TOTAL GOV'S INITIATIVES					1,932			
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL			10,211	10,211	12,143	10,443	10,443	10,443
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	20,253	21,509	11,526	11,526	11,526	11,526	11,526	11,526
TOTAL EXPENDITURES	20,253	21,509	21,737	21,737	23,669	21,969	21,969	21,969
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	10,829	10,778	10,415	10,415	10,415	11,052	11,052	11,052
NONDEDICATED:								
GENERAL	5							
TOTAL REVENUES COLLECTED	10,834	10,778	10,415	10,415	10,415	11,052	11,052	11,052

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: MPLS VETERANS HOMES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base	Agency	Governor	Base	Agency	Governor
			Level	Plan	Recomm.	Level	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	406.6	406.6	406.6	406.6	406.6	406.6	406.6	406.6
TEMP/SEAS/PART_TIME	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
OVERTIME	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	430.4	430.4	430.4	430.4	430.4	430.4	430.4	430.4

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Minneapolis Veterans Home

ITEM TITLE: Emergency Fire/Sewer - Minneapolis Campus

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,270	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$1,270,000 in F.Y. 1998 for emergency repairs to the fire support and sewer systems at the Minneapolis Veteran Home.

RATIONALE:

The Minneapolis Veterans Home has deficiencies in its utility services that pose severe problems. Engineering investigations into the existing utility services on the campus were recently completed in association with the campus-wide renovation project. These investigations identified system deficiencies that require immediate corrective action. The existing fire protection services and sewer services are not in compliance with governing codes and regulations. In addition, the deteriorated condition of a number of pipe tunnels creates the potential for structural failure and rupture of critical piping services.

Without immediate attention to these deficiencies, the health and safety of the residents could be placed in jeopardy.

The fire protection project would consist of re-engineering the current system to include a closed loop fire support system with additional hydrants and capacity to assure compliance with the flow standards implemented by the Minneapolis Fire Marshall.

The sewer work would eliminate improper sanitary sewer by-passes to the Mississippi River and repair obvious leaks in piping in the tunnel system. This system would assure appropriate discharge of waste from this site. The new sewer system would bring the agency into compliance with standards set by the Minnesota Pollution Control Agency.

In addition to potential fines and life safety issues, failure to take corrective actions before the 1997 Building Improvement Project is completed will result in another \$92,000 of site restoration work.

PROGRAM OUTCOMES:

This emergency request would resolve sewage contamination and fire hazard problems and bring the agency into compliance with the Minneapolis Fire Marshall and the Minnesota Pollution Control Agency. Additional infrastructure improvements are required to eliminate less urgent deficiencies to the utility services on the campus. These needs are addressed in a separate request.

LONG-TERM IMPACT:

The Minneapolis Veterans Home will be able to maintain nursing and domiciliary services for eligible Minnesota veterans and their spouses for decades to come.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Minneapolis Veterans Home

ITEM TITLE: Minneapolis Campus Infrastructure Design

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$662	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of \$662,000 in F.Y. 1998 for design costs associated with a future utility infrastructure upgrade project at the Minneapolis Veteran Home.

RATIONALE:

The Minneapolis Veterans Home infrastructure and tunnel system has immediate need for upgrade. Engineering investigations conducted in association with the campus-wide renovation project identified numerous deficiencies in the existing utility systems. Deficiencies include: leaks in critical steam, water, and condensate pipes; roof drains for storm water run-off connected to sanitary sewer systems; and leaking, deteriorating, and unsafe underground tunnel structures. These utility systems support the mechanical needs for the buildings on the entire campus. The deteriorated mechanical systems, some of which were installed over 50 years ago, cannot adequately serve the campus.

This support system would be upgraded in conjunction with the campus renovation project. The campus renovation project will commence in the spring of 1997 and will utilize local and federal available dollars to renovate several buildings on this campus.

PROGRAM OUTCOMES:

This design funding and subsequent infrastructure funding request will allow the \$30.3 million campus renovation project (65% federal - 35% state bonding) to move forward. The design and subsequent project will insure mechanical support and upgrade to the buildings on the entire campus.

LONG-TERM IMPACT:

The entire Minneapolis campus will be able to maintain nursing and domiciliary care for the Minnesota veteran and their spouses for decades to come.

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1998-99 Biennial Budget

BUDGET ACTIVITY: Hastings Veterans Home
PROGRAM: Veterans Home
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Hastings Veterans Home is a licensed 200 bed domiciliary (board and care) health care facility.

The home provides short and long term post acute care, psych-social-medical services to eligible veterans and their families. Services are structured to include programs for veterans with chronic stage chemical dependency, mental health and/or physical disabilities who need rehabilitative and structured program services to enable them to achieve their highest level of independent function and whenever possible, return to a productive community living.

Services provided, as required by state and federal regulatory agencies, are based on individualized resident care plans. Each plan requires any of the following: chemical dependency and addictive disorder post treatment programs and counseling; mental health services and referral; medical care and monitoring; vocational assessment and rehabilitative services; therapeutic recreation program (leisure skill development, wellness programs, and living skills development); nutritional support and counseling. Case management and coordination of care within the health care community is a key component of the program services.

Resident services are structured into specialized programs that provide a therapeutic living environment that enables residents with chronic chemical and/or emotional disabilities to return to a productive life style. The goal of these specialized programs is to determine which of the veteran residents will be able (with support) to return to independent living and which will enter veterans' homes long term care programs.

In addition, the home provides transportation to medical providers, education and employment sites, social services, and adult skills enrichment programs.

The home continues to refine its services to meet the needs of this chronically ill population who have functional impairments associated with chemical dependency and mental illness in addition to medical needs. The home has implemented changes in the resident vocational rehabilitation program (increased educational and employment opportunities in the community), enhanced coordination and case management services provided for residents needing day programs for addictive disorders and Post Traumatic Stress Disorders (PTSD), improved chemical dependency and mental health aftercare program and long-term programs. The home, through an affiliation with local medical and mental health care providers, has enhanced its health care services, especially mental health. Additional training is being provided to staff on caring for chronic chemically dependent and mentally ill residents. Facility and campus risk management has also been enhanced.

BUDGET ISSUES:

In the spring of 1996 the home completed a \$2.237 million renovation of the upper 3 residential floors of the 155 bed building (Building 23) allowing 70 previous unusable beds to be reopened over an 18 month phase up plan based on budgeted resources. The last of this phase will occur in F.Y. 1998.

Research tells us that attempts to rehabilitate the chronic stage alcoholic have not been effective

because of a failure to appreciate the complexity and persistence of the multiple problems experienced by this chronically ill group. Coupled with homelessness (a third of the homeless are veterans) the home recognizes that program models need to be designed to accommodate those who are ill, either continually or intermittently, as well as those who become well enough to return to the community.

The home is receiving applications for admission from veterans who need staff intensive programs and services, especially in the area of medical and addictive disorder management, mental health services, vocational rehabilitation, and case management. These applicants are homeless and in the chronic stage of their illnesses. They have run out of options physically, financially, and personally. Programs and services need to be continually adjusted to meet the needs of this population.

The home, through its affiliation with the USDVA and other health care providers strives to develop a delivery plan for resident services that will maximize our ability to create a better coordinated and more cost effective continuum of resident care within the veterans health care system and community resources available. In addition, we continue to identify staff training, staffing and resource requirements, and management tools (TQM plans) that are needed to enable the home to continue to change as the resident population changes.

Alternative care programs are being explored, especially with the (VAMCs) to provide residential services to patients enrolled in the VAMC's outpatient day programs for addictive disorders and PTSD.

How effective new or amended program models are towards serving this chronically ill veteran population is a question the home's program teams are planning to answer through participation outcome measures for each program. To do this effectively, the home must expand our TQM program, and track the measures within our MIS system. This requires expansion of both of these operational support programs. Converting a hand-recorded system into a computerized system is necessary to coordinate care with the larger health care system and to determine the success and value of specialized programs.

REVENUE

This activity generates dedicated receipts to the Special Revenue Fund. The 2 primary sources of revenue are federal per diem payments and resident maintenance charges.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: HASTINGS VETERANS HOME

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,003	3,521	3,596	4,527	4,527	3,639	4,705	4,705
OPERATING EXPENSES	1,015	1,234	1,201	1,493	1,493	1,201	1,536	1,536
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	4,018	4,755	4,797	6,020	6,020	4,840	6,241	6,241
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,018	4,755	4,797	6,020	6,020	4,840	6,241	6,241
=====								
AGENCY PLAN ITEMS:		FUND						

HASTINGS DOMICILIARY BEDS FULL UTILIZATN		GEN		810			903	
HASTINGS DOMICILIARY BEDS FULL UTILIZATN		SR		413			498	
=====				=====			=====	
TOTAL AGENCY PLAN ITEMS				1,223			1,401	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL			2,897	3,707	3,707	2,940	3,843	3,843
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	4,018	4,755	1,900	2,313	2,313	1,900	2,398	2,398
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,018	4,755	4,797	6,020	6,020	4,840	6,241	6,241
=====								
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	1,596	1,925	1,943	2,356	2,356	1,943	2,441	2,441
NONDEDICATED:								
GENERAL	3							
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	1,599	1,925	1,943	2,356	2,356	1,943	2,441	2,441

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: HASTINGS VETERANS HOME

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR	74.8	74.8	74.8	92.8	92.8	74.8	95.8	95.8
TEMP/SEAS/PART_TIME	3.0	3.0	3.0	6.0	6.0	3.0	6.0	6.0
OVERTIME	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL FTE	79.3	79.3	79.3	100.3	100.3	79.3	103.3	103.3

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Hastings Veterans Home

ITEM TITLE: Hastings Domiciliary Beds Full Utilization

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$810	\$903	\$903	\$903
Special Revenue Fund				
- State Operations	\$413	\$498	\$498	\$498
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Special Revenue Fund	\$413	\$498	\$498	\$498

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an addition to the agency's General Fund base budget of \$810,000 in F.Y. 1998 and \$903,000 in F.Y. 1999 for the final phase-up of the domiciliary beds to the licensed level of 200 at the Hastings Veterans Home.

RATIONALE:

The Hastings Veterans Home is licensed for 200 domiciliary beds since the renovation of building 23 brought the facility up to current health standards. The 1995 legislature funded the opening of 176 beds. This request will allow the opening of the final 24 beds.

Failure to fund this initiative to allow full operation by 12/31/97, would require the return of the federal dollars that funded 65% of the recent major renovations on the Hastings campus.

PROGRAM OUTCOMES:

The home will phase the new residents in at 4 per month over 6 months. As the census is increased, program adjustments will continue to be implemented to create a better coordinated and more cost effective continuum of resident care within the veterans health care system and with available community resources.

LONG-TERM IMPACT:

The home is projected to maintain a 96% or better occupancy rate. Programmatic changes will continue to be implemented to enable the home to better meet the needs of its population.

BUDGET ACTIVITY: Silver Bay Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Silver Bay Veterans Home is an 89 bed skilled nursing care facility located on the North Shore. A full range of skilled nursing care services, support staff services, and contracted health care services are provided to the veterans and their spouses.

Each resident has an individualized care plan that focuses on recognizing the uniqueness of the individual, as well as enabling the resident to achieve the highest level of function possible (in activities of daily living skills) while ensuring that care is provided in the least restrictive manner possible.

The interdisciplinary care teams are made up of representatives of the following health care disciplines: nursing services, dietary services, social services, and recreational therapy services. Contracted health care services include: physician, psychiatric, chiropractic, pharmacy, wound care, lab, dental, physical, occupational, and speech therapy services.

The above mentioned contracted services (consultant services) are provided through affiliations or contracts with local health care providers and through the Twin Ports Veterans Administration Medical Clinic, St. Cloud VAMC, or Minneapolis VAMC.

Innovative and creative options are continually explored in creating programming and living environments that are therapeutic, peaceful, and safe. Special attention has been focused on the high number of dementia residents with complex behavioral needs. The current resident population has an average case mix acuity level of G (residents needing assistance with 7-8 functions of daily living) and a mean behavioral rating of 2.3. Due to the high number of dementia residents and applicants, the home's greatest challenge is in providing innovative staffing and care options for this growing population.

The home is expanding video teleconferencing and teleconsulting capabilities, which will result in numerous benefits for the residents, medical practitioners, staff, the home and the community. With the home located 30 miles from the nearest acute care setting, it is essential to maximize our video teleconferencing efforts in the following areas: medical/clinical applications which will enhance quality of resident care; educational programming for staff and related contract service providers will assure up to date knowledge and expertise. Other direct benefits include networking with other agency staff, the community, local businesses, and participating with local schools in educational programming.

The home has also maximized the efforts in relation to volunteer commitment and recreational therapy programming. A well trained, dedicated, volunteer core group contributing over 12,000 hours annually has significantly complemented this home's ability to improve the residents' quality of life experience. We consistently provide, either at the home or in the community, numerous recreational outings for residents. These outings are focused to keep the residents integrated into the community, while also increasing their opportunities to experience new challenges.

BUDGET ISSUES:

The current trend in admissions indicates a need to further develop and explore Alzheimers/Dementia type specialized care units to better meet the needs of this growing population of residents with unique and specialized care needs. The recent admissions trend indicates that those needing skilled care service are nearly twice as likely to enter the home with a dementia related disorder.

The addition of the dementia wander/multipurpose commons area will enhance the ability to provide a therapeutic environment that more fully meets the needs of these residents through reduced stimuli and increased independence.

The home will continue to explore internal and external services and programs which create the least restrictive environment possible, both psychologically and physically, for our residents. Specialized adaptive equipment will allow immobile residents to express needs, socialize, and interact more meaningfully with others.

The home will need to continue developing its MIS capabilities. Training for staff on the long term care software program has reduced the amount of hand records currently being maintained for each resident. By computerizing the information, statistics can be generated. These statistics will provide nursing and management with information regarding the needs of our residents and the quality of care our staff delivers.

Staff and management will continue working in concert on the Home's QA and TQM programs.

REVENUE

This activity generates dedicated receipts to the Special Revenue Fund. The 2 primary sources of revenue are federal per diem payments and resident maintenance charges.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: SILVER BAY VETERANS HOMES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,344	3,767	3,816	3,816	3,816	3,866	3,866	3,866
OPERATING EXPENSES	876	990	989	989	989	989	989	989
SUBTOTAL STATE OPERATIONS	4,220	4,757	4,805	4,805	4,805	4,855	4,855	4,855
PAYMENTS TO INDIVIDUALS	1							
TOTAL EXPENDITURES	4,221	4,757	4,805	4,805	4,805	4,855	4,855	4,855
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL			2,613	2,613	2,613	2,663	2,663	2,663
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	4,221	4,757	2,192	2,192	2,192	2,192	2,192	2,192
TOTAL EXPENDITURES	4,221	4,757	4,805	4,805	4,805	4,855	4,855	4,855
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2,232	2,226	2,249	2,249	2,249	2,249	2,249	2,249
TOTAL REVENUES COLLECTED	2,232	2,226	2,249	2,249	2,249	2,249	2,249	2,249
FTE BY EMPLOYMENT TYPE:								
REGULAR	92.3	92.3	92.3	92.3	92.3	92.3	92.3	92.3
TEMP/SEAS/PART_TIME	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
OVERTIME	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FTE	96.9	96.9	96.9	96.9	96.9	96.9	96.9	96.9

BUDGET ACTIVITY: Luverne Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The Luverne Veterans Home is an 85 bed skilled nursing care home located in the southwestern corner of the state. Construction was completed in late 1993, and the home opened for operation in January, 1994. Phase up to full staffing and occupancy was completed late in F.Y. 1995. The entire phase up process, from 1 to 85 residents, took place over 15 months to insure a high quality of care by allowing residents time to adjust to their new environment and also allowing hiring and training of staff in concert with the increased census.

The home focuses on assisting each resident to attain and maintain the highest level of function (in daily living skills) possible while insuring the resident is provided services in the least restrictive manner. The skills of the staff, health care consultants, and a successful relationship with the Royal C. Johnson Veterans Administration Medical Center in Sioux Falls, all contribute to the goals of this home.

The home has stabilized at an average case mix of G (residents needing assistance with 7 - 8 functions of daily living) and an average behavioral rating of 2. Requests for admission from dementia diagnosed applicants have exceeded expectations. To meet this need the home is developing special programs and activities and is evaluating adapting a wing into a closed special care unit.

The home has adopted a staffing structure which is different from originally projected. The implementation of a strong restorative therapy and primary care approach has resulted in the utilization of more Human Service Technicians and less Licensed Practical Nurses. Assigning the same care team each shift to the same residents provides a continuity of care to achieve a higher quality of care for the residents and insures quicker intervention as residents' needs change.

The home is an integral part of the Luverne Community and the other health care communities in southwestern Minnesota, and will continue to expand its affiliations, educational opportunities, and shared services.

BUDGET ISSUES:

Due to the higher number of dementia applicants, the home plans to create a safe area in which dementia residents are sheltered from potentially upsetting stimulus. Additional staff training will be required on methods of providing care and dealing with behavioral problems unique to dementia residents. Some remodeling may be required to meet code requirements for a closed dementia unit.

To support our restorative therapy approach to resident care (which increases or maintains residents daily living skills) we will conduct additional staff training on how to provide daily restorative therapies.

As the resident occupancy remains at or near capacity, so do associated requirements. The hours of professional consultations, pharmaceutical and medical supplies, laundry services, food and dietary supplements, housekeeping supplies, and fuel for transportation to appointments increase in quantity and cost in direct proportion to resident census, as do staffing requirements. The medical and behavioral complexity of resident diagnosis also contribute to a potential increased need for

professional consultations as well as medical and pharmaceutical supplies and equipment. Preplacement physicals for potential employees and a supportive wellness program for staff are programs which are scheduled to be implemented.

The home will need to continue developing its MIS capabilities. The installation, training of staff, and implementation of the recording abilities of a long term health care software will increase the home's ability to judge the effectiveness of their restorative therapy approach of providing quality resident care.

The MIS capabilities will further support the home's implementation of a QA program. The development of their TQM program will be enhanced by the information and statistics available by computerizing of records.

REVENUE

This activity generates dedicated receipts to the Special Revenue Fund. The 2 primary sources of revenue are federal per diem payments and resident maintenance charges.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: LUVERNE VETERANS HOME

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	3,329	3,693	3,739	3,739	3,739	3,787	3,787	3,787
OPERATING EXPENSES	948	996	998	998	998	998	998	998
CAPITAL OUTLAY	96							
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	4,373	4,689	4,737	4,737	4,737	4,785	4,785	4,785
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,373	4,689	4,737	4,737	4,737	4,785	4,785	4,785
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL			2,508	2,508	2,508	2,556	2,556	2,556
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	4,373	4,689	2,229	2,229	2,229	2,229	2,229	2,229
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	4,373	4,689	4,737	4,737	4,737	4,785	4,785	4,785
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	2,192	2,260	2,282	2,282	2,282	2,282	2,282	2,282
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	2,192	2,260	2,282	2,282	2,282	2,282	2,282	2,282
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.5
TEMP/SEAS/PART_TIME	.3	.3	.3	.3	.3	.3	.3	.3
OVERTIME	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	102.2	102.2	102.2	102.2	102.2	102.2	102.2	102.2
=====	=====	=====	=====	=====	=====	=====	=====	=====

1998-99 Biennial Budget

BUDGET ACTIVITY: Fergus Falls Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Homes Board

ACTIVITY DESCRIPTION:

The 1993 legislature authorized the construction of a new veterans home in Fergus Falls. Construction on the facility began in April, 1996.

The Minnesota Veterans Home - Fergus Falls will provide high quality skilled nursing care, associated health care services, and appropriate interaction with family members to all residents in a long term residency program. The Veterans Home will stress a home-like environment which is more conducive to long term care than an institutional atmosphere.

Each resident will be assisted to attain and maintain the highest level of function possible within the development of appropriate medical programs.

The facility will work within the rules and guidelines of the Minnesota Health Department, the local fire marshall, OSHA and the United States Department of Veterans Affairs. Support will be coordinated with the veterans organizations of Minnesota and the community health service organizations.

The Minnesota Veterans Home - Fergus Falls is unique from the veterans homes in the metro area. It is located in west-central rural Minnesota. Cooperation is ongoing with the Veterans Administration Medical Center in Fargo for the medical and clinical care of the veteran residents.

While serving eligible residents from throughout the state, the Veterans Home will become an integral part of the community and will work with area nursing and health care facilities as resources in the development of home programs.

BUDGET ISSUES:

The management team will occupy the building after substantial completion of the building occurs, and the facility will enter the operational phase after completion is declared on the building at the end of 1997.

Residents will be admitted during this phase-up at a rate not to exceed 3 residents per week. This slower phase-in is necessary to ensure that a high quality of health care services is provided to each resident while staff are trained and adjusted to the health care environment and to allow correction of any minor problems resulting from the construction of this new building.

Phase-in of the operation will require a higher cost per resident day due to the regulatory staffing levels required for 24-hour operation as the census builds during the first 2 years of operation. This cost factor per resident day drops gradually, but significantly, as census approaches full occupancy.

Our objective is to phase residents and staff into the facility during the 1998-99 bienium and to reach full operation by 7-1-99.

With the improving capabilities of, and accessibility to, alternative care services, today's applicants requiring long term care are generally in poorer health and require more skilled care than previous

applicants for long term care.

Due to the advanced age of applicants (mean age of the World War II veteran is 75) and the fact that the Veterans Homes consist of more than 90% males versus a private industry status of about 80% female census (who historically are in better health than their male contemporaries), further resources will be necessary to meet the needs of the clients.

The Veterans Homes are experiencing an increase in the average percentage of admission of residents with behavioral problems. The average case mix anticipated will be G (residents needing assistance with 6 functions of daily living) with an average behavioral rating between 2 and 3 due to a higher level of case mix levels J and K than is experienced in the private health care sector. Residents are seldom discharged after admission due to their increased case mix level. The average length of stay generally is 4 years.

REVENUE

This activity generates dedicated receipts to the Special Revenue Fund. The 2 primary sources of revenue are federal per diem payments and resident maintenance charges.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: FERGUS FALLS VETERANS HOME

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES		201		1,156	1,156		2,749	2,749
OPERATING EXPENSES		24		1,040	1,040		820	820
CAPITAL OUTLAY				18	18			
TRANSFERS				2	2			
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS		225		2,216	2,216		3,569	3,569
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES		225		2,216	2,216		3,569	3,569
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY PLAN ITEMS:		FUND						
-----		-----						
FERGUS FALLS OPERATIONAL PHASE_UP		GEN		2,000			2,120	
FERGUS FALLS OPERATIONAL PHASE_UP		SR		216			1,449	
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				2,216			3,569	
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL				2,000	2,000		2,120	2,120
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE		225		216	216		1,449	1,449
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES		225		2,216	2,216		3,569	3,569
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE				216	216		1,449	1,449
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED				216	216		1,449	1,449
=====	=====	=====	=====	=====	=====	=====	=====	=====

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: FERGUS FALLS VETERANS HOME

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
FTE BY EMPLOYMENT TYPE:								
REGULAR		4.5	4.5	22.2	22.2	4.5	29.5	29.5
TEMP/SEAS/PART_TIME				12.0	12.0		49.8	49.8
TOTAL FTE		4.5	4.5	34.2	34.2	4.5	79.3	79.3

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Veterans Homes
PROGRAM: Veterans Homes
ACTIVITY: Fergus Falls Veterans Home

ITEM TITLE: Fergus Falls Operational Phase-up

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,000	\$2,120	\$2,460	\$2,460
Special Revenue Fund				
- State Operations	\$216	\$1,449	\$2,229	\$2,229
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Special Revenue Fund	\$216	\$1,449	\$2,229	\$2,229

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase to the agency's General Fund base budget of \$2,000,000 in F.Y. 1998 and \$2,200,000 in F.Y. 1999 for the new operating costs associated with the construction of the Fergus Falls Veterans Home.

RATIONALE:

The 1996 legislature authorized the construction of a new veterans home in Fergus Falls. Construction of the facility began in April, 1996 and is scheduled to be completed at the end of 1997. This 85 bed skilled nursing care home is being built with local and federal dollars.

Failure to fund this initiative to allow full operation by 7-1-99 would require the return of the federal dollars that funded 65% of the construction of the facility.

PROGRAM OUTCOMES:

Residents will be admitted during a slow phase-in period with the objective of reaching full operation by 7-1-99. This timetable is necessary to ensure that a high quality of health care services is provided to each resident while staff are trained and adjusted to the health care environment. This pace also allows time for correction to any minor problems resulting from the construction of this new building.

LONG-TERM IMPACT:

The home is projected to maintain a 96% or better occupancy rate.

1998-99 Biennial Budget

BUDGET ACTIVITY: Board of Directors
PROGRAM: Veterans Homes
AGENCY: Veterans Homes (MVH)

ACTIVITY DESCRIPTION:

The 9 member board of directors is responsible for governing the veterans homes. This part time board meets the third Thursday of every month. Committee meetings are held the day before the board meeting. This allows the board to review the operations of the homes, to work with the homes to resolve issues, and also to insure that the homes are in compliance with the state/federal rules and regulations under which the homes operate. The board works to insure that the homes meet or exceed the standard of care present in the community. The board also works with the homes to develop alternative care programs for veterans and to develop a geriatric research and teaching mission for the homes.

The homes and the board of directors are supported by the agency's centralized management team. This team provides daily support and coordination to the homes while researching the short and long range challenges that the homes are experiencing. This allows the homes to focus on daily care issues and the agency to remain focused on meeting the challenges of the changing health care industry.

Accounting provides the day to day leadership to insure the homes' are performing within Generally Accepted Accounting Principles and within Minnesota Accounting and Procurement System policies and procedures.

Internal Audit performs audits insuring the homes are in compliance.

Budget works with the homes to analyze trends (historical, current, and future) that may affect the homes' abilities to operate within the resources provided, and to project the future budgetary impacts of changes. The 3 functions of accounting, internal audit, and budget provide assistance to the homes to insure that the agency is meeting its responsibility of quality resident care cost effectively.

During the 1994-95 biennium the agency accepted a challenge to increase receipts. Receipts are now dedicated to operations. To assist the homes a veterans benefit position was added to the management team. Veterans Benefits works with the homes' staff to insure that each resident has applied for and is receiving the maximum federal benefit possible. He is also charged with review and streamlining of the admissions process. To accomplish this, a committee with representatives from each home has been created. Veterans Benefits also works with the homes and DOER to insure that our employees are working in an environment that is safe; and also that workers compensation injuries and lost time are reduced to a more manageable level.

Human Resources insures the agency has a strong labor relations program, affirmative action program, and represents the agency in labor negotiations.

MIS is responsible for working with the Information Policy Office and our homes to insure that our Strategic Plan is current. MIS is also responsible for the network administration for our local LAN's (at each home), the WAN, our video teleconferencing system, and for guaranteeing that the agency plan accurately reflects our agency's system requirements.

The Rules Writer is responsible for reviewing our current rules, proposing and writing any changes needed, and for the training of homes' staff on rules implementation.

Leading this management team is the Executive Director. The Executive Director is responsible for insuring that the agency is meeting daily goals and that the long range goals are reasonable and can be met. The position also acts as the agency liaison for communications with other local, state, and federal agencies. It is through the Executive Director's and the board's work with USDVA that for the last 8 years veterans homes have received increases in their daily per diem rates.

BUDGET ISSUES:

The agency budget plan will result in the board office continuing to:

- Support the homes as a centralized resource for analysis, monitoring, evaluation of business, practices, and coordination of communications both internal and external to the agency;
- Develop MIS capabilities and applications to reduce the staff time currently needed to record data and to increase the information available to management for decision making in a more cost effective manner;
- Monitor the homes revenue potential and provide assistance and expertise as needed to maximize revenue collections;
- Support the homes as they continue to develop QA and TQM programs;
- Provide leadership to the homes to insure that measurements developed for the QA and TQM programs are useful and accurate as measurements of each home's ability to provide quality care to our residents and reflective of the agency's short and long range goals; and
- Develop additional affiliations to further our ability to meet the needs of the residents.

REVENUE

None.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: VETERANS HOMES
ACTIVITY: BOARD OF DIRECTORS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	552	638	648	648	648	658	658	658
OPERATING EXPENSES	311	213	213	213	213	213	213	213
SUBTOTAL STATE OPERATIONS	863	851	861	861	861	871	871	871
TOTAL EXPENDITURES	863	851	861	861	861	871	871	871
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL			760	760	760	770	770	770
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	863	851	101	101	101	101	101	101
TOTAL EXPENDITURES	863	851	861	861	861	871	871	871
FTE BY EMPLOYMENT TYPE:								
REGULAR	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
TOTAL FTE	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7

PROGRAM: Designated Contributions
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

Under M.S. 198.16, "the board is authorized to accept on behalf of the state any gift, grant, bequest, or device made for the purposes of 'the veterans homes' and administer the same as directed by the donor."

It is through this program that the homes receive donations of cash and volunteers' time to enhance our residents lives by sponsoring recreational activities, and by providing equipment for our rehabilitative/restorative therapy programs.

- Cash donations insure our residents have activities, both on and off campus, that assist them in maintaining interests and activities that are compatible with their health conditions.
- Donations of needed equipment for residents' leisure time activities and for our rehabilitative/restorative therapy programs enhance our ability to help residents attain and maintain daily living skills.
- Trained volunteers meet with residents and provide skills (such as letter writing) to insure our residents remain in contact with their friends and families. Also, the volunteers assist staff during off campus activities (ball games, fishing outings, attending community events).

PROGRAM STATUS:

Donations during F.Y. 1996, for all the homes, totaled \$318,000. Volunteer hours totaled 54,139. Using the 1996 minimum wage of \$4.25 per hour, the value of the volunteer time donated to the state in F.Y. 1996 was \$230,091.

PLANNED RESULTS:

The agency budget plan is to continue to solicit, receive, and expend funds within the purposes of the donors for the benefit of our residents.

The agency performance measures for this program is to maintain volunteer hours and to increase donations by 5%.

BUDGET AND REVENUE SUMMARY:

Funds received are deposited into the State Treasury and expended through the statewide accounting system in accordance with the intent of the donor.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: DESIGNATED CONTRIBUTIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
DESIGNATED CONTRIB - MPLS	143	225	225	225	225	225	225	225
DESIGNATED CONTRIB - HASTNG	100	76	76	76	76	76	76	76
DESIGNATED CONTRIB - SILVER BA	70	60	60	60	60	60	60	60
DESIGNATED CONTRIB - LUVERNE	29	40	256	256	256	145	145	145
TOTAL EXPENDITURES BY ACTIVITY	342	401	617	617	617	506	506	506
EXPENDITURES BY FUND:								

STATUTORY APPROPRIATIONS:								
GIFT	342	401	617	617	617	506	506	506
TOTAL EXPENDITURES	342	401	617	617	617	506	506	506
FTE BY EMPLOYMENT TYPE:								

TOTAL FTE								

PROGRAM: Dedicated Resources
AGENCY: Veterans Homes (MVH)

PROGRAM DESCRIPTION:

Under this program are the residents' trust accounts, canteen operations (in our Minneapolis and Hastings homes), and leasing accounts.

- Under M.S. 198.003, "the board may allow veterans organizations or public or private social service, educational, or rehabilitation agencies or organizations and their clients to use surplus facilities, staff, and other resources of the board and may require the participating agencies or organizations to pay for that use." The revenue is deposited into the State Treasury and credited to a veterans homes resources account in the special revenue fund. Monies in these accounts are appropriated to the board to operate, maintain, and repair the campuses.
- Under M.S. 196.265, "the board may accept money from residents for safekeeping purposes to be returned to such residents on demand." This is accomplished through cashiering operations in each of the homes.
- Under M.S. 198.261, "any profits derived from the operation of canteens and coffee shops at the Minnesota veterans homes shall be used by the board only for the direct benefit of the residents of the homes."

PROGRAM STATUS:

The Minneapolis and Hastings homes lease space that is not suitable for health care. The proceeds from these leases are used to reduce the cost of maintaining the physical plants for these campuses.

Banking services are provided on site for residents in our homes. These banking services enable the residents to deposit or withdraw funds from their personal trust accounts without leaving the homes. The funds are deposited into a special revenue account in the State Treasury. Interest earnings on these accounts, in accordance with statute, is used for the direct benefit of the residents of the homes.

Canteen and coffee shops provide the residents of the Minneapolis and Hastings homes a place to meet with family and friends in a social setting. Through the canteen shops, residents are able to buy personal care items or snacks without leaving the home.

PLANNED RESULTS:

The Minneapolis campus renovation will return buildings that we are currently not able to use for health care to our use. During the renovation process, these buildings will be vacated by their present tenants.

The Hastings home will continue to lease space that is unsuitable to providing health care.

The Silver Bay home will continue to explore opportunities to increase their usage of audio/visual technology. This will increase educational opportunities available to this section of the state, while minimizing costs of training to the home.

Resident trust account banking services will continue to be offered at each home.

Canteen and coffee shops operations will continue at the Minneapolis and Hastings homes.

BUDGET AND REVENUE SUMMARY:

The agency will continue to lease space surplus or unsuitable to our needs, thereby generating income which is used to maintain the conditions of the buildings or campuses, and to reduce the impact of operations on the General Fund.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERANS HOME BOARD
PROGRAM: DEDICATED RESOURCES

			FY 1998			FY 1999		
		Est.	Base	Agency	Governor	Base	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1996	FY 1997	Level	Plan	Recomm.	Level	Plan	Recomm.
DEDICATED RESOURCES - MPLS	767	863	863	863	863	863	863	863
DEDICATED RESOURCES - HASTINGS	312	407	408	408	408	408	408	408
DEDICATED RESOURCES - SILVER B	100	105	105	105	105	105	105	105
DEDICATED RESOURCES - LUVERNE	29	37	37	37	37	37	37	37
TOTAL EXPENDITURES BY ACTIVITY	1,208	1,412	1,413	1,413	1,413	1,413	1,413	1,413
EXPENDITURES BY FUND:								
STATUTORY APPROPRIATIONS:								
AGENCY	1,208	1,412	1,413	1,413	1,413	1,413	1,413	1,413
TOTAL EXPENDITURES	1,208	1,412	1,413	1,413	1,413	1,413	1,413	1,413
FTE BY EMPLOYMENT TYPE:								
TOTAL FTE								

1998-99 Biennial Budget

AGENCY: Chiropractic, Board of

AGENCY DESCRIPTION:

The mission of the Minnesota Board of Chiropractic Examiners (MBCE) is to protect the public interest by ensuring that all chiropractic practitioners meet the necessary qualifications and standards to competently practice their profession in Minnesota. The MBCE strives to achieve this mission by:

- examining practitioners prior to licensure to ensure that they meet or exceed baseline competence.
- Responding to complaints about chiropractors and enforcing the laws governing the practice of chiropractic in Minnesota,
- establishing continuing education (CE) requirements and monitoring compliance with those requirements, and
- Monitoring existing statutes and administrative rules so that changes can be initiated or requested when those changes would serve to enhance the protection of the public interest.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:	\$360	\$290	\$347	\$332	\$340
Indirect Costs:					
Statewide Indirect	9	5	12	12	12
Attorney General	128	168	120	120	120
Revenue Refund	4	-0-	-0-	-0-	-0-
Administrative Services Unit	5	9	10	10	11
Health Professional Services Program	-0-	-0-	1	1	1
Total Costs	\$506	\$472	\$490	\$475	\$484
Revenue:					
Non-dedicated	473	477	471	471	471
Total Revenue:	473	477	471	471	471
Surplus:	33	5	19	4	13
Accumulated Ending Surplus	\$52	\$57	\$38	\$34	\$21

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Active licenses	1,565	1,615	1,647	1,680	1,714
Inactive licenses	207	206	208	210	210
Inactive retired licenses	20	1	1	-0-	-0-
Acupuncture registrations	314	342	363	385	408
Independent examiner registrations	122	128	128	130	132
Corporation registrations	237	246	248	250	250
Preceptor registrations	41	34	35	30	30
CE sponsorship	20	18	19	18	19
Examinations administered	106	148	120	120	120
Complaints received	147	158	215	215	222
Corrective Actions	7	10	10	11	12
Disciplinary actions	14	8	10	12	15
Peer review requests	90	51	50	50	50

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will operate within the current level of funding, adjusted for inflation, and within the current fee structure.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: CHIROPRACTIC BOARD
PROGRAM: CHIROPRACTORS, BOARD OF
ACTIVITY: CHIROPRACTORS, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	211	224	229	229	229	234	234	234
OPERATING EXPENSES	84	135	115	115	115	118	118	118
=====								
SUBTOTAL STATE OPERATIONS	295	359	344	344	344	352	352	352
=====								
TOTAL EXPENDITURES	295	359	344	344	344	352	352	352
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	290	347	332	332	332	340	340	340
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	5	12	12	12	12	12	12	12
=====								
TOTAL EXPENDITURES	295	359	344	344	344	352	352	352
=====								
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	477	471	471	471	471	471	471	471
=====								
TOTAL REVENUES COLLECTED	477	471	471	471	471	471	471	471
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TEMP/SEAS/PART_TIME	.8	.8	.8	.8	.8	.8	.8	.8
=====								
TOTAL FTE	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
=====								

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: CHIROPRACTIC BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	325	325			325	325		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	10	10			10	10		
1998-99 COMPENSATION INFLATIO	5	10			5	10		
DOC SPACE RENT/LEASE INCR/DEC	2	3			2	3		
SMALL AGENCY S & E INFLATION	2	4			2	4		
SUBTOTAL BASE ADJ.	19	27			19	27		
BASE LEVEL	344	352			344	352		

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1998-99 Biennial Budget

AGENCY: Dentistry, Board of

AGENCY DESCRIPTION:

The mission of the Board of Dentistry is to ensure that citizens of Minnesota receive quality dental health care from competent dental health professionals. This is accomplished by licensing dentists and dental hygienists and registering dental assistants whose fitness to practice has been tested and whose training and other qualifications meet the standards established by the board. The board also protects the public at large by receiving, investigating and resolving complaints filed against regulated dental professionals. Board rules are amended to reflect changing technology, scientific advancements and current standards of dental care.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	595	550	724	742	760
Indirect Costs:					
Statewide Indirect	15	6	16	16	16
Attorney General	456	469	420	408	408
Adminis. Services Unit	9	19	19	19	20
Health Professional					
Services Program	17	3	6	7	8
HIV/HBV Health Dept.	10	4	8	8	8
Total Costs:	<u>\$1,102</u>	<u>\$1,051</u>	<u>\$1,193</u>	<u>\$1,200</u>	<u>\$1,200</u>
Revenues:					
Non-dedicated	<u>971</u>	<u>1,128</u>	<u>1,163</u>	<u>1,163</u>	<u>1,163</u>
Total Revenue:	971	1,128	1,163	1,163	1,163
Surplus (Shortfall)	131	77	30	37	57
Accumulated Ending Surplus/(Shortfall) or Carry forward	\$47	\$124	\$94	\$57	\$0-

WORKLOAD/EFFICIENCY MEASURES:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
No. Licensed Dentists	3,752	3,760	3,770	3,770	3,770
No. Licensed Hygienists	3,102	3,214	3,291	3,300	3,305
No. Registered Assistants	4,788	4,917	5,000	5,000	5,000
No. Initial Dental Licenses	61	109	105	105	105
No. Initial Hygiene Licenses	150	164	160	160	160
No. Initial Assistant Regist	432	388	345	360	360

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
No. Dentists Lic. By Credential	13	7	10	12	12
No. Hygienists Lic. By Credential	16	20	18	19	20
No. Credential Candidates Denied	2	1	2	3	3
No. Complaints	251	249	250	255	255
No. Disciplinary Actions*	13	15	14	14	14
No. Corrective Action Agreements	12	11	14	15	15
No. Continuing Ed. Terminations	30	18	20	20	30

*Excludes disciplinary actions restoring license to unconditional status.

EXPLANATION OF AGENCY'S BUDGET PLAN:

Although the board has consistently underspent its appropriation, its indirect costs have continued to rise causing the board to raise fees in the past when necessary. All of the board's revenues are derived solely from fees imposed on its regulated individuals. While the number of dental hygienists and registered dental assistants is expected to increase over the next few years, the number of dentists is expected to either remain the same or decrease. It is anticipated, therefore, that the board's revenues derived from annual renewal fees will remain essentially the same or increase slightly.

The board worked with the Attorney General's Office to discover and implement several cost-saving measures related to the board's complaint resolution process. For example, the board plans to utilize the expertise of general and specialty dentists in reviewing dental patient records--an integral, but time-consuming part of the complaint resolution process. Another planned cost-saving measure is to have certain legal documents drafted by board staff rather than by Attorney General's Office staff. The board's goal is to offset the increase in Attorney General's Office costs by relying more on services by existing board staff.

Because of these changes, along with the board's plans to use computer technology to a greater extent, i.e. to produce statistical complaint status reports and to communicate via e-mail, it is anticipated that the board's direct costs will increase slightly while its indirect costs should decrease, thereby avoiding an increase in annual renewal fees collected from regulated persons.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DENTISTRY BOARD
PROGRAM: DENTISTRY, BOARD OF
ACTIVITY: DENTISTRY, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	352	387	395	395	395	403	403	403
OPERATING EXPENSES	204	353	363	363	363	373	373	373
SUBTOTAL STATE OPERATIONS	556	740	758	758	758	776	776	776
TOTAL EXPENDITURES	556	740	758	758	758	776	776	776
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	550	724	742	742	742	760	760	760
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	6	16	16	16	16	16	16	16
TOTAL EXPENDITURES	556	740	758	758	758	776	776	776
REVENUE COLLECTED:								
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	1,128	1,163	1,163	1,163	1,163	1,163	1,163	1,163
TOTAL REVENUES COLLECTED	1,128	1,163	1,163	1,163	1,163	1,163	1,163	1,163
FTE BY EMPLOYMENT TYPE:								
REGULAR	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
TOTAL FTE	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0

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BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
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AGENCY: DENTISTRY BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	724	724			724	724		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	16	16			16	16		
1998-99 COMPENSATION INFLATIO	8	16			8	16		
DOC SPACE RENT/LEASE INCR/DEC	1	3			1	3		
SMALL AGENCY S & E INFLATION	9	17			9	17		
SUBTOTAL BASE ADJ.	34	52			34	52		
BASE LEVEL	758	776			758	776		

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AGENCY: Dietetics and Nutrition Practice, Board of

AGENCY DESCRIPTION:

Dietetics and nutrition services affect public health, safety and welfare and is subject to regulation and control in the public interest.

The board, in an effort to achieve its goals, closely reviews all applications for licensure, is preparing requirements for continuing education, and processes consumer complaints.

The board will assure citizens that licensed dietitians and licensed nutritionists are qualified to provide dietetic and nutrition care services, by meeting the standard of competency required in the state of Minnesota.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	\$19	\$39	\$90	\$90	\$90
Indirect Costs:					
Statewide Indirect	-0-	-0-	1	5	5
Attorney General	6	3	10	15	15
Administrative Service					
Unit	<u>-0-</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>
Total Costs:	25	43	103	111	111
Revenue:					
Non-dedicated	<u>-0-</u>	<u>142</u>	<u>151</u>	<u>141</u>	<u>143</u>
Total Revenue:	-0-	142	151	141	143
Surplus (Shortfall)	25	99	48	30	32
Accumulated Ending	(25)	74	122	152	184
Surplus/ (Shortfall)					
Carry forward					

Due to the higher than expected volume of applicants, the board income will exceed the amount needed to meet expenditures. Therefore, the board is proposing a decrease in the annual license renewal fee of \$25 per licensee in F.Y. 19988. The board also foresees an additional decrease for the annual license renewal fee if the number of licensees renewing remains at least level with 1998 projections.

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Applicants for licensure:	-0-	548	445	50	50
Licenses granted:	-0-	534	459	50	50
Licenses renewed	-0-	-0-	566	991	991

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will provide services that adequately provide assurance to the citizens of the state that licensed dietitians and licensed nutritionists providing care are qualified and meet the standard of competency required in the state of Minnesota.

Based on the actual number of licensees at 993, exceeding the estimated number of 500, it is necessary for the board to establish a permanent part-time Clerk Typist II position. The anticipated increase in expenditure would include \$20,000 for salary and fringe in F.Y. 1998 and F.Y. 1999, and \$3,000 for office furniture and computer in F.Y. 1998.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DIETETICS & NUTRITION PRACTICE
PROGRAM: DIETETICS & NUTRITION BD.
ACTIVITY: DIETETICS & NUTRITION BD.

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	27	32	33	53	53	33	53	53
OPERATING EXPENSES	12	59	39	42	42	42	42	42
SUBTOTAL STATE OPERATIONS	39	91	72	95	95	75	95	95
TOTAL EXPENDITURES	39	91	72	95	95	75	95	95
AGENCY PLAN ITEMS:		FUND						
BUDGET INITIATIVE: CLERK TYPIST II .5 FTE		SGS		23			20	
TOTAL AGENCY PLAN ITEMS				23			20	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	39	90	67	90	90	70	90	90
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		1	5	5	5	5	5	5
TOTAL EXPENDITURES	39	91	72	95	95	75	95	95
REVENUE COLLECTED:								
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	142	151	163	141	141	165	143	143
TOTAL REVENUES COLLECTED	142	151	163	141	141	165	143	143
FTE BY EMPLOYMENT TYPE:								
REGULAR	.5	.5	.5	.5	.5	.5	.5	.5
TEMP/SEAS/PART_TIME				.5	.5		.5	.5
TOTAL FTE	.5	.5	.5	1.0	1.0	.5	1.0	1.0

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BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: DIETETICS & NUTRITION PRACTICE

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	69	69			69	69		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	1	1			1	1		
1998-99 COMPENSATION INFLATIO	1	2			1	2		
DOC SPACE RENT/LEASE INCR/DEC		1				1		
SMALL AGENCY S & E INFLATION	1	2			1	2		
SUBTOTAL BASE ADJ.	3	6			3	6		
BASE LEVEL	72	75			72	75		

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1998-99 Biennial Budget

AGENCY: Marriage and Family Therapy, Board of

AGENCY DESCRIPTION:

The Minnesota Board of Marriage and Family Therapy was established in 1987 under M.S. 148B. The Board licenses marriage and family therapists who have met established standards of graduate education, post degree professional experience, and continuing education and who have passed the national written licensure exam and an oral examination. The board protects the public by ensuring appropriate licensure and by acting upon complaints against licensed and non-licensed therapists.

Over 800 professionals have been licensed under this authority.

The board began licensing through a grandparenting process. Permanent rules were finalized in late 1991 and most people who may be licensed under those rules are now completing their graduate education and the 2 years of post-degree supervised experience. Therefore, it is anticipated that the number of requests for licensure will be greatly increased during the F.Y. 1998-1999 biennial budget.

REVENUES:

This board generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to cover all direct and indirect costs.

	Dollars in Thousands				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	\$88	\$88	\$108	\$103	\$104
Indirect Costs:					
Statewide Indirect	3	-0-	2	3	3
Attorney General	9	21	7	11	11
Administrative Service Unit	2	3	3	3	3
HIV/HBV Health Dept.	-0-	1	1	1	1
Total Costs	<u>102</u>	<u>113</u>	<u>121</u>	<u>121</u>	<u>122</u>
Revenue:					
Non-dedicated	104	103	115	126	127
Total Revenue:	<u>104</u>	<u>103</u>	<u>115</u>	<u>126</u>	<u>127</u>
Surplus/(Shortfall)	2	(10)	(6)	5	5
Accumulated Ending Surplus (Shortfall)					
Carry forward	\$6	\$(4)	\$(10)	\$(5)	\$-0-

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
No. Current Licensees	685	690	695	700	705
No. Licensed by exam	30	30	35	40	45
No. of complaints	20	17	20	22	22
No. of disciplinary actions	12	11	12	13	13
No. of licenses terminated for cause	1	-0-	1	-0-	-0-

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will operate within the current level of funding, adjusted for inflation, and within the current fee structure.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MARRIAGE & FAMILY THERAPY BD
PROGRAM: MARRIAGE AND FAMILY THERAPY, B
ACTIVITY: MARRIAGE AND FAMILY THERAPY, B

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	67	69	71	71	71	72	72	72
OPERATING EXPENSES	21	41	35	35	35	35	35	35
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	88	110	106	106	106	107	107	107
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	88	110	106	106	106	107	107	107
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	88	108	103	103	103	104	104	104
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		2	3	3	3	3	3	3
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	88	110	106	106	106	107	107	107
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	103	115	126	126	126	127	127	127
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	103	115	126	126	126	127	127	127
FTE BY EMPLOYMENT TYPE:								

REGULAR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TEMP/SEAS/PART_TIME	.6	.6	.6	.6	.6	.6	.6	.6
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: MARRIAGE & FAMILY THERAPY BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	99	99			99	99		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	3	3			3	3		
1998-99 COMPENSATION INFLATIO	2	3			2	3		
DOC SPACE RENT/LEASE INCR/DEC	1	1			1	1		
SMALL AGENCY S & E INFLATION	1	1			1	1		
SUBTOTAL BASE ADJ.	7	8			7	8		
BASE LEVEL	106	107			106	107		

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AGENCY: Medical Practice, Board of

AGENCY DESCRIPTION:

The Board of Medical Practice has 2 budget activities. One is the operating activity (Board of Medical Practice) and the other is the Health Professionals Service Program.

In addition to its statutory responsibilities in M.S. 147, 147A, 147B, 148, 214, and 319A (the regulation of physicians, physician assistants, physical therapists, respiratory care practitioners, athletic trainers, acupuncturists, and professional corporations), the Board of Medical Practice was selected to be the designated board for the Health Professionals Services Program, M.S. 214.31. In that capacity it is the fiscal agent for the program and provides administrative support.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE BOARD
PROGRAM: MEDICAL PRACTICE, BOARD OF

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
MEDICAL PRACTICE OPERATIONS	1,795	2,139	3,149	3,423	3,423	3,183	3,457	3,457
HEALTH PROFESSIONALS SERVICES	183	334	291	291	291	296	296	296
TOTAL EXPENDITURES BY ACTIVITY	1,978	2,473	3,440	3,714	3,714	3,479	3,753	3,753
AGENCY PLAN ITEMS:		FUND						
ATTORNEY GENERAL COST INCREASE		SGS		274			274	
TOTAL AGENCY PLAN ITEMS				274			274	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	1,944	2,431	3,398	3,672	3,672	3,437	3,711	3,711
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	32	40	40	40	40	40	40	40
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2	2	2	2	2	2	2	2
TOTAL EXPENDITURES	1,978	2,473	3,440	3,714	3,714	3,479	3,753	3,753
FTE BY EMPLOYMENT TYPE:								
REGULAR	30.4	31.0	31.0	31.0	31.0	31.0	31.0	31.0
TEMP/SEAS/PART_TIME	.8	.8	.8	.8	.8	.8	.8	.8
TOTAL FTE	31.2	31.8	31.8	31.8	31.8	31.8	31.8	31.8

1998-99 Biennial Budget

AGENCY: Medical Practice, Board of
PROGRAM: Medical Practice, Board of
ACTIVITY: Medical Practices Operations

ACTIVITY DESCRIPTION:

The Board of Medical Practice protects the public by ensuring that all physicians (M.D.), doctors of osteopathic Medicine (D.O.), physical therapists (P.T.), physician assistants (P.A.), respiratory care practitioners (R.C.P.), athletic trainers (A.T.), acupuncturists (A.P.), and professional corporations (P.C.) meet the necessary qualifications and standards to competently practice their profession in Minnesota. The board

- license M.D., D.O., and A.P. applicants, and registers P.T., P.A., R.C.P., A.T., and P.C. applicants;
- annually renews licenses and registrations;
- receives complaints alleging violations of statutes and investigates allegations, conduct hearings, takes disciplinary action as indicated, and enforces board orders; and
- enforces continuing medical education requirements

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:					
Attorney General*	-0-	1,142	1,142	1,416	1,416
Office of Admin.	-0-	79	81	83	85
Hearings					
Medical Practice Workshop	3	2	2	2	2
Operational Costs	<u>1,823</u>	<u>1,682</u>	<u>2,016</u>	<u>1,882</u>	<u>1,914</u>
Total Direct Costs	1,826	2,905	3,241	3,383	3,417
Indirect Costs:					
Statewide Indirect	27	32	40	40	40
Attorney General	883	-0-	-0-	-0-	-0-
Revenue Refund	3	-0-	-0-	-0-	-0-
Adminis. Service Unit	21	54	64	62	64
Health Professional Services Program	67	74	109	109	110
HIV/HBV Health Dept.	<u>69</u>	<u>24</u>	<u>48</u>	<u>48</u>	<u>48</u>
Total Indirect Costs	\$1,070	\$184	\$261	\$259	\$262
Total Direct & Indirect Costs	\$2,896	\$3,089	\$3,502	\$3,642	\$3,679
Revenue:					
Non-dedicated	3,202	3,184	3,247	3,298	3,408
Dedicated Special	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Revenue:	3,205	3,186	3,249	3,300	3,410

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Surplus/Shortfall	309	97	(253)	(342)	(269)
Accum. End. Surplus (Shortfall)	785	882	629	287	18

- * The Board of Medical Practice is a partner agency with the Attorney General's Office (AGO). AGO funds will be appropriated directly to the board, and the AGO will invoice the board for services rendered.

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
# of physicians	900	885	895	895	895
# of residency permits	801	664	665	665	665
# of physician assist.	44	58	51	51	51
# of resp. care pract.	122	113	118	118	118
# of physical therapists	183	205	190	190	190
# of athletic trainers	117	120	119	119	119
# of acupuncturists	0	10	10	10	10
# of prof. corps	21	9	20	20	20
# of active person reg.	18,068	18,598	19,000	19,000	19,000
# of complaints	1,180	1,039	1,150	1,150	1,150
# of board orders	69	80	96	105	116

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board anticipates a flat level of activity in the credentialing of health care professions which the legislature has placed under the jurisdiction of the board, and in the enforcement of the 6 practice acts under which these professionals practice.

The board has one initiative related to the costs of enforcement activities. All legal and investigative services provided to the board are provided by the Office of the Attorney General. Since F.Y. 1996, the board has been a partner agency with the Office of the Attorney General, and, as a result, funds used for legal and investigative services are appropriated directly to the Board of Medical Practice. The Office of the Attorney General invoices the board for services rendered. The board is anticipating a need for legal and investigative services for normal enforcement activities at the same level as for F.Y. 1996 and F.Y. 1997. However, the Office of the Attorney General has increased its rates for such services by 24%, requiring the board to request an appropriation of an additional \$274,000 to maintain the same level of usage of legal and investigative services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE BOARD
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: MEDICAL PRACTICE OPERATIONS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,059	1,193	1,221	1,221	1,221	1,248	1,248	1,248
OPERATING EXPENSES	736	946	786	786	786	793	793	793
TRANSFERS			1,142	1,416	1,416	1,142	1,416	1,416
SUBTOTAL STATE OPERATIONS	1,795	2,139	3,149	3,423	3,423	3,183	3,457	3,457
TOTAL EXPENDITURES	1,795	2,139	3,149	3,423	3,423	3,183	3,457	3,457
AGENCY PLAN ITEMS:		FUND						
ATTORNEY GENERAL COST INCREASE		SGS		274			274	
TOTAL AGENCY PLAN ITEMS				274			274	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	1,761	2,097	3,107	3,381	3,381	3,141	3,415	3,415
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	32	40	40	40	40	40	40	40
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	2	2	2	2	2	2	2	2
TOTAL EXPENDITURES	1,795	2,139	3,149	3,423	3,423	3,183	3,457	3,457
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE	2	2	2	2	2	2	2	2
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	3,183	3,249	3,300	3,300	3,300	3,410	3,410	3,410
TOTAL REVENUES COLLECTED	3,185	3,251	3,302	3,302	3,302	3,412	3,412	3,412

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE BOARD
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: MEDICAL PRACTICE OPERATIONS

			FY 1998			FY 1999		
ACTIVITY SUMMARY	FY 1996	Est. FY 1997	Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
TEMP/SEAS/PART_TIME	.8	.8	.8	.8	.8	.8	.8	.8
=====								
TOTAL FTE	27.8	27.8	27.8	27.8	27.8	27.8	27.8	27.8

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AGENCY: Medical Practice, Board of
 PROGRAM: Medical Practices, Board of
 ACTIVITY: Health Professional Services

ACTIVITY DESCRIPTION:

The Board of Medical Practice administers the Health Professional Services Program, which is a confidential program approved during the 1994 legislative session designed to monitor the treatment and continuing care of regulated health professionals who may be unable to practice with reasonable skill and safety if their illness is not appropriately managed. Treatment plan activities and practice limitations for physical, mental, or psychological conditions, including chemical abuse and/or dependency, will be monitored for compliance. The enabling legislation provides a non-disciplinary tool for health-licensing boards to deal with impaired regulated health professionals who recognize their illness and the need for continuing care and/or practice limitations. Current participants in the program include the boards of Medical Practice, Nursing, Pharmacy, Dentistry, Podiatry, Chiropractic, and Marriage and Family Therapy. However, all 13 health-related boards may join the program in the future.

REVENUES:

This activity generates no revenue. The total appropriation to the Board of Medical Practice for each fiscal year of operation is shared by the participating boards.

	Dollars in Thousands				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs	\$168	\$183	\$334	\$291	\$296
From Medical Practice	-0-	179	179	291	296
Special Increase Appr.	-0-	50	100	-0-	-0-
Salary Supplement	-0-	3	6	-0-	-0-
TOTAL REVENUE	\$168	\$232	\$285	\$291	\$296
Surplus (Shortfall)	-0-	49	(49)	-0-	-0-
Acc. End Surplus (Shortfall)	-0-	49	-0-	-0-	-0-

The boards agree that the pro-rate share of program expenses shall be borne by the boards as follows:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Medical Practice	67	74	109	109	110
Nursing	68	96	153	157	160
Pharmacy	15	8	14	15	15
Dentistry	17	3	6	7	8
Chiropractic	0	0	1	1	1
Marr. & Fam. Therapy	1	1	1	1	1
Podiatry	0	1	1	1	1
TOTAL	168	183	285	291	296

EXPLANATION OF AGENCY'S BUDGET PLAN:

The Health Professionals Program was created by the 1994 legislative session, M.S. 214.01, Subd. 2. The budget assumptions used at the time of the program creation were adjusted to reflect actual use patterns by the participating professions during the 1996 session. Data used to establish these adjustments indicated a mildly increasing activity level over the period. This is borne out by current data on program activity. It is anticipated that the spending authority established for F.Y. 1997 will be sufficient for each of the 2 years of the 1998-1999 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL PRACTICE BOARD
PROGRAM: MEDICAL PRACTICE, BOARD OF
ACTIVITY: HEALTH PROFESSIONALS SERVICES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	136	195	199	199	199	204	204	204
OPERATING EXPENSES	47	139	92	92	92	92	92	92
SUBTOTAL STATE OPERATIONS	183	334	291	291	291	296	296	296
TOTAL EXPENDITURES	183	334	291	291	291	296	296	296
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	183	334	291	291	291	296	296	296
TOTAL EXPENDITURES	183	334	291	291	291	296	296	296
FTE BY EMPLOYMENT TYPE:								
REGULAR	3.4	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TOTAL FTE	3.4	4.0	4.0	4.0	4.0	4.0	4.0	4.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: MEDICAL PRACTICE BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	3,340	3,340			3,340	3,340		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	65	65			65	65		
1998-99 COMPENSATION INFLATIO	34	69			34	69		
DOC SPACE RENT/LEASE INCR/DEC	1	5			1	5		
SUBTOTAL BASE ADJ.	100	139			100	139		
BASE LEVEL	3,440	3,479			3,440	3,479		

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1998-99 Biennial Budget

AGENCY: Nursing, Board of

AGENCY DESCRIPTION:

The Board of Nursing is a regulatory agency of the state of Minnesota whose mission is to protect the public's health and safety by providing reasonable assurance that the persons who practice nursing are competent, ethical practitioners with the necessary knowledge and skills appropriate to their title and role. The primary governing statutes are found in M.S. 148.171-148.285, chapter 214 and chapter 319A.

The board strives to achieve this mission through the following activities:

- Testing applicants for licensure as a registered nurse (RN) or licensed practical nurse (LPN) and granting licenses to those who qualify;
- Renewing registration of existing licensees;
- Developing and applying rules governing nursing practice;
- Registering public health nurses who meet qualifications;
- Authorizing nurse practitioners and clinical specialists in psychiatric and mental health nursing to prescribe drugs and therapeutic devices;
- Recording number of certified nurse midwives;
- Receiving and taking action on complaints alleging a violation of statutes or rules enforced by the board;
- Verifying licensure status of Minnesota licensees to other states and countries;
- Approving nursing programs which prepare for licensure;
- Registering.

REVENUES

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:					
Operational Costs	\$1,486	\$1,459	\$2,065	\$1,832	\$1,871
Computer System		493	350	235	235
Indirect Costs:					
Statewide Indirect	36	35	34	34	34
Attorney General	268	376	500	575	575
Administrative Service Unit	15	45	47	52	54
Health Professional Services Program	68	96	153	157	160
HIV/HBV Health Dept.	38	67	79	79	79
TOTAL COSTS:	\$1,911	\$2,571	\$3,228	\$2,964	\$3,033
Revenue:					
Non-dedicated	2,201	2,364	2,573	3,000	3,000
Total Revenue:	2,201	2,364	2,573	3,000	3,000

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Surplus (Shortfall)	290	(207)	(655)	36	(33)
Accumulated Ending Surplus/Shortfall) or Carry forward	\$879	\$672	\$17	\$53	\$20

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Credentialing:					
New Licenses Granted (RN & LPN)	4,309	4,138	4,200	4,300	4,300
Registrations in Effect (RN & LPN)	76,406	77,471	77,500	78,000	78,500
Public Health Registrations Granted	487	575	625	700	775
Prescribing Authority					
Nurse Practitioners	594	668	700	725	750
Clinical Nurse	0	71	80	90	100
Specialists					
Nurse	0	19	25	29	30
Nurse Midwives	0	71	80	90	100
Complaints					
Written Jurisdictional Complaints Received	1,014	926	950	975	1,000
Disciplinary Actions Taken	244	168	200	210	225

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to operate its statutorily mandated programs including processing disciplinary complaints in as efficient and effective manner as possible and maintain a high level of public responsiveness utilizing the existing resources.

The plan provides an increase in indirect costs in funding Attorney General, Administrative Support Unit and the HPSP costs. The increases are due to increases in activity with each unit and in some cases an increase in rates.

\$235,000 each year is requested for completion of the planning, development and installation of a new computer system that was begun in F.Y. 1996. All increased expenditures will be funded by an increase in the biennial registration renewal fee.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NURSING BOARD
PROGRAM: NURSING, BOARD OF
ACTIVITY: NURSING, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	1,188	1,358	1,397	1,456	1,456	1,430	1,490	1,490
OPERATING EXPENSES	799	1,091	469	645	645	475	650	650
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,987	2,449	1,866	2,101	2,101	1,905	2,140	2,140
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,987	2,449	1,866	2,101	2,101	1,905	2,140	2,140
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY PLAN ITEMS:		FUND						
-----		-----						
BUDGET INITIATIVE: COMPUTER SYSTEM PROJE		SGS		235			235	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				235			235	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	1,952	2,415	1,832	2,067	2,067	1,871	2,106	2,106
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	35	34	34	34	34	34	34	34
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,987	2,449	1,866	2,101	2,101	1,905	2,140	2,140
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	2,364	2,573	3,000	3,000	3,000	3,000	3,000	3,000
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	2,364	2,573	3,000	3,000	3,000	3,000	3,000	3,000
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	32.5	32.5	32.5	33.5	33.5	32.5	33.5	33.5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	32.5	32.5	32.5	33.5	33.5	32.5	33.5	33.5
=====	=====	=====	=====	=====	=====	=====	=====	=====

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
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AGENCY: NURSING BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	2,043	2,043			2,043	2,043		
BASE ADJUSTMENTS								
SYSTEMS DEVELOPMENT COSTS	<295>	<295>			<295>	<295>		
1997 SALARY SUPPLEMENT TRANSF	68	68			68	68		
1998-99 COMPENSATION INFLATIO	34	69			34	69		
DOC SPACE RENT/LEASE INCR/DEC	16	20			16	20		
SUBTOTAL BASE ADJ.	<177>	<138>			<177>	<138>		
BASE LEVEL	1,866	1,905			1,866	1,905		

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1998-99 Biennial Budget

AGENCY: Nursing Home Administrators, Board of

AGENCY DESCRIPTION:

The Board of Examiners for Nursing Home Administrators exists to protect the public's interest in promoting quality care and effective services for residents of long term care facilities and their families by ensuring that nursing home administrators are suitably qualified to fulfill their professional and administrative responsibilities through the board's enforcement of M.S. 144A.19-144A.29 and board Rules Chapter 6400.

The board accomplishes its mission by:

- setting and enforcing educational requirements and examination standards for licensure;
- administering a continuing education program to update and improve the knowledge and competency of licensed administrators;
- investigating complaints of substandard care or other alleged violations of statutes and rules; and
- providing information and consultation and/or mandating compliance with regulations by holding educational and disciplinary conferences with licensees and taking legal action to suspend or revoke the licenses of administrators who fail to meet standards.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:	\$159	\$162	\$215	\$177	\$181
Indirect Costs:					
Statewide Indirect	6	5	8	8	8
Attorney General	22	29	35	44	44
Administrative Services					
Unit	<u>2</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>
Total Costs	\$189	\$201	\$263	\$235	\$239
Revenues:					
Non-dedicated	<u>194</u>	<u>175</u>	<u>256</u>	<u>238</u>	<u>238</u>
Total Revenue:	<u>194</u>	<u>175</u>	<u>256</u>	<u>238</u>	<u>238</u>
Surplus (Shortfall)	<u>5</u>	<u>(26)</u>	<u>(7)</u>	<u>(3)</u>	<u>(1)</u>
Accumulated Ending Surplus (Shortfall) or Carry forward	\$34	\$8	\$1	\$4	\$3

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Licenses issued	1,007	929	940	945	945
New license applications processed	97	80	60	70	70
Exams administered	174	156	165	170	170
Complaints addressed	98	150	150	150	150

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to operate its statutorily mandated licensure and education programs and to process disciplinary complaints in as efficient and effective a manner as possible to maintain a high level of public responsiveness. However, declines in applications and examinations, license renewals and sponsored continuing education programs have caused a decline in departmental earnings while both costs and usage of Attorney General services have increased. This board made an agency decision to make a permanent reduction of \$20,000 in the direct appropriation for F.Y. 1998-F.Y. 1999 in recognition of continued need to reduce expenditures in several appropriated categories.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: NURSING HOME ADMIN BOARD
PROGRAM: NURSING HOME ADMIN, BOARD OF
ACTIVITY: NURSING HOME ADMIN, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	115	123	126	126	126	129	129	129
OPERATING EXPENSES	52	100	79	59	59	80	60	60
SUBTOTAL STATE OPERATIONS	167	223	205	185	185	209	189	189
TOTAL EXPENDITURES	167	223	205	185	185	209	189	189
AGENCY PLAN ITEMS:		FUND						
AGENCY EXPENDITURE REDUCTION		SGS		<20>			<20>	
TOTAL AGENCY PLAN ITEMS				<20>			<20>	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	162	215	197	177	177	201	181	181
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	5	8	8	8	8	8	8	8
TOTAL EXPENDITURES	167	223	205	185	185	209	189	189
REVENUE COLLECTED:								
NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	175	256	238	238	238	238	238	238
TOTAL REVENUES COLLECTED	175	256	238	238	238	238	238	238
FTE BY EMPLOYMENT TYPE:								
REGULAR	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL FTE	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: NURSING HOME ADMIN BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	194	194			194	194		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	6	6			6	6		
1998-99 COMPENSATION INFLATIO	3	6			3	6		
SMALL AGENCY S & E INFLATION	2	3			2	3		
SUBTOTAL BASE ADJ.	11	15			11	15		
BASE LEVEL	205	209			205	209		

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1998-99 Biennial Budget

AGENCY: Optometry, Board of

AGENCY DESCRIPTION:

The Board of Optometry serves to protect the residents of the state of Minnesota by assuring that all practitioners meet state services and competency standards, as set forth in the Minnesota Optometry Practice Act (M.S. 148.52-148.62).

The board, in an effort to achieve its goals, closely reviews all applications for licensure, administers a jurisprudence examination to test applicants knowledge of state optometry laws, monitors continuing education, and processes consumer complaints.

The effort put forth by the members of the Optometry board and continued use of a nationally standardized examination will assure citizens that the licensed optometrist providing their primary care is qualified to practice optometry, and meets the standard of competence required in the state of Minnesota.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	\$70	\$53	\$106	\$82	\$85
Indirect Costs:					
Statewide Indirect	3	3	7	7	7
Attorney General	10	5	11	15	15
Administrative Services	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Unit					
Total Costs	\$84	\$63	\$126	\$106	\$109
Revenue:					
Non-dedicated	<u>\$97</u>	<u>\$95</u>	<u>\$93</u>	<u>\$93</u>	<u>\$93</u>
Total Revenue	<u>\$97</u>	<u>\$95</u>	<u>\$93</u>	<u>\$93</u>	<u>\$93</u>
Surplus(Shortfall)	<u>\$13</u>	<u>\$32</u>	<u>\$(33)</u>	<u>\$(13)</u>	<u>\$(16)</u>
Accumulated Ending Surplus(Shortfall) or Carry forward	\$41	\$73	\$40	\$27	\$11

WORKLOAD EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Applicants for licensure:					
By examination	39	46	53	45	45
By reciprocity	2	2	1	1	1
Licenses Granted:					
By examination	39	46	53	45	45
By reciprocity	2	2	1	1	1
License renewals	766	729	740	745	750
Licenses canceled	41	50	40	40	40
Continuing education programs reviewed	79	104	80	80	80
Complaints processed	10	7	8	7	7
Telephone inquiries (not resulting in complaint filed)	132	150	140	140	140

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board will continue to provide services that adequately provide assurance to the citizens of the state that optometrists providing primary care are qualified to practice optometry and meet the standard of competency required in the state of Minnesota.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OPTOMETRY BOARD
PROGRAM: OPTOMETRY, BOARD OF
ACTIVITY: OPTOMETRY, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	40	47	48	48	48	49	49	49
OPERATING EXPENSES	16	66	41	41	41	43	43	43
=====								
SUBTOTAL STATE OPERATIONS	56	113	89	89	89	92	92	92
=====								
TOTAL EXPENDITURES	56	113	89	89	89	92	92	92
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	53	106	82	82	82	85	85	85
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	3	7	7	7	7	7	7	7
=====								
TOTAL EXPENDITURES	56	113	89	89	89	92	92	92
=====								
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	95	93	93	93	93	93	93	93
=====								
TOTAL REVENUES COLLECTED	95	93	93	93	93	93	93	93
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
=====								
TOTAL FTE	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
=====								

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: OPTOMETRY BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	86	86			86	86		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	1	1			1	1		
1998-99 COMPENSATION INFLATIO	1	2			1	2		
DOC SPACE RENT/LEASE INCR/DEC		1				1		
SMALL AGENCY S & E INFLATION	1	2			1	2		
SUBTOTAL BASE ADJ.	3	6			3	6		
BASE LEVEL	89	92			89	92		

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AGENCY: Pharmacy, Board of

AGENCY DESCRIPTION:

The Board of Pharmacy has 2 budget activities. One is the operations activity (Pharmacy Operations) and the other is the Administrative Services Unit.

The Administrative Services Unit was created by the 1993 legislature. It serves the 13 health-related licensing boards and the Emergency Medical Services Board. As agreed to by the various boards, the Board of Pharmacy has assumed supervisory responsibilities for the Administrative Services Unit.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY BOARD
PROGRAM: PHARMACY, BOARD OF

ACTIVITY RESOURCE ALLOCATION:	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
PHARMACY, BOARD OF	669	782	755	816	816	774	830	830
ADMIN SCVS UNIT - HEALTH BDS	185	228	216	253	253	222	261	261
TOTAL EXPENDITURES BY ACTIVITY	854	1,010	971	1,069	1,069	996	1,091	1,091
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SR		37			39	
BUDGET INITIATIVE - CT I, SURVEYOR SAL		SGS		61			56	
TOTAL AGENCY PLAN ITEMS				98			95	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	848	998	959	1,020	1,020	984	1,040	1,040
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	6	12	12	12	12	12	12	12
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE				37	37		39	39
TOTAL EXPENDITURES	854	1,010	971	1,069	1,069	996	1,091	1,091
FTE BY EMPLOYMENT TYPE:								
REGULAR	14.0	14.0	14.0	15.0	15.0	14.0	15.0	15.0
TEMP/SEAS/PART_TIME	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL FTE	15.0	15.0	15.0	16.0	16.0	15.0	16.0	16.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: PHARMACY BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	906	906			906	906		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	35	35			35	35		
1998-99 COMPENSATION INFLATIO	18	37			18	37		
DOC SPACE RENT/LEASE INCR/DEC	8	10			8	10		
SMALL AGENCY S & E INFLATION	4	8			4	8		
SUBTOTAL BASE ADJ.	65	90			65	90		
BASE LEVEL	971	996			971	996		

1998-99 Biennial Budget

AGENCY: Pharmacy, Board of
PROGRAM: Pharmacy, Board of
ACTIVITY: Pharmacy Operations

AGENCY DESCRIPTION:

The Minnesota Board of Pharmacy exists to protect the public from adulterated, misbranded, and illicit drugs, and from unethical or unprofessional conduct on the part of pharmacists or other licensees; and to provide a reasonable assurance of professional competency in the practice of pharmacy by enforcing the Pharmacy Practice Act M.S. 151, State Controlled Substances Act M.S. 152 and various other statutes. The board strives to fulfill its mission through a combination of regulatory activity, and technical consultation and support for pharmacy practices through the issuance of advisories on pharmacy practice issues, and through education of pharmacy practitioners.

In order to meet our objectives for F.Y. 1998 and F.Y. 1999, the board's enforcement of the Pharmacy Practice Act, the State Controlled Substances Act and other miscellaneous acts will involve: 1) testing applicants for licensure; 2) licensing successful candidates; 3) renewing licenses of existing licensees; 4) reviewing continuing education participation of licensees; 5) licensing and inspecting pharmacies, drug wholesaler, drug manufacturers, medical gas distributors, and controlled substance researchers; 6) investigating complaints; 7) providing technical assistance, consultation, and training to pharmacists and other health professionals; and in developing and applying rules governing the various aspects of pharmacy practice. The board set its various fees to ensure recovery of the costs of its operations.

The program has continued to slowly grow over the recent years, with the nature and number of complaints and the number of licensees affecting resource allocation.

REVENUES:

This activity generates dedicated and non-dedicated revenue.

Dollars in Thousands					
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:	\$612	\$663	\$770	\$804	\$818
Indirect Costs:					
Statewide Indirect	8	6	12	12	12
Attorney General	27	21	28	28	30
Administrative Service Unit	8	20	23	23	24
Health Professional Services Program	15	8	14	15	15
Total Costs	670	718	847	882	899
Revenue:					
Non-dedicated	691	703	716	876	876
Total Revenue	\$691	\$703	\$716	\$876	\$876

Surplus (Shortfall)	21	15	(131)	(6)	(23)
Accumulated Ending Surplus (Shortfall) or Carry forward	217	202	71	65	42

WORKLOAD/EFFICIENCY MEASUREMENTS:

1. Pharmacy, Wholesaler, Manufacturer, and Medical Gas Distributor inspections: In F. Y. 1996, the board inspected 2,000 facilities compared to 1,280 facilities in F.Y. 1994.
2. Examination of prospective pharmacists: In F.Y. 1996, the board tested 131 full board candidates and 86 reciprocity candidates compared to 136 full board and 123 reciprocity candidates in F.Y. 1994. In F.Y. 1998 and F.Y. 1999, we are expecting to examine 150 full board and 125 reciprocity candidates.
3. Complaints received from the public, other agencies, and board surveyors: In F.Y. 1996 the board received 89 written complaints compared to 56 written complaints in F.Y. 1994. The board attributes the increase in complaints to the expanded workload of pharmacists.
4. Disciplinary actions: In F.Y. 1996, the board conducted 12 disciplinary actions compared with 10 disciplinary actions in F.Y. 1994. Due to the fact that the number of licensees is expected to rise in F.Y. 1998 and F.Y. 1999, and that the grounds for disciplinary action are expected to be strengthened, the number of disciplinary actions is also expected to rise.

PERFORMANCE INDICATORS:

	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Board candidate examined	132	131	130	100	130
Reciprocity candidate examined	84	86	85	85	90
New Licenses	197	199	200	175	200
Pharmacist licenses renewed	5,078	5,185	5,100	5,200	5,250
Facility inspections	1,600	1,800	1,900	1,900	1,900
Facility licenses renewed	2,081	2,131	2,200	2,200	2,200
Professional ed. reviewed	500	308	500	300	500
Complaints processed	65	83	85	90	90
Disciplinary actions	11	10	12	15	15

"Complaints processed" does not include telephone complaints not followed up in writing by the complaining party. Complaints referred to other boards, complaints remedied in a less than formal manner, and deficiencies noted by board surveyors.

The Board of Pharmacy will be expanding its computer system in F.Y. 1997. Due to this implementation, it will be easier and quicker to gain information for outside inquiries and will allow our surveyors to gather information in a more timely manner so that more inspections can be accomplished.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The examinations, upon which licensure in the health professions, including Pharmacy, is based, must be psychometrically sound. This is recognized by the legislature in M.S. 214.03, where the health

AGENCY: Pharmacy, Board of
PROGRAM: Pharmacy, Board of
ACTIVITY: Pharmacy Operations
(Continuation)

boards are required to use a "National Exam," if one is available. The National Association of boards of Pharmacy (NABP) makes available the NABPLEX exam, which is used by 49 of the 50 states, including Minnesota. The fee for the NABPLEX exam was increased on 1/1/96, therefore, the boards's costs for this exam have increased. The increased costs, from \$250 per exam to \$350 per exam, will be recovered through a corresponding increase in the exam fees charged to the candidates for licensure. The total amount of increase of revenues will be \$15,000 per year.

The board is charged with, among other things, inspecting and licensing all pharmacies, drug wholesalers, drug manufacturers, and medical gas distributors in Minnesota. To accomplish these inspections, the board employs 5 full-time surveyors. 1) The amount of clerical work generated by the increased number of pharmacy surveyors, together with additional clerical work required by board initiated changes in the way continuing education is reported and in the way complaints are processed has created the need for additional clerical support; 2) Due to salary range reclassification by DOER of the salary range for our 5 pharmacy surveyors, which became effective during the spring of 1996, the board's salary expenditures will be increased by approximately \$30,000 per year which is not reflected in our base level figures.

During the past year, we found it necessary to utilize "temporaries" and student workers for approximately 9 months. Rather than continue to use a string of temporary clerk typists, who continually require direction and training, the board is proposing to hire an additional Clerk Typist I on a permanent basis. The estimated additional cost to the board is \$31,000 in F.Y. 1998 and \$26,000 in F.Y. 1999.

The board, therefore, requests an increased appropriation to hire an additional Clerk Typist and to provide the associated office and computer equipment.

The costs involved all of this will be covered by the board through proposed fee increases. During F.Y. 1996 and F.Y. 1997, the board used \$66,000 and \$61,000, respectively from our carry forward of excess revenues from previous years to help meet our revenue requirements and to defer any fee increases for the 2 years of the biennium. We are now in a position where we must raise fees to cover our base level spending, as well as our clerk typist initiative. The board is proposing to increase pharmacist license fees by \$15, to \$90, pharmacy licenses by \$50, to \$150, and exam fees by \$100 to \$350.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY BOARD
PROGRAM: PHARMACY, BOARD OF
ACTIVITY: PHARMACY, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	492	569	553	609	609	566	622	622
OPERATING EXPENSES	177	213	202	207	207	208	208	208
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	669	782	755	816	816	774	830	830
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	669	782	755	816	816	774	830	830
=====								
AGENCY PLAN ITEMS:		FUND						
-----		-----						
BUDGET INITIATIVE - CT I, SURVEYOR SAL		SGS		61			56	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				61			56	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	663	770	743	804	804	762	818	818
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	6	12	12	12	12	12	12	12
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	669	782	755	816	816	774	830	830
=====								
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	703	716	716	876	876	716	876	876
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	703	716	716	876	876	716	876	876
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	10.0	10.0	10.0	11.0	11.0	10.0	11.0	11.0
TEMP/SEAS/PART_TIME	.5	.5	.5	.5	.5	.5	.5	.5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	10.5	10.5	10.5	11.5	11.5	10.5	11.5	11.5

1998-99 Biennial Budget

AGENCY: Pharmacy, Board of
PROGRAM: Pharmacy, Board of
ACTIVITY: Administrative Services Unit (ASU)

AGENCY DESCRIPTION:

The Administrative Services Unit (ASU) provides centralized administrative services to the health related boards in the areas of budgeting, financial analysis, financial and human resource transaction processing, purchasing and printing services, operations analysis, and research and policy analysis.

REVENUE/COSTS:

This activity generates no revenue. The total appropriation to the Board of Pharmacy for each fiscal year of operation is shared by all boards.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Costs					
State Govt. Spec. Revenue Fund	\$76	\$185	\$203	\$216	\$222
Revenue:					
State Govt. Spec. Revenue Fund	76	185	203	216	222
Surplus/Shortfall					
TOTAL	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Based on a formula developed by the boards, the fee revenue necessary to cover the cost of this appropriation would be allocated as follows:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Board of Medical Practice	\$21	\$54	\$64	\$63	\$64
Board of Nursing	15	45	47	53	54
Board of Social Work	6	14	14	17	17
Board of Pharmacy	8	20	23	23	24
Board of Dentistry	9	19	19	19	20
Board of Chiropractic	5	9	10	10	11
Board of Psychology	4	9	10	12	13
Board of Veterinary Medicine	2	3	3	6	6
Board of Nursing Home Admin.	2	5	5	6	6
Board of Optometry	1	2	2	2	2
Board of Podiatric Medicine	1	1	1	1	1
Board of Dietetics-Nutrition Practice	<u>-0-</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>
Subtotal	\$76	\$185	\$203	\$216	\$222
Emergency Medical Service Reimbursement	-0-	-0-	-0-	<u>37</u> 253	<u>39</u> 261

EXPLANATION OF AGENCY'S BUDGET PLAN:

The agency plan presumes no expansion of staff size over that in effect at the end of the current biennium and a basic continuation of services at the same level as last biennium with changes only to reflect inflation and inclusion of services to one additional board.

This unit was established by the 1993 legislative session to assume functions previously provided by the Health Department by funded by the health-related boards. The unit has been assigned for budgetary purposes to the Pharmacy Board but is funded by receipts from all boards through a formula designed to approximate the share of unit services used by each board.

In F.Y. 1997 the unit, through interagency agreement, took on the additional responsibility of providing administrative services to the Emergency Medical Services Regulatory Board (EMSRB) which had become independent from the Health Department during the 1995 legislative session and moved its headquarters in F.Y. 1997 to the same office building that houses the health-related boards. It is expected that this arrangement will continue and that EMSRB will continue to share in the use and funding of the unit through inter-agency agreement.

The ASU expense dollars shown in these budget documents as being allocated to each board, are approximations only. The costs attributable to the activity will actually be based in general on the relative sizes of the agencies' appropriated on-going expenditures for the preceding year, after subtracting expenses assignable to specific boards based on time spent by staff on special projects of benefit to those boards only. The exact amount of total expenses, assignable to each board for the operations of the ASU, will, thus, not be known until the end of each fiscal year. As a result, the approximations contained in these budget documents were calculated, based strictly on the relative sizes of total board budgets.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY BOARD
PROGRAM: PHARMACY, BOARD OF
ACTIVITY: ADMIN SCVS UNIT - HEALTH BDS

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	161	160	180	180	180	185	185	185
OPERATING EXPENSES	24	68	36	73	73	37	76	76
SUBTOTAL STATE OPERATIONS	185	228	216	253	253	222	261	261
TOTAL EXPENDITURES	185	228	216	253	253	222	261	261
AGENCY PLAN ITEMS:		FUND						
AGENCY COST INCREASES		SR		37			39	
TOTAL AGENCY PLAN ITEMS				37			39	
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	185	228	216	216	216	222	222	222
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE				37	37		39	39
TOTAL EXPENDITURES	185	228	216	253	253	222	261	261
FTE BY EMPLOYMENT TYPE:								
REGULAR	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
TEMP/SEAS/PART_TIME	.5	.5	.5	.5	.5	.5	.5	.5
TOTAL FTE	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5

AGENCY: Podiatric Medicine, Board of

AGENCY DESCRIPTION:

The Board of Podiatric Medicine is responsible for protection of the public from being subject to incompetent, unethical, and/or unprofessional health services in the field of Podiatric Medicine. The board carries out its responsibility by ensuring that only persons who meet the legal qualifications for licensure are granted a license to practice podiatric medicine; periodically re-assessing its licensure related procedures on the basis of changes in podiatric medical education and training, in an effort to improve the quality of podiatric medical services provided to the public; and disciplining with fairness and consistency those licensees who violate laws pertaining to the ethical and competent practice of podiatric medicine.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Fund. Fees are set to recover direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:	\$26	\$40	\$40	\$33	\$33
Indirect Costs:					
Statewide Indirect	4	3	1	3	3
Attorney General	4	4	8	10	10
Administrative Services	1	1	1	1	1
Health Professional Services Program	1	1	1	1	1
HIV/HBV Health Dept.	<u>1</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>
TOTAL COSTS:	37	2	2	49	49
Revenue:					
Non-dedicated	<u>39</u>	<u>41</u>	<u>51</u>	<u>48</u>	<u>48</u>
TOTAL REVENUE:	39	1	1	48	48
Surplus (Shortfall)	<u>2</u>	<u>2</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Accumulated Ending Surplus (Shortfall) or Carry forward	\$10	\$19	\$8	\$7	\$6

WORKLOAD/EFFICIENCY MEASUREMENTS:

The figures shown below are based upon end-of-fiscal-year data. It should be noted that the figures for numbers of licensees, new licensees, holders of temporary permits, and terminations (non-renews)

cannot be equated with the projected revenues expected to be received from each category in the corresponding fiscal year: renewals are for 2 years, meaning that approximately half of the total number of licensees renew each year: applications for licensure and temporary permits are frequently made in one fiscal year and the license or temporary permit is granted in the next fiscal year, or in some cases, even later.

	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
Total number licensees	130	135	140	144	150
Number new licensees	7	12	12	12	12
Number temporary permits	18	18	18	18	18
Number of terminations	6	4	4	4	4
Number written complaints	10	11	12	12	12
Number complaints dismissed	7	5	10	10	10
Number corrective actions	0	3	3	3	3
Number licensees disciplined	0	1	2	1	1
Average number months dismissed	6	6	6	5	4
Average number months C action	0	8	8	6	6
Average number months discipline	0	18	21	12	12

EXPLANATION OF AGENCY BUDGET PLAN:

The board will operate within the current level of funding, adjusted for inflation, and within the current fee structure.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PODIATRY BOARD
PROGRAM: PODIATRY, BOARD OF
ACTIVITY: PODIATRY, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	2	2	2	2	2	2	2	2
OPERATING EXPENSES	24	39	34	34	34	34	34	34
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	26	41	36	36	36	36	36	36
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	26	41	36	36	36	36	36	36
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	23	40	33	33	33	33	33	33
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	3	1	3	3	3	3	3	3
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	26	41	36	36	36	36	36	36
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	41	51	48	48	48	48	48	48
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	41	51	48	48	48	48	48	48
FTE BY EMPLOYMENT TYPE:								

=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE								

1998-99 Biennial Budget

AGENCY: Psychology, Board of

AGENCY DESCRIPTION:

The practice of psychology in Minnesota affects the public health, safety, and welfare. The regulations in M.S. 148.88 through 148.98 protect the public from the practice of psychology by unqualified persons and from unethical and unprofessional conduct by persons licensed to practice psychology. This agency exists to enforce these statutes and the rules promulgated thereto by ensuring that only persons who meet the qualifications for licensure are granted licensure, and by disciplining with fairness and consistency those licensees who violate rules and laws pertaining to the ethical and competent practice of psychology.

The board was created to protect the public. It accomplishes that goal by enforcing rules and laws for licensing psychologists and psychological practitioners, and by regulating their professional conduct. The board scrutinizes applicants' education and training for compliance with board requirements for licensure, administers to applicants a state and a national standardized examination on the practice of psychology, educates the public about the requirements for licensure and the rules of conduct for applicants and licensees, requires and approves continuing education for licensees, and accepts and investigates complaints from the public (including other licensees), which allege violations of the Psychology Practice Act by applicants and licensees of this board.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	\$295	\$353	\$454	\$24	\$436
Indirect Costs:					
Statewide Indirect	8	-0-	8	8	8
Attorney General	204	317	250	257	261
Revenue Refund	1	-0-	-0-	-0-	-0-
Adminis. Service Unit	<u>4</u>	<u>9</u>	<u>10</u>	<u>12</u>	<u>3</u>
TOTAL COSTS	\$512	\$679	\$722	\$701	\$718
Revenues:					
Non-dedicated	<u>424</u>	<u>456</u>	<u>940</u>	<u>782</u>	<u>782</u>
TOTAL REVENUE	424	456	940	782	782
Surplus (Shortfall)	(88)	(223)	218	81	64
Accumulated Ending Surplus (Shortfall) or Carry forward	(155)	(378)	(160)	(79)	(15)

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Total Licensees-LP*	2,923	3,212	3,412	3,682	3,912
New Licensees-LP	189	198	200	270	230
Total Licensees-LPP**	3	12	20	28	38
New Licensees-LPP	7	8	8	10	10
Applicants for Examination	709	709	720	730	700
Complaints Received	192	191	234	245	260
Complaints Closed	127	109	115	130	155
Licensees Disciplined	16	18	20	27	35

* LP=Licensed Psychologist

**LPP= Licensed Psychological Practitioner

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board has rewritten its practice act making it easier to understand and follow. Bringing the agency's entire set of rules up to date is the agency's next project for which preliminary planning has already begun.

The agency has not raised the amount it plans to spend on legal services from the Attorney General's Office (AGO). Instead, it has begun planning with that office how Board of Psychology funds will be and will not be spent in the next biennium. This includes plans to shift some of the investigative duties from AGO staff to board staff, which results in a lower revenue outlay, and making more extensive use of alternative dispute resolutions so that we face fewer contested case hearings.

During the 1996 legislative session, the board obtained the legislative authority to levy civil penalties on applicants or licensees found in violation of the Psychology Practice Act in order to discourage repeat violations. Although we are unable to predict or project the impact this added revenue will have on the board's income, the board anticipates that there will be some revenue realized from this source. In addition, the board has had a significant fee increase effective November 1996, the first since 1991, and a special assessment, both of which were designed to balance the budget.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PSYCHOLOGY BOARD
PROGRAM: PSYCHOLOGY, BOARD OF
ACTIVITY: PSYCHOLOGY, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	270	293	300	300	300	307	307	307
OPERATING EXPENSES	83	169	132	132	132	137	137	137
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	353	462	432	432	432	444	444	444
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	353	462	432	432	432	444	444	444
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	353	454	424	424	424	436	436	436
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE		8	8	8	8	8	8	8
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	353	462	432	432	432	444	444	444
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	456	940	782	782	782	782	782	782
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	456	940	782	782	782	782	782	782
FTE BY EMPLOYMENT TYPE:								

REGULAR	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TEMP/SEAS/PART_TIME	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: PSYCHOLOGY BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	404	404			404	404		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	12	12			12	12		
1998-99 COMPENSATION INFLATIO	7	14			7	14		
DOC SPACE RENT/LEASE INCR/DEC	7	9			7	9		
SMALL AGENCY S & E INFLATION	2	5			2	5		
SUBTOTAL BASE ADJ.	28	40			28	40		
BASE LEVEL	432	444			432	444		

1998-99 Biennial Budget

AGENCY: Social Work, Board of

AGENCY DESCRIPTION:

The Minnesota Board of Social Work, in accordance with M.S. Ch. 148B, regulates social work practice. The board's regulatory scheme is intended to insure that: 1) social workers meet the necessary requirements for initial licensure; 2) social workers obtain the supervision and continuing education necessary for continued licensure, as monitored by a biennial renewal process; and 3) social workers comply with the laws and the rules that the board is empowered to enforce.

While the primary tool for insuring compliance with the laws and rules is the complaint process, the board also monitors licensees' scope of practice. The board also educates licensees and the public about appropriate social work practice.

The board continues to work toward completion of its three priorities, which were established in the fall of 1994. The goals established at that time were, by July 1996: 1) To have in place a complaint process where all new routine complaints against social workers are resolved within six months, and where non-routine complaints are resolved within one year; 2) To have a proposal for a simplified licensing structure that is consistent with and furthers quality social work practice for the public; and 3) To have in place an educational process whereby all stakeholders are informed of the board's purpose, vision and regulations, as well as expected standards of practice; and consumers are aware of the board's purpose, and vision, have an understanding of the scope of practice of social workers, and the availability of a complaint process.

While not yet down to six months, the time frame for processing complaints has been reduced significantly. Out of fairness to licensees under investigation, the board is committed to reducing the time frame for resolving complaints. Beginning in 1997, the board will be publishing its progress toward achieving this goal.

The board has spent a significant amount of time in looking at other licensing structures that are more "simplified." At the same time, the board's Executive Director is now serving as co-chair of a Model Law Task Force, established by the American Association of State Social Work Boards. The board has decided to postpone any decision on changing the structure until the Model Law Task Force has completed its charge of establishing a model Practice Act for the regulation of social work practice.

Finally, the board continues to work toward increased contact and dialogue with the profession. The board has had some success in its public education activities, particularly in its efforts to inform students at accredited programs of social work about licensure requirements.

The board also continues to meet regularly with its Advisory Committee, which consists of representatives of the following social work organizations: Coalition of Licensed Social Workers; Minnesota Conference on Social Work Education; Minnesota Nursing Home Social Workers Association; Minnesota School Social Workers Association; Minnesota Social Services Association; Minnesota Society for Clinical Social Work; National Association of Social Workers; and the Society for Social Work Administrators in Health Care.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Direct Costs:	\$445	\$476	\$593	\$715	\$588
Indirect Costs:					
Statewide Indirect	18	6	9	9	9
Attorney General	123	149	150	175	175
Revenue Refund	2	-0-	-0-	-0-	-0-
Administrative Services unit	6	14	14	17	17
TOTAL COSTS:	594	645	766	916	789
Revenue:					
Non-dedicated	667	716	716	743	768
TOTAL REVENUE:	667	726	726	743	768
Surplus (Shortfall)	73	81	40	(173)	(21)
Accumulated Ending Surplus (Shortfall) or Carryforward:	170	251	211	38	17

WORKLOAD/EFFICIENCY MEASUREMENTS:

	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Total Current Licensees	8,800	8,925	9,475	9,550	9,650
Licensed Social Worker	5,000	5,075	5,150	5,425	5,500
Lic. Graduate Social Worker	750	800	850	875	875
Lic. Independent Social Worker	850	800	750	925	925
Lic. Indep. Clinical Soc. Worker	2,200	2,250	2,300	2,325	2,375
Number of Complaints	175	200	225	175	175
No. Of Disciplinary Actions	13	15	20	20	20

EXPLANATION OF AGENCY'S BUDGET PLAN:

The board's budget initiatives cover the areas of administration, public educations, and complaint resolution.

In the area of administration, the board requests one-time funding of \$50,000 to make changes to its computer database, and \$30,000 to complete the microfilming of its records. The funding for the database will allow the board to complete the programming necessary to implement the proposed changes. It is expected that the completion of the database will assist the board in maintaining current staffing levels in its licensure unit and may enable the board to decrease staffing over time. The

AGENCY: Social Work, Board of
(Continuation)

funding for the microfilming, both for the one-time expenditure in F.Y. 1998 and a \$10,000 per year increase to the board's base budget will enable the board to secure the safety of its records in a more timely fashion.

In the area of public education, the board requests one-time funding of \$50,000 to develop a licensure manual for the benefit of the board's licensees. This manual will include all laws and rules relevant to the majority of social workers, as well as a description of the board's complaint process. One-time funding of \$10,000 for computer equipment will assist the board in its public presentations.

Also, \$10,000 per year is requested for ongoing public education.

Finally, in the area of complaint resolution, \$32,000 is requested for the addition of one staff person to enable the board to continue its efforts to handle as much of the complaint resolution process in-house as possible. The addition of a clerical support person will enable the board's investigative staff to devote more time to complaint resolution and decrease the board's expenditures for services provided by the Attorney General's office. Having the staff to handle more complaints in-house will also assist the board in meeting its goal of resolving complaints in a more timely manner.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SOCIAL WORK BOARD
PROGRAM: SOCIAL WORK, BOARD OF
ACTIVITY: SOCIAL WORK, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	356	381	391	433	433	400	432	432
OPERATING EXPENSES	126	221	141	291	291	145	165	165
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	482	602	532	724	724	545	597	597
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	482	602	532	724	724	545	597	597
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY PLAN ITEMS:		FUND						
-----		-----						
ONE TIME INCREASE FY 98 OF 140,000		SGS		140				
INCREASE SALARY, MICROFILM, PUB ED		SGS		52			52	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				192			52	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	476	593	523	715	715	536	588	588
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	6	9	9	9	9	9	9	9
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	482	602	532	724	724	545	597	597
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	726	726	743	743	743	768	768	768
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	726	726	743	743	743	768	768	768
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR	8.0	8.0	8.0	9.0	9.0	8.0	9.0	9.0

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SOCIAL WORK BOARD
PROGRAM: SOCIAL WORK, BOARD OF
ACTIVITY: SOCIAL WORK, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
TEMP/SEAS/PART_TIME	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
TOTAL FTE	9.5	9.5	9.5	10.5	10.5	9.5	10.5	10.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
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AGENCY: SOCIAL WORK BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	501	501			501	501		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	16	16			16	16		
1998-99 COMPENSATION INFLATIO	10	19			10	19		
DOC SPACE RENT/LEASE INCR/DEC	3	4			3	4		
SMALL AGENCY S & E INFLATION	2	5			2	5		
SUBTOTAL BASE ADJ.	31	44			31	44		
BASE LEVEL	532	545			532	545		

AGENCY: Veterinary Medicine, Board of

AGENCY DESCRIPTION:

The Board of Veterinary Medicine is the licensing agency for veterinarians in Minnesota, established under M.S. 156 to ensure that veterinary practitioners meet and maintain competency standards.

The board reviews all license applications, prepares and administers the State Board Examination, and administers the National Board Examination and Clinical Competency Test to qualified applicants. Consumer complaints are processed and investigated. When indicated, the board inspects veterinary premises for sanitation, conducts license disciplinary hearings and disciplines veterinarians found to be in violation of M.S. 156. The board also develops, alters or amends rules governing the practice of veterinary medicine in Minnesota. Routinely, fees are collected for licensure examinations, biennial license renewal, certifying new veterinary corporations, and annually renewing current corporations.

REVENUES:

This activity generates non-dedicated revenue in the State Government Special Revenue Fund. Fees are set to recover all direct and indirect costs.

	Dollars in Thousands				
	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Direct Costs:	\$110	\$154	\$156	\$141	\$144
Indirect Costs:					
Statewide Indirect	4	4	5	5	5
Attorney General	38	113	120	120	120
Administrative Services Unit	<u>2</u>	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>
TOTAL COSTS:	154	274	284	272	275
Revenue:					
Non-dedicated	<u>143</u>	<u>258</u>	<u>323</u>	<u>270</u>	<u>270</u>
TOTAL REVENUE:	143	258	323	270	270
Surplus (Shortfall)	<u>11</u>	<u>16</u>	<u>39</u>	<u>2</u>	<u>5</u>
Accumulated Ending Surplus (Shortfall) or Carry forward	\$7	\$(9)	\$30	\$28	\$23

WORKLOAD/EFFICIENCY MEASUREMENTS:

	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Examination Applicants	159	151	150	150	150
New Licenses Issued	117	95	92	92	92
Licenses Renewed	2,875	2,585	1,200	1,100	1,100
Licenses Dropped or Lapsed	85	264	185	125	100
Complaints Processed	38	31	35	35	35

EXPLANATION OF AGENCY'S BUDGET PLAN:

Agency revenues and expenditures will decrease by \$20,000 annually as a result of a change in the procedures for purchasing licensure examinations. Currently, the licensure candidate pays fees to the board which in turn purchases examination tests. In the future, the candidate will pay the cost of the examination tests directly to the supplier.

The board proposes to charge an application fee to licensure candidates to offset associated board and administrative expenses. The candidates examination costs will be unaffected by these changes.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: VETERINARY MEDICINE BOARD
PROGRAM: VETERINARY MEDICINE, BOARD OF
ACTIVITY: VETERINARY MEDICINE, BOARD OF

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	87	88	90	90	90	92	92	92
OPERATING EXPENSES	71	73	76	56	56	77	57	57
=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	158	161	166	146	146	169	149	149
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	158	161	166	146	146	169	149	149
=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY PLAN ITEMS:		FUND						
-----		-----						
EXPENDITURE REDUCTION - TESTING CHANGE		SGS		<20>			<20>	
=====		=====		=====			=====	
TOTAL AGENCY PLAN ITEMS				<20>			<20>	
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	154	156	161	141	141	164	144	144
OPEN APPROPRIATIONS:								
STATE GOVERNMENT SPECIAL REVENUE	4	5	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	158	161	166	146	146	169	149	149
=====	=====	=====	=====	=====	=====	=====	=====	=====
REVENUE COLLECTED:								

NONDEDICATED:								
STATE GOVERNMENT SPECIAL REVENUE	258	323	270	270	270	270	270	270
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL REVENUES COLLECTED	258	323	270	270	270	270	270	270
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

TEMP/SEAS/PART_TIME	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
=====	=====	=====	=====	=====	=====	=====	=====	=====

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: VETERINARY MEDICINE BOARD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	156	156			156	156		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	5	5			5	5		
1998-99 COMPENSATION INFLATIO	2	4			2	4		
DOC SPACE RENT/LEASE INCR/DEC	1	1			1	1		
SMALL AGENCY S & E INFLATION	2	3			2	3		
SUBTOTAL BASE ADJ.	10	13			10	13		
BASE LEVEL	166	169			166	169		

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1998-99 Biennial Budget

AGENCY: Emergency Medical Services Regulatory Board

AGENCY DESCRIPTION:

The EMSRB exists to protect and to promote the public health through administering and enforcing Minnesota Statutes and Minnesota Rules that encompass the licensing of ambulance services, credentialing of emergency medical service (EMS) personnel and EMS training programs, administering EMS regional program grants, and other program support.

Emergency Medical Services are a set of related services that provides acute care for injury or disease in a pre-hospital setting. The patient care providers of EMS include first responders, ambulance service personnel, and acute and tertiary care emergency medical facilities. In Minnesota Statutes, the EMSRB and the Commissioners of Health, Public Safety, and Administration have emergency medical services-related authority. The EMSRB, created under Minnesota Statutes chapter 144E, administers and enforces Minnesota Statutes sections 144.801-144.8095, 145.93, 169.686; Minn. Statutes chapter 144C; and Minnesota Rules chapter 4690.

The EMSRB accomplishes its mission by:

1. Designating and funding regional EMS programs.
2. Setting and enforcing education requirements and examination standards for the registration of first responders and the credentialing of emergency medical technician (EMT) basics, EMT-intermediated and EMT-paramedics.
3. Setting and enforcing requirements for credentialing EMS training programs.
4. Investigating and resolving complaints and allegations of non-compliance with laws and regulations by ambulance services, EMS personnel, and EMS training programs. The EMSRB institutes corrective or disciplinary actions, regularly inspects ambulance services, and reviews training programs.
5. Administering state and federal grants under various programs.
6. Conducting EMS projects and studies with federal or state funding
7. Making recommendations to the legislature on improving the access, delivery, and effectiveness of the states EMS system.
8. Preparing an initial work plan which is updated bi-annually.
9. Designating an EMS personnel recognition day.

	Actual F.Y. 1996	Estimated F.Y. 1997	Estimated F.Y. 1998	Estimated F.Y. 1999
Approved Training Programs	95	94	94	94
Certified Pre-hospital Personnel:				
- First Responders	9,076	10,014	10,952	11,890
- Basic EMT's	4,567	4,500	4,500	4,500
- EMT Intermediate	178	200	200	200
- Paramedics	662	686	698	720
Volunteer Reimbursement*				
- Basic 100 hour EMT course	303	300	300	300
- 24 hour EMT refresher	1,117	1,000	1,000	1,000

Transportation:
License Ambulance Service
(Including Specialized)

- Basic Life Support	224	224	224	224
- Inspect	200	210	220	224
- Advanced Life Support	74	76	78	80
- Inspect	50	60	70	80

* Reimbursement set by statute at \$450 for basic 100 hour and \$225 for refresher. Figures are for the number of volunteer EMT's completing the course who applied for reimbursement.

REVENUES:

This activity generates non-dedicated revenue. Revenues are collected through charges for ambulance service licenses (\$96.00 biennial fee), and additional ambulance charges (\$48 per vehicle) with license renewal.

	Dollars in Thousands				
	F.Y. 1995	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Type of Revenue:					
Non-dedicated	\$-0-	\$-0-	\$40	\$42	\$44

EXPLANATION OF AGENCY PLAN:

The agency plan includes base level funding from the Trunk Highway Fund of \$1,652,000 in F.Y. 1998 and \$1,678,000 in F.Y. 1999 and General Fund appropriation of \$584,000 each year. Of the amount requested from the Trunk Highway Fund, \$610,000 each year is for regional grants and the balance for EMS operations. The General Fund appropriation will provide regional grants and ambulance training grants.

In addition to directly appropriated funds, funding for longevity awards for EMS retirees is provided from a standing appropriation. Current projections indicate potential expenditures of \$297,000 in F.Y. 1998 and \$549,000 in F.Y. 1999 for longevity awards. Also, a portion of seat belt fines, estimated at \$842,000 each year, is allocated by statute to be distributed as EMS grants.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: EMERGENCY MEDICAL SVS REG BD
PROGRAM: EMERGENCY MEDICAL SERVICES BD
ACTIVITY: EMERGENCY MEDICAL SERVICES BD

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES		845	905	905	905	925	925	925
OPERATING EXPENSES		487	473	473	473	458	458	458
SUBTOTAL STATE OPERATIONS		1,332	1,378	1,378	1,378	1,383	1,383	1,383
PAYMENTS TO INDIVIDUALS		536	449	449	449	449	449	449
LOCAL ASSISTANCE		1,786	1,954	1,954	1,954	2,204	2,204	2,204
TOTAL EXPENDITURES		3,654	3,781	3,781	3,781	4,036	4,036	4,036
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL		747	584	584	584	584	584	584
TRUNK HIGHWAY		1,542	1,652	1,652	1,652	1,678	1,678	1,678
OPEN APPROPRIATIONS:								
GENERAL		124	297	297	297	549	549	549
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE		846	842	842	842	842	842	842
FEDERAL		395	406	406	406	383	383	383
TOTAL EXPENDITURES		3,654	3,781	3,781	3,781	4,036	4,036	4,036
REVENUE COLLECTED:								
DEDICATED:								
SPECIAL REVENUE		1						
FEDERAL		155	165	165	165	140	140	140
NONDEDICATED:								
TRUNK HIGHWAY		41	42	42	42	44	44	44
TOTAL REVENUES COLLECTED		197	207	207	207	184	184	184

1998-1999 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: EMERGENCY MEDICAL SVS REG BD
 PROGRAM: EMERGENCY MEDICAL SERVICES BD
 ACTIVITY: EMERGENCY MEDICAL SERVICES BD

			FY 1998			FY 1999		
			Base	Agency	Governor	Base	Agency	Governor
			Level	Plan	Recomm.	Level	Plan	Recomm.
ACTIVITY SUMMARY	FY 1996	Est. FY 1997						
=====	=====	=====	=====	=====	=====	=====	=====	=====
FTE BY EMPLOYMENT TYPE:								

REGULAR		15.5	15.5	15.5	15.5	15.5	15.5	15.5
=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FTE		15.5	15.5	15.5	15.5	15.5	15.5	15.5

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: EMERGENCY MEDICAL SVS REG BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	3,671	3,900	881	1,133	2,384	2,384	406	383
BASE ADJUSTMENTS								
1998-99 COMPENSATION INFLATIO	16	32			16	32		
ANNUALIZATION OF NEW PROGRAM	80	80			80	80		
DOC SPACE RENT/LEASE INCR/DEC	7	9			7	9		
SMALL AGENCY S & E INFLATION	7	15			7	15		
SUBTOTAL BASE ADJ.	110	136			110	136		
BASE LEVEL	3,781	4,036	881	1,133	2,494	2,520	406	383

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1998-99 Biennial Budget

AGENCY: Disability, Minnesota State Council on (MSCOD)

AGENCY DESCRIPTION:

The Minnesota State Council on Disability (MSCOD) was created in 1973. The statutory authority is M.S. 256.482. Policy for MSCOD is set by a council of 21 members, appointed by the governor, with representation from each of the economic development regions in the state.

The mission of the MSCOD is to expand opportunities for all children and adults with a disability throughout Minnesota, without regard to disability, and to advocate policies and programs which will promote the independence of children and adults with disabilities and protect their right to participate fully in society.

Specific statutory duties given to MSCOD are: 1) advising the governor, the legislature, and state agencies on matters pertaining to public policy, programs, services, and facilities for persons with disabilities; 2) encouraging and assisting with the development of coordinated interdepartmental goals and objectives and the coordination of programs, services, and facilities for persons with disabilities; 3) serving as a source of information to people with disabilities and the general public on matters pertaining to disabilities; 4) researching, formulating, and advocating plans, programs, and policies to serve the needs of persons who are disabled; and 5) initiating or intervening in administrative or judicial proceedings which directly affect the legal rights of persons with a disability.

GOALS AND OBJECTIVES:

MSCOD has developed an array of agency activities providing the necessary resources to keep more than 900,000 people with disabilities in Minnesota in touch with innovative programmatic solutions.

Disability Linkage - MSCOD will provide information to people with disabilities and the general public on matters pertaining to disabilities concerns.

- Information and assistance calls 14,000.
- Workshops and public forums 2,000 in attendance per year.
- Technical Assistance inquiries - 5,000 inquiries per year.
- Publish the "Connector", a newsletter with a circulation of 9,000 - quarterly publication.
- "Capital Ideas", and intermittent news bulletin to disability organizations on current-demanding issues of concern to the disability community - a total of 5,000 copies per year.
- Facilitation of public meetings, i.e., Consortium for Citizens with Disabilities, Work Incentives Coalition, Medical group, Start Your Own Business, Consumer Protection in MediCare, Statewide Access, 200 meetings for 2,500 people.

Education - Assist the Educational services to meet the individual needs of students with disabilities.

- Continue to monitor the development of policies such as: the Graduation Standards, mergers/consolidations and contract services as they may impact on students with disabilities.
- Work with superintendents and special education directors to promote science, engineering and technology careers as offerings to special education students.
- Support multiple certification for teachers allowing smaller school districts to service disabled students more economically.
- Support video-teaching in more classrooms throughout the state, both reducing school costs and expanding the selections to disabled students.
- Continue to monitor and support policies which have an impact on individual education plans.

- Stimulate the development of programs to increase teenage work opportunities and assure that students with disabilities are included in these programs.
- Monitor national and state policies and legislation which would affect students with disabilities.
- Assess the effectiveness of efforts to educate students with disabilities.
- Protect the appropriate education rights of students with any disability.
- Work with post secondary schools to infuse disability awareness components in all areas of curricula.

Transportation - Appropriate, accessible and affordable transportation will be provide to all persons with disabilities.

- Work out a coordinated strategy for increasing accessible transportation throughout Minnesota.
- Advocate for a constitutional amendment establishing a dedicated transit fund.
- Work with all governments to develop a regional transit system for persons who are seniors and disabled.

Individual Rights - Reduce discrimination against persons with disabilities, through forms, education, training and technical information.

- Offer 4 empowerment trainings in Minnesota, 2 out state and 2 in the Metro area.
- Provide technical assistance on the Americans with Disabilities Act (ADA) and other civil rights laws for persons with disabilities.
- Educate employers and individuals on civil rights laws for persons with disabilities.
- Conduct training sessions on the ADA and other civil rights laws pertaining to disability.

Employment - Assist to reduce barriers to employment and expand employment opportunities for persons with disabilities.

- Educate people on Social Security/MediCare employment incentives.
- Cultivate business loans for persons with disabilities.
- Develop a business leadership network as originated in other states, that will assist in reducing the 70% unemployment rate in Minnesota.
- Develop and coordinate 2 workshops each year on "Starting Your Own Business," specifically for persons with disabilities.
- Work with other government agencies to improve employment options in government for people with disabilities.
- Educate employers and individuals, about employment rights of persons with disabilities.
- Develop a Youth Leadership Program for high school students; that includes journalism and 4 day esteem workshop for students with disabilities.
- Investigate new employment issues as proposed in new welfare reform.
- Monitor new legislation that impacts employment for persons with disabilities.

Accessibility - People with disabilities will be able to freely interact in all aspects of society without encountering barriers, obstacles, inconveniences or exclusion.

- Assist the Department of Administration on their state bonding legislative solicitation and their statewide access prioritization committee work.
- Assist the Department of Education with legislative committee work for state bonds, then grants to access libraries and school district buildings statewide.
- Assist in the development of curriculum and educate architecture schools on the importance of including an accessibility component in the curriculum of their program.
- Develop a physical and financial package of handouts and 2 workshops on housing techniques for persons with disabilities, working with established organizations.
- Work with state, county, cities and the public on physical accessibility concerns as well as assistance with code issues.

AGENCY: Disability, Minnesota State Council on (MSCOD)
(Continuation)

Health Care - Assist change and research concerns surrounding health-care issues as they impact children and adults with disabilities.

- Work with the disability community and other organizations on health care reform.
- Research the block granted welfare reform program enacted by the federal government regarding its impact on the disabled community.
- Advocate for inclusion of long-term care issues in our health care reform.
- Study regionalization of health care systems as to their impact upon the disabled community.
- Track the regional coordinating boards activities and make sure that they are aware that necessary services must be made available throughout the state, to persons with disabilities.
- Study and research rural health care organizations; i.e., hospitals, clinics, HMO's etc. for their delivery criteria and who can be excluded from service. Also, where do poor people with disabilities receive services; i.e., especially in rural settings (distance in rural areas is a major problem along with transportation).

EXPLANATION OF AGENCY'S BUDGET PLAN:

Whenever possible MSCOD will work in cooperation with other state agencies and private sector organizations dealing with disabilities. Cooperating jointly with other organizations is not only cost effective, but it also provides citizens of Minnesota with input on our public policy recommendations. MSCOD will use interagency agreements, co-sponsorships, and coalition building as a means of working more efficiently and involving as many citizens as possible. MSCOD will work through co-sponsorship with other agencies and community organizations in the areas of individual rights, accessibility, employment, transportation, health care and education. For instance, in the area of health care for people with disabilities, the council will work in conjunction with other organizations involved such as the Consortium for Citizens with Disabilities, a non-profit group of 30 businesses. On employment and education issues, MSCOD is the state's representative of the President's Committee on Employment of People with Disabilities and the National Council on Disability and work strongly with public and private agencies. In Education we work with a coalition of 30 organizations which seek fair and appropriate education for children with disabilities. With an emphasis on working cooperatively with other agencies and disability community related organizations, MSCOD expects to maintain a high level of performance in an economical manner.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: DISABILITY COUNCIL
PROGRAM: CNCL ON DISABILITY
ACTIVITY: CNCL ON DISABILITY

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	412	435	449	449	449	467	467	467
OPERATING EXPENSES	139	207	172	172	172	169	169	169
=====								
SUBTOTAL STATE OPERATIONS	551	642	621	621	621	636	636	636
LOCAL ASSISTANCE	150							
=====								
TOTAL EXPENDITURES	701	642	621	621	621	636	636	636
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	700	637	616	616	616	631	631	631
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	1	5	5	5	5	5	5	5
=====								
TOTAL EXPENDITURES	701	642	621	621	621	636	636	636
REVENUE COLLECTED:								

DEDICATED:								
SPECIAL REVENUE	1	5	5	5	5	5	5	5
=====								
TOTAL REVENUES COLLECTED	1	5	5	5	5	5	5	5
FTE BY EMPLOYMENT TYPE:								

REGULAR	9.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0
=====								
TOTAL FTE	9.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: DISABILITY COUNCIL

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	586	586	581	581	5	5		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	20	20	20	20				
1998-99 COMPENSATION INFLATIO	11	22	11	22				
DOC SPACE RENT/LEASE INCR/DEC	1	2	1	2				
SMALL AGENCY S & E INFLATION	3	6	3	6				
SUBTOTAL BASE ADJ.	35	50	35	50				
BASE LEVEL	621	636	616	631	5	5		

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AGENCY: Ombudsman for Mental Health and Mental Retardation, Office of the

AGENCY DESCRIPTION:

The Office of the Ombudsman for Mental Health and Mental Retardation is an independent state agency created in 1987 by M.S. 245.91-97. The office is organized on a regional basis with staff located throughout the state to provide direct assistance to consumers with mental illness, developmental disabilities, chemical dependency, and children experiencing emotional disturbance. The office assists consumers to obtain services meeting the highest attainable standard and intervenes through advocacy and mediation to resolve disputes and difficulties in ways which are fair and equitable and protects those least able to care for themselves. Through investigatory and monitoring activities, the office reviews all serious injuries and deaths of consumers residing in licensed facilities. The office identifies systemic problems and issues that affect the adequacy and quality of services delivered to all consumers. The Ombudsman synthesizes the overall work of the agency to make recommendations to elected officials, government agencies, and service providers about systemic issues needing attention.

ISSUES AFFECTING AGENCY OPERATIONS:

The number of individuals in Minnesota who are receiving services for mental illness, mental retardation, chemical dependency, and children with an emotional disturbance is increasing. This client base consists of over 105,000 citizens. Based on our mandate, any of these individuals or their families should expect assistance when contacting our office. This client base is currently served by 17 professional and three support staff.

During the last decade, state operated RTC's have downsized. One RTC closed in July of 1995, and another is presently in the final stages of closure. This population shift from large facilities to small residential options has greatly expanded the community presence of this agency. In the community based settings, these citizens live in smaller group homes dispersed over a larger area. Much more travel time is expended to provide customer services in this expanding environment. It is even more important to have advocacy services available to these individuals due to the potential risks of living in more isolated individual settings. Advocates are also accessible to hundreds of clients served by RTC's.

Increasingly, this office is solicited to mediate between parties and to provide input to policy makers on a large array of issues affecting consumers experiencing mental disabilities. We actively utilize our data and experience to identify systematic problems that are also brought to our attention by the legislature, state agency heads, and service providers. Our goal is to bring about change that leads to improving effectiveness and efficiency of the service delivery system, while assuring that consumers who are least able to care for themselves are protected.

GOALS AND OBJECTIVES:

The 1996 Legislature approved the establishment of a Children's Specialist to focus on issues that affect children and adolescents with mental health issues and their families. Our objectives are to highlight the issues that have the most impact on children, adolescents and their families. These issues include county case management under the Children's Mental Health Act; out of home and out of state placement of children and adolescents, and to give special attention to the interrelationship between Minnesota's educational system and the mental health needs of Minnesota's children.

WORKLOAD/EFFICIENCY MEASUREMENTS:

During the biennium, the Office of the Ombudsman plans to implement a computer data system that will do more than simply collect numbers. The new system will enable management to assess, adjust and evaluate workload size, priorities, and efficiency and timeliness of client services. The system will also allow viewing of narrative case work in progress. This will allow us to answer clients questions, concerns or complaints accurately and without delay. An additional advantage will be the interrelational aspects of client issues, serious injuries and deaths. We will have the ability to view a client as a whole person and track them as they move within the service system. We also will have the ability to view licensed facilities, programs, or agencies as a whole, allowing the office to monitor the issue of highest attainable quality services for persons with mental disabilities.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The office is mandated by law to maintain a regional office located at each of the eight regional treatment centers (RTC's). In addition, more than 25% of the work load comes from Ramsey and Hennepin counties where there is no regional treatment center. Two advocates cover the metro counties. The office is also mandated to provide statewide death and serious injury review and review of systemic issues, which presently requires two staff. Due to these mandates, approximately 85% of our budget is allocated to wages and benefits.

The agency budget request includes base funding plus 2.5% per year inflation on operational and salary expenses as authorized by the Department of Finance.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends funding of \$80,000 in F.Y. 1998 for the Information Technology initiative, and \$250,000 for the biennium for the Civil Commitment Training and Resource Center initiative.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OMBUDSMAN FOR MH & MR
PROGRAM: OMBUDSMAN FOR MH & MR
ACTIVITY: OMBUDSMAN FOR MH & MR

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
EXPENDITURES:								
DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	899	1,021	1,018	1,018	1,058	1,043	1,043	1,083
OPERATING EXPENSES	152	223	151	151	316	155	155	240
SUBTOTAL STATE OPERATIONS	1,051	1,244	1,169	1,169	1,374	1,198	1,198	1,323
TOTAL EXPENDITURES	1,051	1,244	1,169	1,169	1,374	1,198	1,198	1,323
GOV'S INITIATIVES:		FUND						
(B) CIVIL COMMITMENT		GEN			125			125
(B) INFORMATION TECHNOLOGY		GEN			80			
TOTAL GOV'S INITIATIVES					205			125
EXPENDITURES BY FUND:								
DIRECT APPROPRIATIONS:								
GENERAL	1,051	1,244	1,169	1,169	1,374	1,198	1,198	1,323
TOTAL EXPENDITURES	1,051	1,244	1,169	1,169	1,374	1,198	1,198	1,323
FTE BY EMPLOYMENT TYPE:								
REGULAR	18.0	17.0	17.0	17.0	18.0	17.0	17.0	18.0
TEMP/SEAS/PART TIME	.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7
TOTAL FTE	18.5	19.7	19.7	19.7	20.7	19.7	19.7	20.7

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: OMBUDSMAN FOR MH & MR

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	1,097	1,097	1,097	1,097				
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	43	43	43	43				
1998-99 COMPENSATION INFLATIO	25	50	25	50				
SMALL AGENCY S & E INFLATION	4	8	4	8				
SUBTOTAL BASE ADJ.	72	101	72	101				
BASE LEVEL	1,169	1,198	1,169	1,198				

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Ombudsman for Mental Health and Mental Retardation, Office of the
PROGRAM: Ombudsman for Mental Health and Mental Retardation
ACTIVITY: Ombudsman for Mental Health and Mental Retardation

ITEM TITLE: Civil Commitment Training and Resource Center

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$125	\$125	\$125	\$125
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the base budget of \$250,000 for the biennium. This funding will enable the office to establish and provide ongoing management of a Civil Commitment Training and Resource Center.

RATIONALE:

After deliberations and review of materials from the Mental Health Law Training and Resource Center at the University of Virginia, the Supreme Court Task Force on Civil Commitment recommended that a Training and Resource Center be established in Minnesota. The Training and Resource Center would provide an organized system for ongoing, interdisciplinary training to be conducted at least quarterly in various locations in the state, and information dissemination and legal consultation, primarily for persons with mental illness and their representatives.

The Office of the Ombudsman for Mental Health and Mental Retardation is specified as the Office to manage the business of the Center.

	<u>Dollars in Thousands</u>		
	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Training	\$-0-	\$75	\$75
Resource Center	<u>-0-</u>	<u>50</u>	<u>50</u>
TOTAL	\$-0-	\$125	\$125

Training was identified as particularly important to a system of quality defense representation for persons with mental illness. Training is needed to ensure equitable treatment of all Minnesota citizens affected by the Civil Commitment process. The Task Force also considered that without sufficient resources for the judiciary, attorneys, and other professionals involved with the Civil Commit-

ment process to receive training, the practical effect of the changes being proposed by the Task Force would be reduced.

PROGRAM OUTCOMES:

The Center will provide an increase in knowledge and understanding statewide of the civil commitment process.

Training and dissemination of accurate information regarding civil commitment (including alternatives to civil commitment) will reduce the number of commitments to Regional Treatment Centers (RTC's) by two tenths of one percent, beginning in 1998.

For consumers, this proposal will facilitate treatment that will be more timely and appropriate to the person's needs and assure appropriate use of the state safety net.

A reduction in state funds used for inappropriate commitments will result from Center training.

LONG-TERM IMPACT:

As a result of the Center's establishment and use, a more efficient and effective civil commitment process will allow less expensive earlier intervention community programs to be used.

F.Y. 1998-99 BUDGET INITIATIVE

AGENCY: Ombudsman for Mental Health and Mental Retardation, Office of the
PROGRAM: Ombudsman for Mental Health and Mental Retardation
ACTIVITY: Ombudsman for Mental Health and Mental Retardation

ITEM TITLE: Information Technology Upgrade/Conversion

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$80	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor recommends a one-time appropriation of \$80,000 in F.Y. 1998. This funding will enable the office to improve the efficiency and compatibility of their Information Management Systems.

RATIONALE:

Information technology is a priority of the administration. Currently this office has a paper driven records system requiring duplication of effort in the entering, transferring and storing of information. Because of the delay in this process, access to timely information is difficult. A complete upgrade and conversion is necessary to better serve the citizens of Minnesota and best use the human resources currently in place.

This office needs to implement a more efficient, effective and accurate data collection system that is consistent with other state programs and agencies.

The field advocates, located around the state, do written reports on each case. When concluded, these reports are copied for their own files, with the originals then mailed to the central office in St. Paul for entry into the data base. When the case entries are complete, files are copied for the second time for appropriate placement, such as individual files and facility files.

The current system does not allow for easy or flexible data analysis due to the age of the system and the fact that over the years multiple vendors have been contracted with to provide upgrades and changes.

The Office is currently on a Macintosh system, which is not supported by the state information systems help desk. When assistance is needed we have to pay an outside vendor, which is expensive. To gain state support, the system needs to be PC based.

The Office has not had a technical person on staff until this fall. The person in this half time position has enabled the Office to scrutinize the available systems with much more insight, understanding and knowledge. This person will also be able to keep the Office up to date with upgrades and technical information, as well as keep the system running efficiently and effectively on an ongoing basis.

To capture the case information more quickly, allow analysis of the data in any number of ways, maintain the security of the information gathered, and assist in the management of the employee workloads, a Lotus Notes (Version 4.1) system has been chosen as the best system to meet our needs.

The Ombudsman for Corrections has a Lotus Notes platform in place, and looking into the future, the goal is to have a system where information sharing between the ombudsman offices can be achieved. The vendor that developed and installed the system for the Ombudsman for Corrections, has been chosen to accomplish the same task in this office. In this way, we will save some development costs, as some of the basic platform from the previous application can be used to begin this application.

PROGRAM OUTCOMES:

The new system will allow quicker responses for client and customers.

The system will enable management to adjust work loads to allow more efficient and effective services to the clients and customers.

The system will streamline the data entry component of the Office, and because data on this system will be stored on tape, will greatly reduce the amount of hard copy files retained.

Analysis of data can be done in many ways with the system, to assist in both short and long term planning for the agency.

The system will afford the Client Advocate Supervisor information to assure accountability for employees not located in the central office.

The system will save the state funds that would be needed to be expended for Year 2000 compliance problems. The new system is Year 2000 compliant.

The Office will use the new technology to develop and maintain a web page on the Internet. The web page will be on the Minnesota Government North Star page per the Governor's Executive Order, July 1993.

LONG-TERM IMPACT:

Improved data collection, analysis and retrieval will assist the office in handling the increasing work load with the current staffing levels. The office will be able to better respond to requests, both legislative and client based, for specific information. This system will reduce the amount of hard copy records the office needs to store. The system will also provide information to allow increased coordination and management of work load levels.

... To ...
...
... Office is currently on a ...
...

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AGENCY: Ombudsperson for Families, Office of

AGENCY DESCRIPTION:

The Office of Ombudsperson is authorized by M.S.257.0755 and was created in 1991. The legislation requires the office to operate independently but in collaboration with the following groups: the Indian Affairs Council, Chicano Latino Affairs Council, Council on Black Minnesotans and the Asian Pacific Council. The Ombudsperson for each community is selected by the applicable community specific board. Each Ombudsperson serves in unclassified service at the pleasure of the community specific board. Each Community specific Board consists of 5 members. The chair of the councils appoints the members. The members are required by legislation to meet 4 times a year to advise the ombudspersons on overall policies.

Each Ombudsperson has the authority to investigate decisions, acts and other matters of an agency, program, or facility providing protection or placement services to children.

GOALS AND OBJECTIVES:

The goal of the Office of Ombudsperson for Families is ensure that all laws governing the protection of children and their families are implemented in a competent manner.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The office is funded from a transfer from the Department of Human Services of \$92,000 each year, and requests base level funding, adjusted for inflation, in direct General Fund appropriations of \$157,000 in F.Y. 1998 and \$161,000 in F.Y. 1999.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1998-1999 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OMBUDSPERSON FOR FAMILIES
PROGRAM: OMBUDSPERSONS FOR FAMILIES
ACTIVITY: OMBUDSPERSONS FOR FAMILIES

ACTIVITY SUMMARY	FY 1996	Est. FY 1997	FY 1998			FY 1999		
			Base Level	Agency Plan	Governor Recomm.	Base Level	Agency Plan	Governor Recomm.
=====								
EXPENDITURES:								

DETAIL BY CATEGORY:								
STATE OPERATIONS:								
PERSONAL SERVICES	197	199	204	204	204	209	209	209
OPERATING EXPENSES	25	52	45	45	45	44	44	44
=====								
SUBTOTAL STATE OPERATIONS	222	251	249	249	249	253	253	253
=====								
TOTAL EXPENDITURES	222	251	249	249	249	253	253	253
=====								
EXPENDITURES BY FUND:								

DIRECT APPROPRIATIONS:								
GENERAL	138	146	157	157	157	161	161	161
STATUTORY APPROPRIATIONS:								
SPECIAL REVENUE	84	105	92	92	92	92	92	92
=====								
TOTAL EXPENDITURES	222	251	249	249	249	253	253	253
=====								
FTE BY EMPLOYMENT TYPE:								

REGULAR	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0
=====								
TOTAL FTE	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0

STATE OF MINNESOTA - DEPARTMENT OF FINANCE
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT
BY SEC SEQ

AGENCY: OMBUDSPERSON FOR FAMILIES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99	F.Y.98	F.Y.99
F.Y.97 APPROPRIATIONS	229	229	137	137	92	92		
BASE ADJUSTMENTS								
1997 SALARY SUPPLEMENT TRANSF	9	9	9	9				
1998-99 COMPENSATION INFLATIO	4	7	4	7				
DOC SPACE RENT/LEASE INCR/DEC	7	8	7	8				
SUBTOTAL BASE ADJ.	20	24	20	24				
BASE LEVEL	249	253	157	161	92	92		