

# **Governor's SFY 2023 Recommended Budget Adjustments for the Department of Social Services**

**Presentation to the Appropriations Committee**

**Deidre S. Gifford, Commissioner  
Michael Gilbert, Deputy Commissioner  
Wednesday, February 23, 2022**

**Critical source of economic security, health and well-being to over one million individuals (32% of the population of Connecticut)**

- Serves children, adults, working families, older adults and persons with disabilities in all 169 Connecticut cities and towns.
- With service partners, provides federal/state food and economic aid, health care coverage, independent living and home care, social work, child support, home-heating aid, protective services for the elderly, and other vital services.
- Successful in improving quality, satisfaction and independence through prevention and integration.

**Technology and data driven**

- Prioritizing timely access to services through eligibility process improvements, integration with Access Health CT, and our ImpaCT eligibility system.
- Beginning efforts to modernize our child support and Medicaid technology supports and systems.
- Utilizing advanced data analytics to direct policy-making, program development and operations.

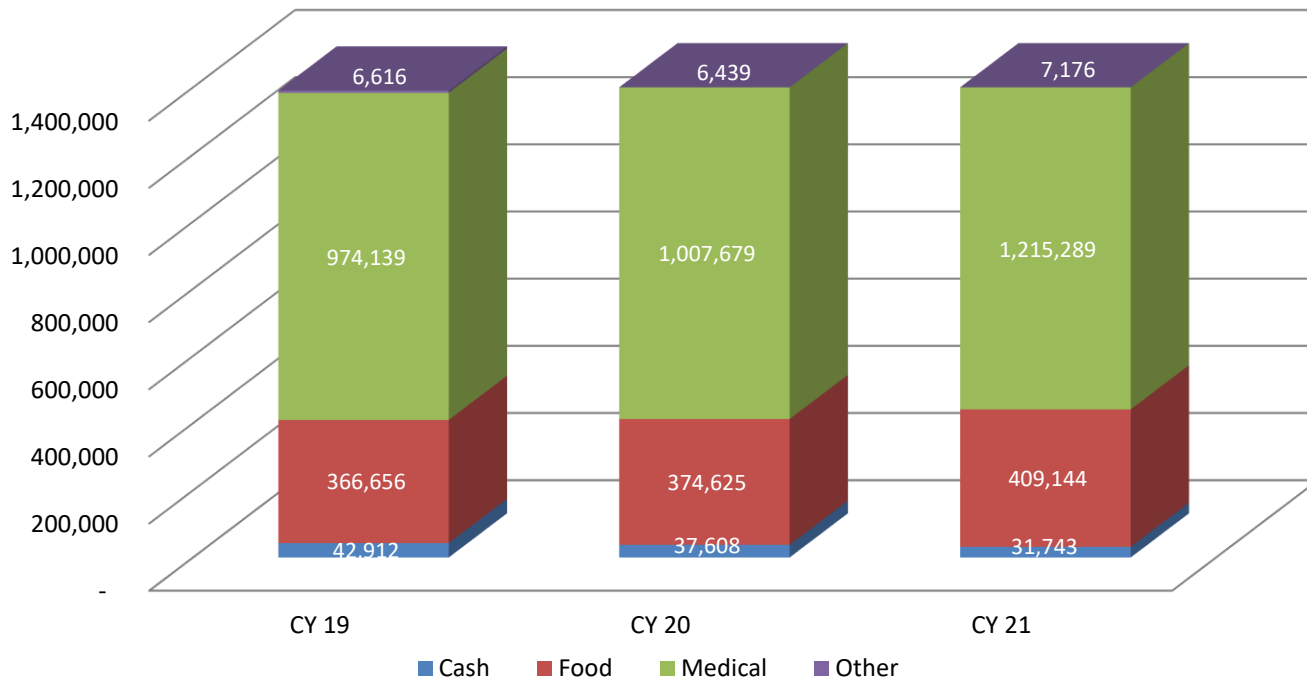
**Efficient and effective operations**

- Agency-wide administrative costs are estimated to be 3.3%.
- Over 50% of agency expenditures are federally reimbursed.
- Health expenditures (76.8% of department's recommended SFY 2023 budget) - considering the growth in enrollment over the past year, overall expenditures remain relatively flat for most service categories.

## Our Mission

*Make a positive impact on the health and well-being of  
Connecticut's individuals, families, and communities*

## Average Monthly Number Served by Type of Assistance



**Notes:**

- Medical includes individuals receiving HUSKY, MSP, and state-funded home care
- Other includes Essential Services and SAGA funeral benefits
- Reflects average monthly enrollment

- The Department is committed to providing the highest level of health and human services to Connecticut individuals, families and communities. Our services touch people in all 169 cities and towns.
- We support Governor Lamont's recommended SFY 2023 budget adjustments for the Department. We believe they will allow us to support our mission and provide us with the resources necessary to continue efforts to assist those who benefit from our services.
- We look forward to working with the General Assembly over the next several months as you review and deliberate on these budget adjustments.
- In the next few slides, we present a general overview of the DSS budget before detailing the changes included in the Governor's recommended budget adjustments.

■ **Programs supported include:**

Medicaid, CHIP (HUSKY B), SNAP, TFA, Child Support, State Supplement (AABD), SAGA, Energy Assistance, Community Action Agencies

■ **SFY 2022 estimated staffing costs:**

- \$ 128 m

■ **Major operating expenses (non-staff):**

- Estimated 2022 expense: \$148 m
- Operating Contracts: 85%
- Facilities & Operational: 15%

■ **Administrative cost ratio:**

- 3% (includes eligibility staff; based upon total budget inclusive of federal & state funds)

■ **Program outcome highlights:**

- Application processing timeliness
- Successful transition to remote operations including greater phone access for consumers
- Continued stability in the Medicaid cost trends and enhanced outcomes while maintaining a low administrative cost ratio

■ **Governor's recommended budget SFY 2023:**

• **Total:**

- SFY 23 \$4.988 b (net); \$9.549 b (gross)

• **Program:**

- SFY 23 \$4.682 b (net); \$9.243 b (gross)

• **Administrative:**

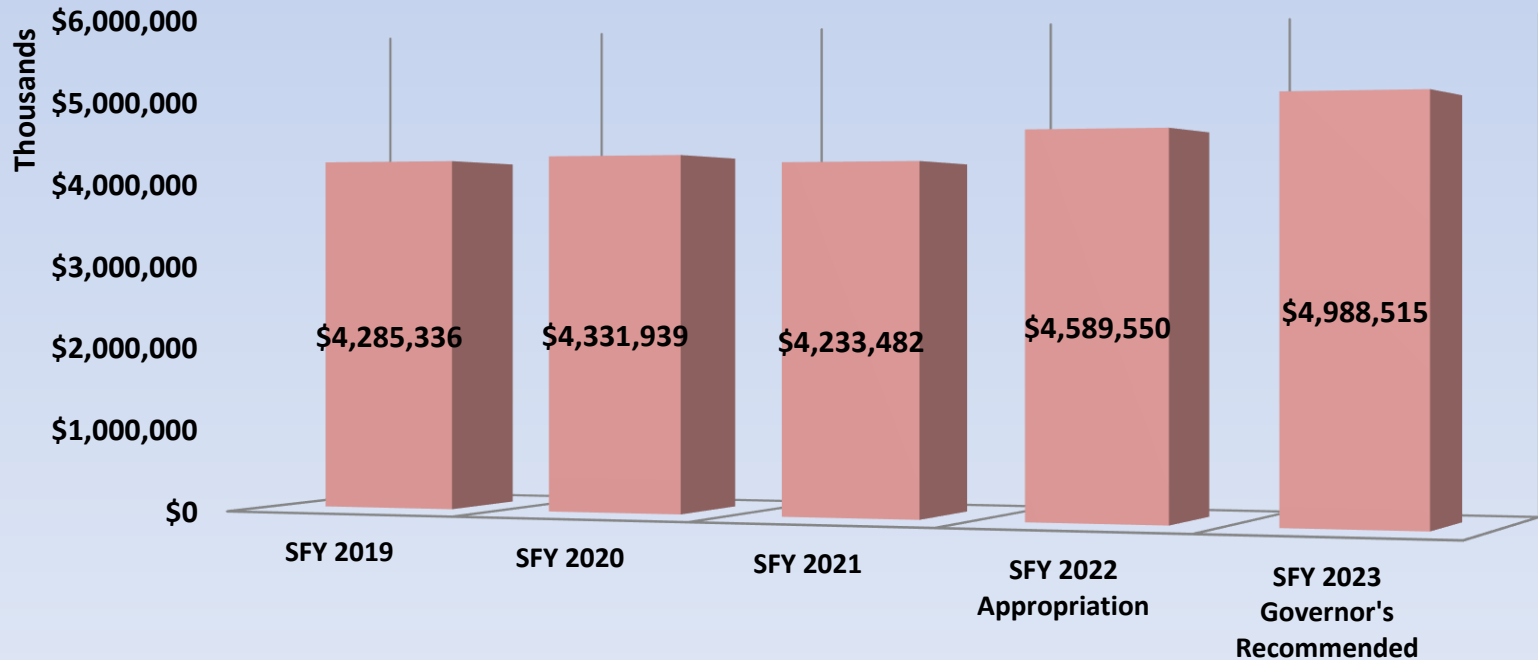
- SFY 23 \$305.6 m

■ **Federal reimbursement in SFY 2023:**

- 60%- Medicaid program costs
- 75% - Medicaid systems and eligibility (staff & contracts), & new IT system operational costs
- 50% - Medicaid administrative costs
- 50% - SNAP administrative support
- 66% - Child Support
- 80 to 90% - IT systems development
- 65% - CHIP (HUSKY B)
- 100% - TANF programs and administration

- Total recommended funding for SFY 2023 is \$4.98 billion, which is an increase of \$398.9 million or 8.7% over the Department's SFY 2022 appropriation.

**DSS General Fund Budgets SFY 2019 - 2023  
(Thousands)**



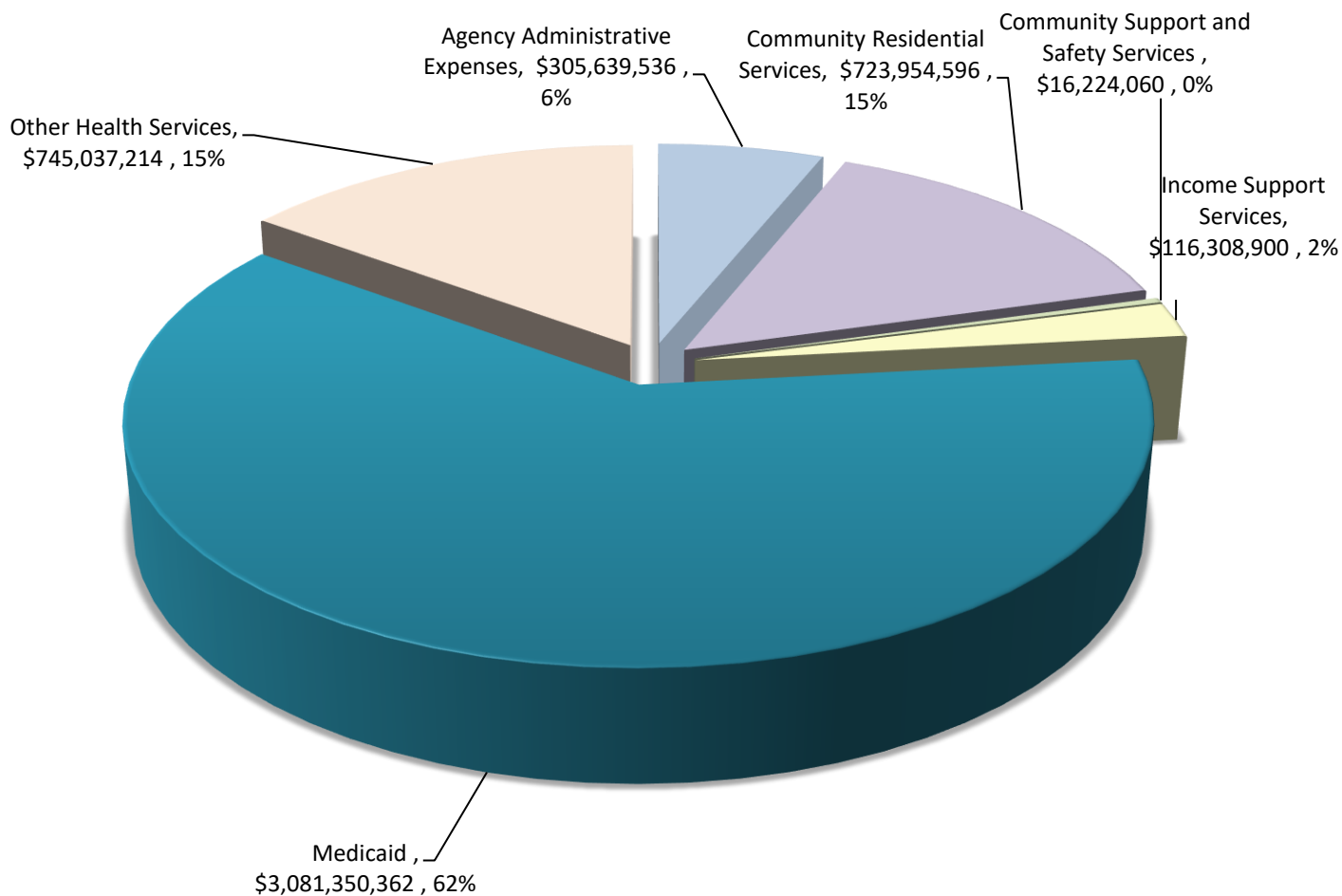
\*The SFY 2023 Governor's Recommended Budget Adjustments assume that the enhanced FMAP under Medicaid will end on 6/30/2022.

## Factors contributing to the budget increase in SFY 2023

- Under the PHE, states have been provided with an additional 6.2% in Enhanced Federal Matching Percentage (EFMAP) under Medicaid for most services other than those provided to low-income adults covered under the Medicaid expansion that are already reimbursed at 90%.
- Without the EFMAP for the first six months of SFY 2022, the appropriation for SFY 2022 would have been \$128.6 million higher.
- The SFY 2023 Governor's recommended budget adjustments include a net increase of \$158 million over the SFY 2023 appropriation primarily as a result of the ARPA HCBS reinvestments and the substance use disorder waiver.
- After adjusting for the impact of the EFMAP and the increases included in the Governor's recommended adjustments, the SFY 2023 recommended budget represents a 2.34% increase over the SFY 2022 appropriation.



## SFY 2023 Governor's Recommended Budget Adjustments



This graphic depicts the relative share of the Department's General Fund budget allocations by major core program groupings; this does not include the federal share of Medicaid funding or any other federal funds managed by DSS

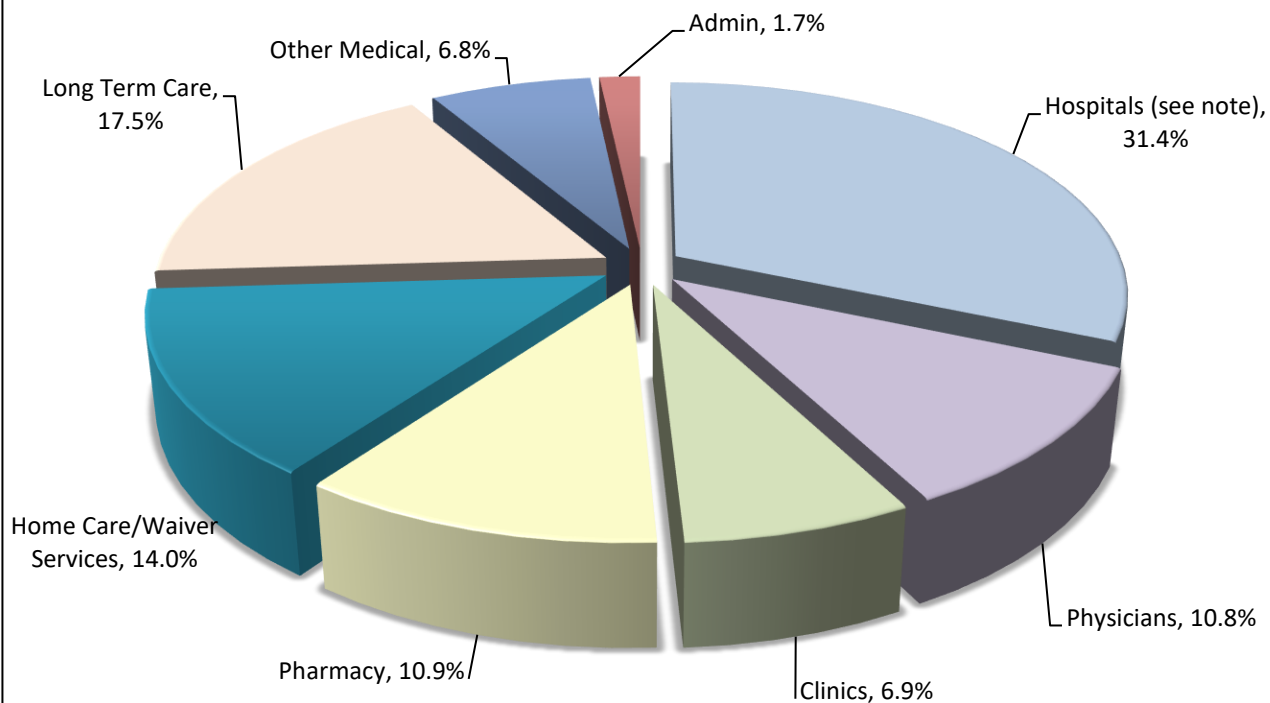
Summarizing the graphical information presented on the prior page:

- The proportion of the DSS General Fund budget directed to Medicaid is 61.8% in SFY 2023. Other health services account for an additional 15.0% of the budget in SFY 2023.
- Administrative, field operation and grant expenses account for 6.1% of our General Fund budget in SFY 2023.
- The budget share for income support, including Temporary Family Assistance, State Supplement (Aid to the Aged, Blind and Disabled), and State Administered General Assistance, is 2.3% in SFY 2023.
- Community Residential Services, funding programs provided by the Department of Developmental Services, accounts for 15% in SFY 2023.
- Community Supports and Safety Services accounts for the remaining balance of 0.3% in SFY 2023.

Hospital services account for the largest share of the DSS Medicaid spend at 31.4%, followed by nursing homes and LTC facilities at 17.5%. Waiver/CFC services account for 14%. Physician expenses comprise 10.8%.

Note: Represents both state and federal shares of Medicaid funding. Excludes hospital supplemental payments of \$568.3 million which were paid outside of the Medicaid account.

## SFY 2021 Service Category Expenditures



Home Care/Waiver Services includes Home Health and Community First Choice (CFC)

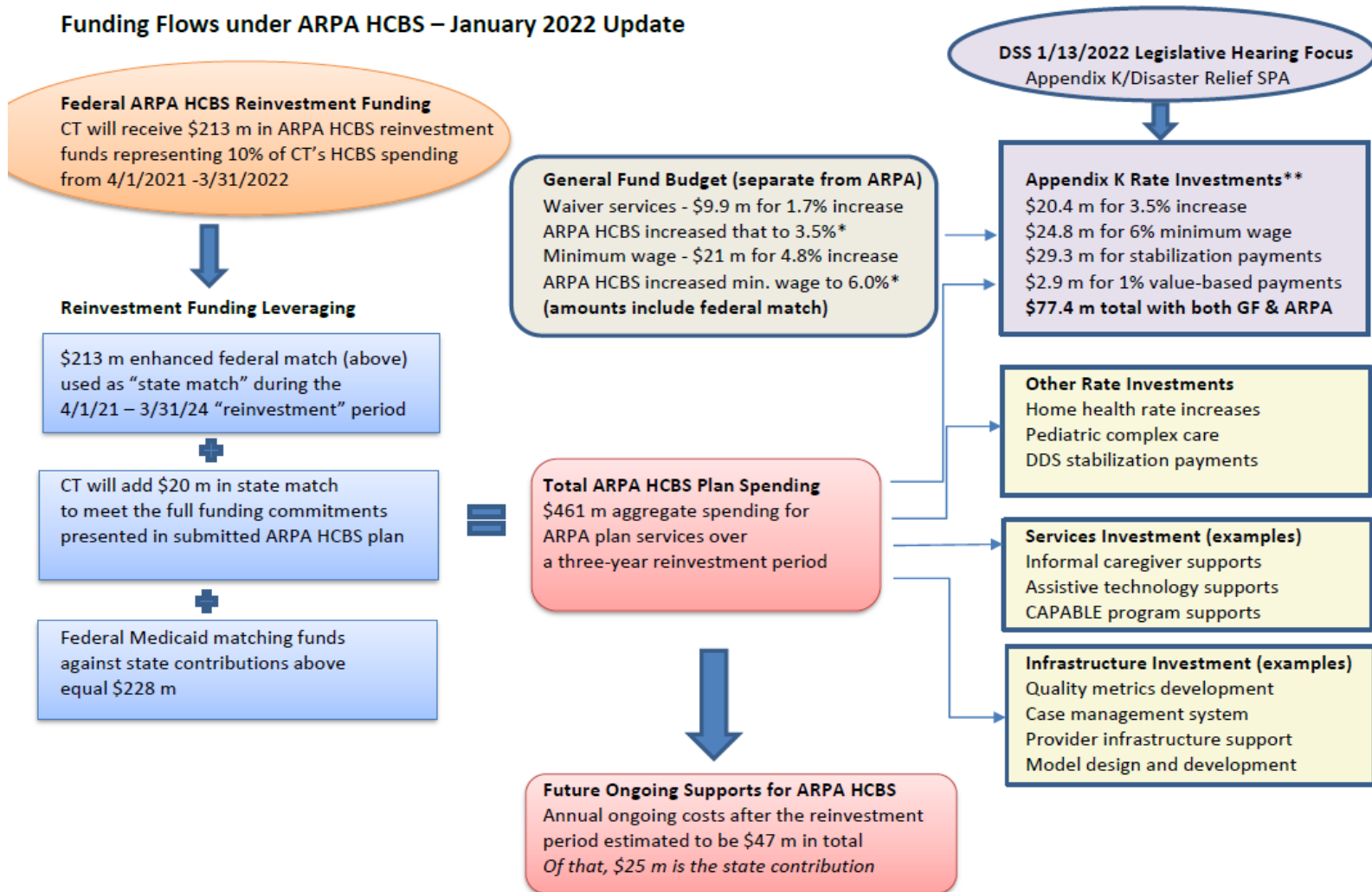
The Governor's Recommended Budget Adjustments include the following baseline changes:

- Reflect Current Expenditure and Caseload Trends - \$4.9 million:
  - Funding for the following accounts is adjusted to reflect anticipated program requirements due to caseload and cost changes.
    - Other Expenses – \$3.4 million
    - HUSKY B Program – (\$9.0 million) (state share)
    - Medicaid - \$16.1 million (state share)
    - Old Age Assistance - \$2.7 million
    - Aid to the Blind – (\$45,000)
    - Aid to the Disabled – \$500,000
    - Temporary Family Assistance - TANF – (\$5.5 million)
    - State Funded CT Home Care Program – (\$1.0 million)
    - State Administered General Assistance – (\$2.3 million)

The Governor's Recommended Budget Adjustments include the following technical adjustments (continued):

- Provide Funding to Support ARPA HCBS Reinvestment Plan - \$116.1 million:
  - The American Rescue Plan Act enables states to earn an extra 10% federal reimbursement on a range of Medicaid waiver and related services from April 1, 2021, through March 31, 2022. This extra federal reimbursement (over \$213 million for Connecticut) must be reinvested in new qualifying services which support community-based long-term services and supports over the three-year period ending March 31, 2024. The new federal funding, once reinvested as the state share, will leverage approximately \$228 million in new federal reimbursement to match those expenditures, resulting in total expenditures of approximately \$461 million over the full three-year period. This technical adjustment reflects resources necessary to support the reinvestment plan.

## Funding Flows under ARPA HCBS – January 2022 Update



\* General Fund allocations for waiver and minimum wage rate increases were augmented with ARPA HCBS reinvestment funds

\*\* Appendix K submissions also included new waiver service additions

The Governor's Recommended Budget Adjustments include the following technical adjustments (continued):

- Provide Funding to Support ARPA HCBS Reinvestment Plan - \$116.1 million:
  - 16020 - Medicaid \$43.3 million (state share)
  - 10010 - Personal Services \$1.1 million
  - 10020 - Other Expenses \$12.2 million
  - 16122 - Community Residential Services \$52.6 million
  - 16114 - Connecticut Home Care Program \$6.9 million

The Governor's Recommended Budget Adjustments include the following technical adjustments (continued):

- Adjust Funding Related to the Substance Use Disorder Waiver - \$29.6 million:
  - The substance use disorder (SUD) demonstration waiver will enhance the state's SUD service system and enable federal reimbursement on SUD services for individuals that would ordinarily not be covered under federal law. The additional revenue will be reinvested to strengthen the SUD service system by ensuring a complete array of services is available. This will allow Medicaid members with opioid use disorder and other SUDs to receive medically necessary treatment services in the most appropriate setting. Pending federal approval, the demonstration waiver will be implemented this year.



The Governor's Recommended Budget Adjustments include the following technical adjustments (continued):

- Adjust Funding Related to the Substance Use Disorder Waiver - \$29.6 million:
  - 16020 - Medicaid \$23.1 million (state share)
  - 10010 - Personal Services \$200,000
  - 12T55 - Substance Use Disorder Waiver Reserve Account \$3.3 million
  - 10020 - Other Expenses \$3 million

The Governor's Recommended Budget Adjustments include the following program expansions:

- Increase Adult Dental and Endodontic Rates - \$6.5 million:
  - Currently, adult dental services are reimbursed at 53% of the fee schedule for children. This proposal increases adult dental rates by 25%. In addition, to address significant access issues, rates for adult endodontic services are further increased to align with the child rate. In total, after factoring in the federal share, this proposal will increase Medicaid expenditures for adult dental services by \$19.2 million.
- Increase Family Planning Clinic Rates - \$300,000:
  - This proposal increases Medicaid reimbursement for family planning clinics to 90% of obstetrician/gynecologist rates. After factoring in the federal share, this proposal is expected to increase total Medicaid expenditures by \$1.2 million in FY 2023.

The Governor's Recommended Budget Adjustments include the following program expansions (continued):

- Provide Funding to Support Individuals on the Autism Waiver Wait List - \$700,000:
  - Recognizing the significant wait list for home and community-based services under the autism waiver, this proposal increases the number of slots by an additional 150. After factoring in the federal share, this proposal is expected to increase total Medicaid expenditures by \$1.4 million in FY 2023.

The Governor's Recommended Budget Adjustments include the following ARPA-Funded Initiatives:

- Develop New Medical/Psychiatric Inpatient Unit at Connecticut Children's Medical Center:
  - Allocates \$15 million in FY 2023 to develop a new 12- bed specialized psychiatric and medical unit at Connecticut Children's Medical Center for capital and temporary staffing costs.
  
- Provide Support for Infant and Early Childhood Mental Health Services:
  - Allocates \$5 million in FY 2023 and \$10 million in FY 2024 to build capacity for specialized mental health providers with the highest levels of clinical endorsement to provide early treatment services to identified youth and parents.

The Governor's Recommended Budget Adjustments include the following ARPA-Funded Initiatives:

- Strengthen Family Planning:
  - Allocates \$3.95 million in FY 2023 and \$5.1 million in FY 2024 to establish a technical assistance and training model for primary care providers to help strengthen family planning efforts, and to provide funding to FQHCs to ensure immediate availability of long-acting reversible contraceptives.
- Provide Additional Supports for Victims of Domestic Violence:
  - Allocates \$2.9 million in FY 2023 to address victims' safety risks and needs, which have been intensified by pandemic-related isolation, insecurity, and stress.
- Shift Support of Temporary ICF Rate Increase from the General Fund:
  - Allocates \$2.8 million in FY 2023 to cover the costs of the \$501 minimum per diem, per bed rate provided to intermediate care facilities for pandemic-related support. This change recognizes that the temporary support added in the enacted budget exceeds actual costs and thus is not federally reimbursable.

The Governor's Recommended Budget Adjustments include the following reallocations of staffing:

- Centralize Information Technology Staffing Under the Department of Administrative Services:
  - A total of 66 positions are transferred to the Department of Administrative Services in order to realign information technology staffing under the Bureau of Information Technology Solutions. While no funding is being transferred, payroll costs for these positions will be charged back to DSS in order to ensure continued federal reimbursement for allowable administrative costs.

- In closing, the Department recognizes our significant stewardship role as we manage \$5.0 billion in state General Fund resources, as well as an additional \$4.5 billion in federal funds.
- The Department is fully committed to providing the highest level of support for our customers within the budgeted funds received.
- We appreciate the funding included in the Governor's recommended budget adjustments, which will allow us to continue these efforts.
- At this time, we are available to respond to any questions you may have.

The next several slides include supplemental summary information to aid in your review of our budget



## Women's Health

- \$8.3 million (ARPA) to provide technical assistance / training to primary care providers to strengthen family planning
- \$800,000 (ARPA) to provide funding to FQHCs to ensure immediate availability of long-acting reversible contraceptives
- \$300,000 (\$1.2 million total including federal share) to increase Medicaid rates for family planning clinic services
- \$2.75 million for continued development and support of the maternity bundle to enhance birth outcomes and increase options for maternity supports (doulas and breast feeding counseling)

## Strengthening Inpatient Care

- \$15.0 million (ARPA) to develop new 12-bed psychiatric/ medical unit at CCMC for capital and temporary staffing costs
- \$6.4 million (\$12.6 million total including federal share) to annualize inpatient pediatric mental health rate increases for bed expansion and acuity add-on to address emergency department overcrowding

## Alternatives to Inpatient Care

- \$15.0 million (ARPA) to develop infant and early childhood mental health services by building capacity for specialized mental health
- \$1.0 million (ARPA) to explore universal home visiting sustainability through private insurance/Medicaid

## Other Initiatives

- \$25.5 million for new Substance Use Disorder waiver investments in DMHAS, DCF, DSS, and Judicial

Home Health Rate Increases

	<b>3.5% Across-the-Board</b>	<b>6% Minimum Wage</b>	<b>5% Temporary Stabilization</b>	<b>1% Value-Based Payment Add-On</b>
Funding Source	Fully funded through ARPA HCBS plan	4.8% through base General Fund (GF) budget and 1.2% from ARPA HCBS	Fully funded through ARPA HCBS plan	Fully funded through ARPA HCBS plan
Amount (Annual)*	\$6.8 m total \$3.4 m state	\$1.5 m total \$0.75 m state share  ARPA ongoing costs are 20% of these amounts	\$10.6 m total \$3.6 m state  One-time only in SFY 22 based on SFY 21 expenditures	\$1.0 m total \$0.5 m state
Ongoing	Yes	Yes, 20% covered by ARPA; balance in the base GF budget	No	Yes
Medicaid Authority	Traditional SPA with 8/1/21 effective date; disaster relief SPA for retro July 2021 period	Traditional SPA with 8/1/21 effective date	Disaster relief SPA	Traditional SPA with 8/1/21 effective date
Timing	Traditional SPA approved and rates adjusted prospectively on 12/27/21; disaster relief SPA submitted for CMS approval on 12/22/21	Traditional SPA approved; rates adjusted prospectively on 12/27/21	Disaster relief SPA submitted for CMS approval on 12/22/21	Traditional SPA approved; providers who meet qualifications by 2/1/22 will be eligible for first round of funding in March 2022
Additional Notes	Retro adjustment for rates back to 8/1/21 to process in late January 2022 with retro for July 2021 expected once disaster relief SPA approved	Retro adjustment for rates back to 8/1/21 to process in late January 2022	Temporary, one-time payment with no ongoing costs  Payment processing to quickly follow disaster SPA approval	

\*Amounts and state share represent ongoing costs for all initiatives that are not one-time, temporary payments.

Waiver Rate Increases\*

	<b>3.5% Across-the-Board</b>	<b>6% Minimum Wage</b>	<b>5% Temporary Stabilization</b>	<b>1% Value-Based Payment Add-On</b>
Funding Source	1.7% through General Fund (GF) budget and 1.8% through ARPA HCBS	4.8% through base GF budget and 1.2% from ARPA HCBS	Fully funded through ARPA HCBS plan	Fully funded through ARPA HCBS plan
Amount (Annual)**	\$20.4 m total \$10.8 m state  ARPA ongoing costs are 51.4% of these amounts	\$24.8 m total \$13.0 m state share  ARPA ongoing costs are 20% of these amounts	\$29.3 m total \$11.0 m state  (One-time only in SFY 22 based on SFY 21 expenditures)	\$2.9 m total \$1.5m state
Ongoing	Yes, 51.4% covered by ARPA; balance in the base GF budget	Yes, 20% covered by ARPA; balance in the base GF budget	No	Yes
Medicaid Authority	Appendix K submission followed by permanent waiver authority	Appendix K submission followed by permanent waiver authority	Appendix K submission followed by permanent waiver authority	Appendix K submission followed by permanent waiver authority
Timing	Appendix K approved by Legislature on 1/13/22 and now with CMS for approval	Appendix K approved by Legislature on 1/13/22 and now with CMS for approval	Appendix K approved by Legislature on 1/13/22 and now with CMS for approval	Appendix K approved by Legislature on 1/13/22 and now with CMS for approval
Additional Notes			Temporary, one-time payment with no ongoing costs	

\* Amounts include funding also provided for the state-funded CT Home Care Program.

\*\*Amounts and state share represent ongoing costs for all initiatives that are not one-time, temporary payments.

Spending Plan	Investment
<b>Enhance HCBS Workforce</b>	
Increase Provider Rates 3.5% July 1, 2021; 6% minimum wage increase Aug 1, 2021 (Note: 1.7% of the 3.5% increase and 4.8% of the 6% min wage increase adopted in state budget)	83,516,108
Fund Temporary Workforce and Provider Stabilization 5% Supplemental Payment on SFY 21 claims	97,045,444
Implement Informal Caregiver Initiative	8,037,500
Training - Racial Equity	1,000,000
Training - Support Evidence Based Models	125,000
Training - Improve Medication Assisted Treatment and Mental Health	1,100,000
<b>Expand Integration and Use of Assistive Technology</b>	
DDS-Expand assistive technology	13,000,000
Expand Access to and Use of Assistive Technology for Older Adults and People with Disabilities	9,104,167
Integrate Smart Home Technology into Subsidized Housing	29,750,000
<b>Enhance Self-Direction</b>	
Support Utilization of Electronic Visit Verification (call center)	2,025,000
Implement Personal Care Assistant Employee Network including Back-up System	4,320,000
Increase supports available through fiscal intermediary	4,750,000
<b>Expand Environmental Adaptations</b>	
Implement CAPABLE Program across HCBS	14,375,000
<b>Enhance and Expand HCBS Delivery Transformation</b>	
Fund innovative service and support model	7,825,567
Provide Technical Assistance to support innovative service and support model	1,000,000
Expansion of supportive housing models - DDS	10,000,000
Incentivize DDS system transformation towards more integrated and efficient settings	29,300,000

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Spending Plan - Continued	Investment
<b>Enhance Provider Infrastructure</b>	
Stability and Infrastructure Improvements through Technology	53,000,000
<b>Strengthen Quality</b>	
Fund innovative quality improvement initiatives	14,166,667
Create and implement quality management tool kit for HCBS participants	5,000,000
Improve Universal Assessment (UA) System including DSS, DDS, DMHAS (SA,MH)	7,000,000
Purchase/develop and implement a new case management system	34,000,000
Critical Incidents Enhancements and Ongoing Maintenance - DDS	3,000,000
Level of Care Assessments- consultant review -DDS	600,000
Purchase of Business Intelligence Software	6,000,000
Implement HCBS and home health Pay for Performance (P4P) Initiative	9,673,317
Enhance Capacity Related to P4P: Add two new positions	376,681
Consultant to create outcome-based payments - DDS	1,160,000
Participant Survey Improvement and Expansion - DDS	1,200,000
<b>Staffing/Evaluation/Metric Development</b>	
Contract support for state HCBS/home health metric development	1,312,500
UCONN evaluation on DSS investments to determine impact	3,750,000
Five DDS Durational Project Managers and two Durational Clerical Support Staff	1,579,111
Five DSS durational staffing investments/structure	1,668,239
Fringe Benefits for state staff	1,222,661
<b>Total investment</b>	<b>460,982,962</b>