Governor's SFY 2018-2019

Biennial Budget Recommendations for the Department of Social Services

Presentation to the Legislative Appropriations Committee

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Thursday, February 16, 2017

DSS at a Glance

Critical source of economic security, health and well-being to about one million individuals (28% of the population of Connecticut)

- Serves children, adults, working families, older adults and persons with disabilities in all 169 Connecticut municipalities.
- 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 Eligibility Management System replacement (ImpaCT).
- Use of advanced data analytics and a focus on Health Information Technology to direct policy-making, program development and operations.

Accomplishing more with less

- Agency-wide administrative costs are 3.5%. Total staffing (1,648 individuals) has fallen appreciably while the number of individuals served has remained high.
- Over 50% of agency expenditures are federally reimbursed.
- Health expenditures (74% of department budget) are increasing based on caseload growth, but trends in per person costs are stable (down 1.9% over four fiscal years), and quality outcomes have improved.

DSS Budget at a Glance

- 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.

- As Governor Malloy and Secretary Barnes have noted, the economic realities Connecticut is facing require us to achieve additional efficiencies, wherever possible. While this budget will be challenging, our professional staff will continue to provide quality service across all categories.

- We recognize that, in some places, the budget reflects difficult adjustments for many served by the agency and our partners. We look forward to working with the General Assembly over the next several months to mitigate these effects while living within our means.

DSS Budget at a Glance

- Programs supported include:

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

- SFY 2017 estimated staffing costs:
  - $ 118.6 m
- Major operating expenses:
  - Estimated 2017 expense: $150.9 m
  - Operating Contracts: 87%
  - Facilities & Operational: 13%
- Administrative cost ratio:
  - 3.7% (includes field eligibility staff)

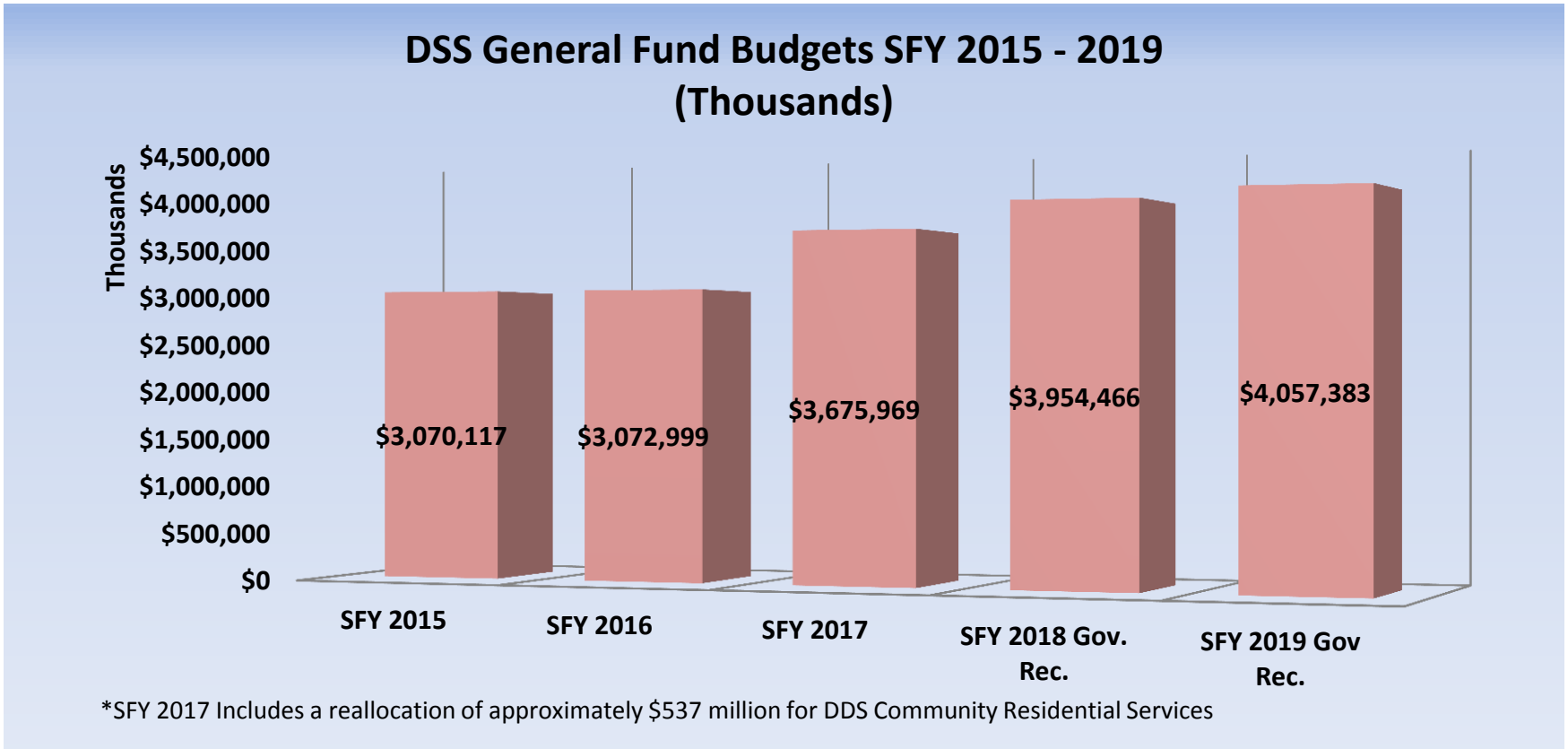
- Program outcome highlights:
  - Application processing timeliness
  - SNAP improvements
  - Stable Medicaid cost trends and enhanced outcomes

- SFY 2018 and SFY 2019 budget:
- **Total:**
  - SFY 18 $3.954 b (net); $7.905 b (gross)
  - SFY 19 $4.057 b (net); $8.145 b (gross)
- **Program:**
  - SFY 18 $3.681 b (net); $7.631 b (gross)
  - SFY 19 $3.784 b (net); $7.872 b (gross)
- **Administrative:**
  - SFY 18 $272.9 m
  - SFY 19 $273.0 m

- Federal reimbursement:
  - 59% - 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
  - 85 to 90% - IT systems development
  - 88% - CHIP (HUSKY B)
  - 100% - TANF administrative support

DSS Budget Overview

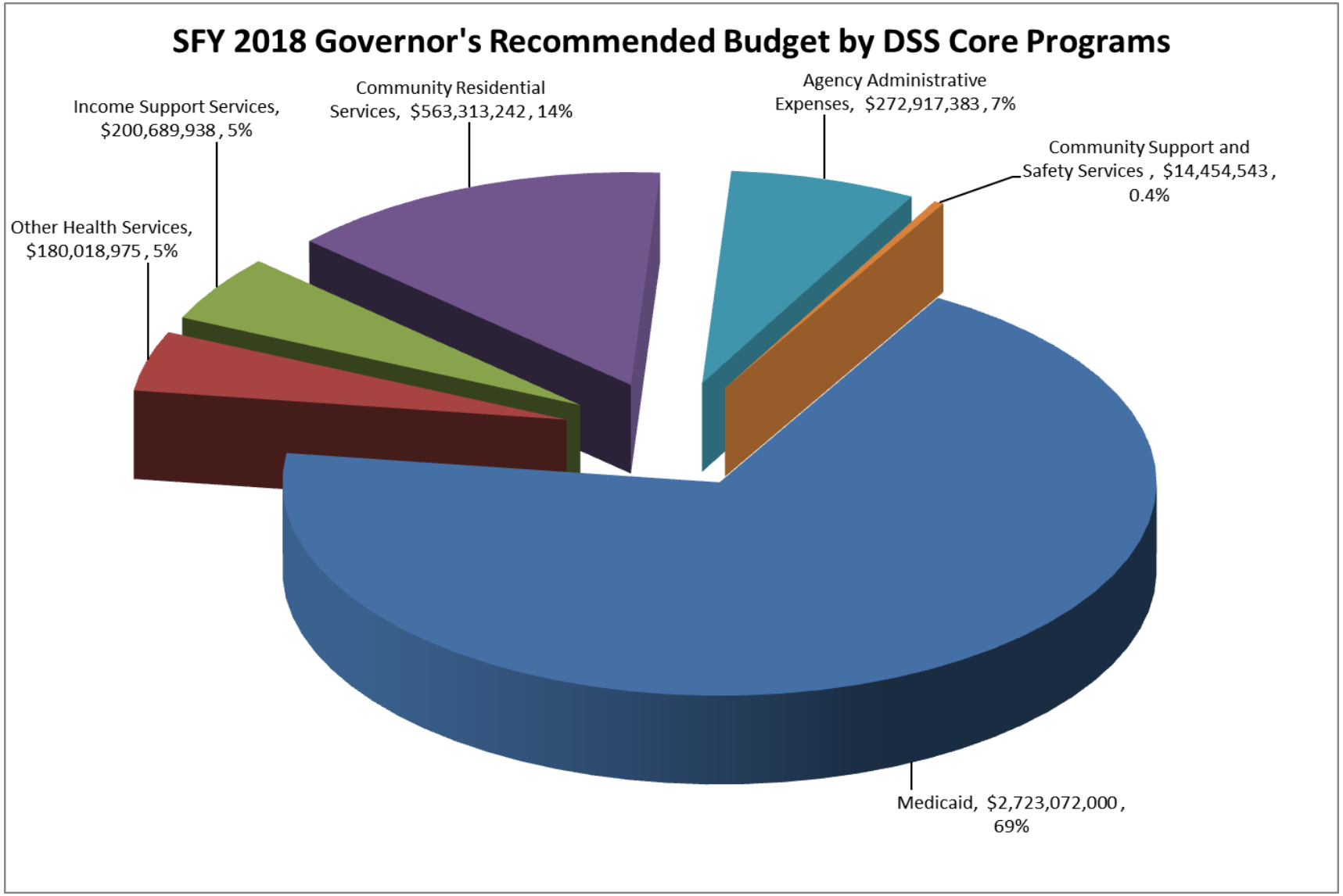
- The overall change in the DSS General Fund budget for SFY 2018 is an increase of 7.6%; SFY 2019 is an increase of 2.6%. Adjusting for the newly created hospital supplemental payment pools, this increase is 5.2% in SFY 2018 and 2.7% in SFY 2019.



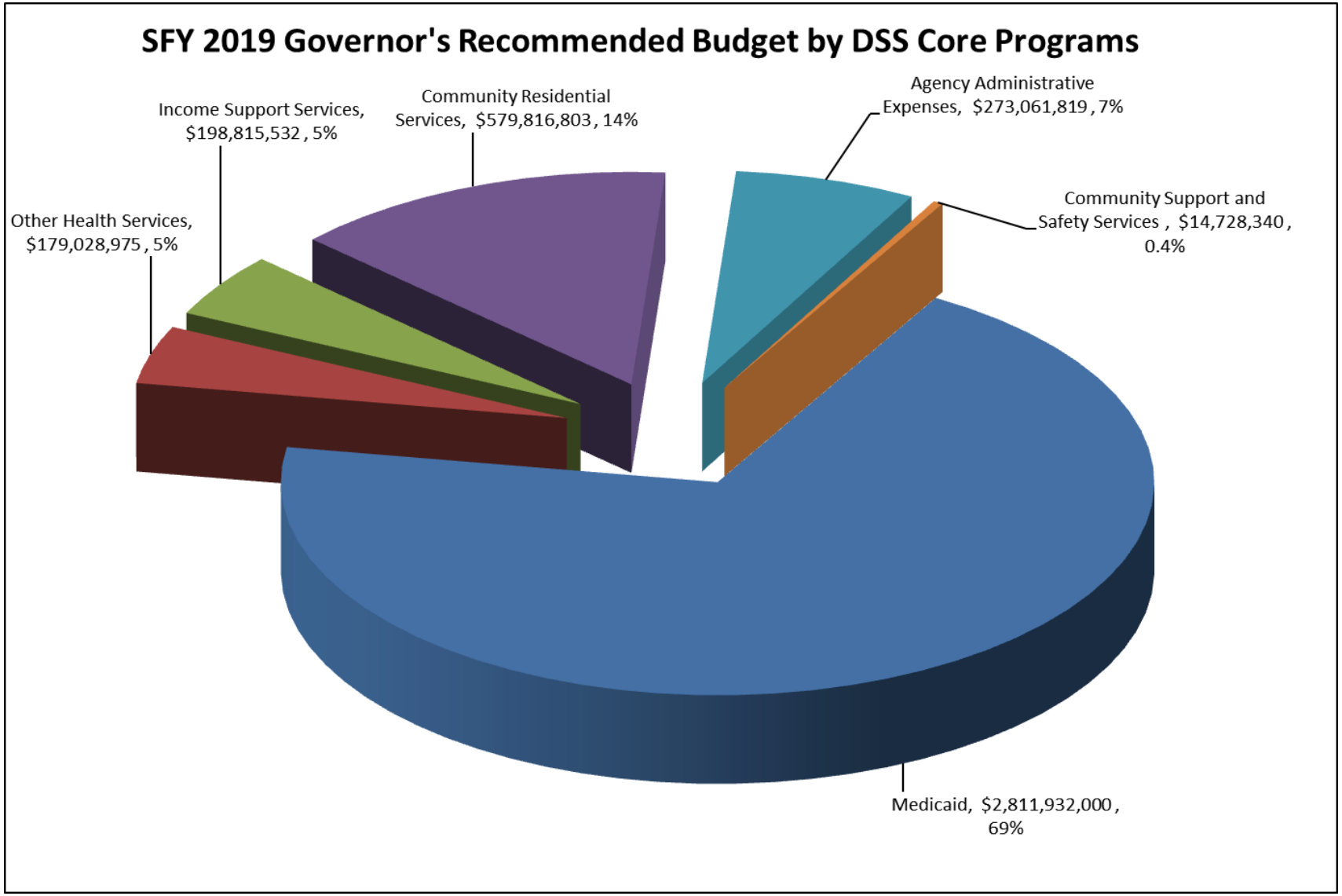
DSS Budget Overview

- The proportion of the DSS General Fund budget directed to Medicaid is 69% in SFY 2018 and 2019 . Other health services account for an additional 5% of the budget in SFY 2018 and 2019.
- Administrative, field operation and grant expenses account for 7% of our General Fund expenses in SFY 2018 and 2019.
- 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 5% in SFY 2018 and 2019.
- DDS Community Residential Services account for the balance of 14% in SFY 2018 and 2019.

DSS Budget Overview



DSS Budget Overview



SFY 2018-19 Budget Changes

- The Governor's Recommended Budget includes the following baseline increases:
  - Adjustments to reflect the decrease in federal support for the HUSKY D newly eligible expansion population to 95% in CY 17, 94% in CY 18, and 93% in CY 19

    Increase of $45.1 m – SFY 18; $65.7 m – SFY 19
  - Increased funding for DDS community residential services to recognize age outs and other community placements

    Increase of $16.4 m – SFY 18; $32.9 m – SFY 19
  - Annualization of private provider costs due to closure and conversions of DDS publicly-operated settings

    Increase of $10.4 m – SFY 18 and SFY 19
  - Additional funding for staff to meet federal requirements related to timely application processing and other core needs

    Increase of $6.5 m - SFY 18 and SFY 19

SFY 2018-19 Budget Changes

- The Governor's Recommended Budget includes the following changes to our health services programs:
  - Removes rebasing and inflationary rate adjustments for nursing homes
    Reduction of $27.3 m – SFY 18; $42.5 m – SFY 19
  - Resets eligibility for the Medicare Savings Program to levels in place prior to SFY 10
    Reduction of $29.5 m – SFY 18; $39.5 m – SFY 19
    Revenue gain of $36.9 m – SFY 18; $42.1 m – SFY 19
  - Aligns income eligibility for HUSKY A adults with other states at 138% FPL
    Reduction of $0.5 m – SFY 2018; $11.3 m – SFY 19
  - Continues the freeze on enrollment for Category 1 under the CT Home Care program
    Reduction of $2.2 m – SFY 18; $6.3 m – SFY 19
  - Maintains Category 2 enrollment under the CT Home Care program at June 2017 levels
    Reduction of $0.7 m – SFY 18; $2.3 m – SFY 19
  - Implements an annual cap on adult dental services at $1,000 per person with exceptions for medically necessary services
    Reduction of $2.0 m – SFY 18; $2.5 m – SFY 19

SFY 2018-19 Budget Changes

- The Governor's Recommended Budget includes the following changes to our health services programs (continued):
  - Revises hospital supplemental pool funding by (1) establishing two new pools totaling $250.3 m to help address potential new municipal taxes associated with removal the property tax exemption on non-profit hospital real property and (2) eliminating the small hospital supplemental pool

    Increase of $83.7 m – SFY 18 and SFY 19
  - Removes rate increases for intermediate care facilities for individuals with intellectual disabilities

    Reduction of $1.1 m – SFY 18; $2.3 m – SFY 19
  - Reduces the Personal Needs Allowance for residents of long-term care facilities from $60 to $50 per month

    Reduction of $1.0 m – SFY 18; $1.1 m – SFY 19
  - Removes funding for the HUSKY performance monitoring account

    Reduction of $0.1 m – SFY 18 and SFY 19
  - Removes funding for Medicare Part D co-payments for individuals who are dually eligible

    Reduction of $0.1 m - SFY 18 and SFY 19

SFY 2018-19 Budget Changes

- The Governor's Recommended Budget includes the following changes to our cash assistance and grant programs:
  - Removes rate increases for boarding homes
    Reduction of $1.5 m – SFY 18; $3.0 m – SFY 19
  - Reduces the burial benefit for indigent individuals from $1,200 to $900
    Reduction of $0.6 m – SFY 18; $0.6 m – SFY 19
  - Removes the cost of living adjustment for public assistance recipients
    Reduction of $1.5 m – SFY 18; $4.5 m – SFY 19
  - Removes the pass through of Social Security increases under state supplemental programs (Aid to the Aged, Blind and Disabled)
    Reduction of $1.2 m – SFY 18; $2.6 m – SFY 19
  - Reduces funding under the Services for Persons with Disabilities and Nutrition Assistance accounts by 20%
    Reduction of $0.17 m - SFY 18 and SFY 19

SFY 2018 - 19 Budget Changes

- The Governor's Recommended Budget includes the following changes to our cash assistance and grant programs (cont.):
  - Consolidates various grant programs under the HSI community action account, coupled with a 20% reduction to the consolidated account prior to transfers
  - The following accounts are consolidated:
    - Human Resource Development-Hispanic
    - Safety Net Services
    - Community Services
    - Human Services Infrastructure
    - Teen Pregnancy Prevention
    - TANF Family Programs (Fatherhood)
  - The account also is impacted by SSBG/TANF and SSBG adjustments

SFY 2018-19 Budget Changes

- The Governor's Recommended Budget includes the following funding transfers:
  - Transfers funding for the remainder of both the Medicaid and non-Medicaid portions of the Birth to Three program from OEC to DSS

    Transfer of $20.0 m in SFY 18 and SFY 19
  - Transfers funding for specialized services provided to Medicaid eligible clients residing in a nursing facility from DDS to DSS

    Transfer of $1.1 m in SFY 18 and $1.6 m in SFY 19
  - Transfers funding from DDS to DSS to reflect the closure of the Meriden transitional unit

    Transfer of $0.9 m in SFY 18 and SFY 19
  - Transfers funding from DSS to DOT for the Transportation to Work program which assists low-income working families with transportation services

    Transfer of $2.4 m in SFY 18 and SFY 19
  - Replaces the current SSBG/TANF transfer with a cost neutral transfer of CCDF/TANF funds

DSS Priorities

DSS' strategies to manage within budgeted resources:

- Continue our focus on person-centered services with an investment and prevention-oriented approach to health and human service delivery.
- Provide core health services that maintain coverage of preventative medical, behavioral health, dental and long term-supports.
- Identify opportunities to address the root cause of systemic conditions to reduce or prevent future required service needs.
- Continue development of outcome-oriented service delivery throughout the agency including all internal and external operations.
- Increase the use of LEAN and data-driven business strategy development across our service platform.
- Seek opportunities to leverage technology investments to enhance service delivery and business operations.

DSS Priorities

DSS' strategies to manage within budgeted resources (continued):

- Limit hiring to refills of critical positions that are aligned with agency priorities.
- Continue efforts to stabilize overtime use while maintaining necessary capacity to preserve recent improvements in client service.
- Evaluate grant programs to prioritize funding and support for those that are most closely aligned with our core services and are most effective.

Conclusion

- In closing, we acknowledge the challenges we face with this budget. Please know that our Department is fully committed to providing the highest level of support for our customers within the budgeted funds we receive.

- At this time, we are available to respond to any questions you may have.

Thank you.

Further Supporting Slides

- Additional supporting information follows in the remaining slides

Budget & Outcomes - Field Operations

- Programs supported include:

Medicaid/HUSKY Health
State-Funded Home Care
Refugee Medical Assistance
Temporary Family Assistance
State-Funded SNAP
Medicare Savings Program
CT AIDS Drug Assistance Program
State-Administered General Assistance
Supplemental Nutrition Assistance Program
State Supplement for Aged, Blind and Disabled

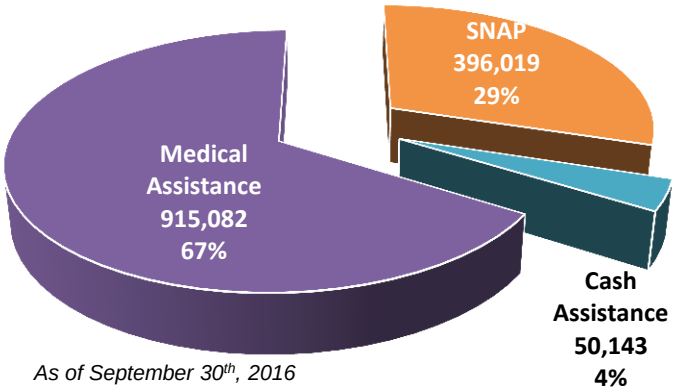
- SFY 2018 and SFY 2019 estimated entitlement benefits budget:
- SFY 2018 $2.968 b (net); $6.919 b (gross)
- SFY 2019 $3.055 b (net); $7.143 b (gross)

- SFY 2017 estimated staffing costs:
  - $63 m
- Major operating expenses:
  - Facilities
  - Document management
  - Mailings/notices

- Federal reimbursement rate for key eligibility services:
  - 50% SNAP
  - 75% Medicaid
  - 100% TANF

- Program outcome highlights:
- Connecticut SNAP timeliness has remained among the highest performing states in the nation, at 99.9% as of the last reporting period ending in September 2016
- Medicaid timeliness (including long-term services and support) has averaged 95% timely over the past year (September 2015 – September 2016)
- Benefits Center average wait times have been reduced from a high of 87 minutes in July 2014 to 31 minutes in January 2017

DSS Program Enrollments by Major Program



Budget & Outcomes - Health Services

- Programs supported include:
  - Medicaid, HUSKY B, long-term services and supports

- SFY 2017 estimated staffing costs:
  - $9.4 million
- Major operating contracts:
  - Administrative Services Organizations
  - Hewlett Packard Enterprises (claims processing, pharmacy, provider support)
  - Mercer (actuarial)

- Program outcome highlights:
  - Supporting members in accessing primary care and avoiding use of the ED through Intensive Care Management
  - Supporting providers by investing in primary care transformation- Person-Centered Medical Home initiative, PCMH+ shared savings initiative

- SFY 2018 and SFY 2019 program budget:
  - SFY 18 $2.90 b (net); $6.85 b (gross)
  - SFY 19: $2.99 b (net); $7.08 b (gross)

- Administrative cost ratio: 3.0%
- Estimated program federal reimbursement: 59% - Medicaid, 88% - CHIP (HUSKY B)
- Estimated administrative federal reimbursement: 75% for systems, eligibility, MFP, specialized medical staff; 50% for all other activities

Budget & Outcomes - Child Support

- Individuals supported:
  - TFA Families
  - Former TFA Families
  - Non TFA Families
  - Medicaid Families

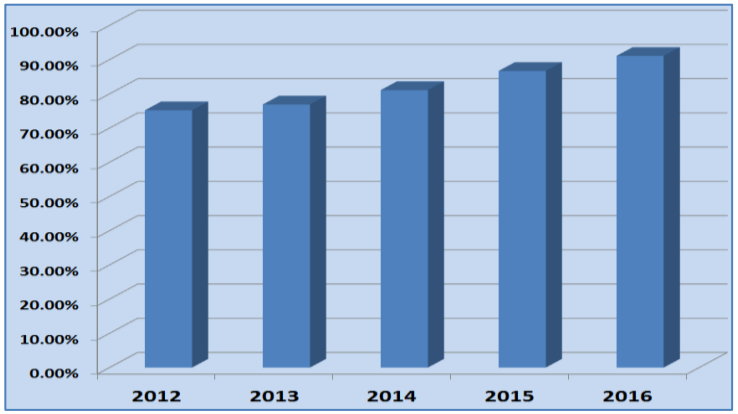
- SFY 2017 estimated staffing costs:
  - **$10.3 million**
- Major operating contracts:
  - Auctor Corporation *(Child Support System)*
  - Systems and Methods Inc. *(Disbursement Unit)*
  - State agency partners:
    - Support Enforcement Services
    - Superior Court Operations
    - Family Support Magistrate Division
    - Office of the Attorney General

- Program outcome highlights (FFY-2016):

- **13,128** - Children with Paternity Established
- **5,945**- Monetary Orders Established
- **$301.6 m** - Total Child Support Collections
- **$113.1 m -** Distributed to Former TFA Families
- **$36.8 m** - TFA Cost Recovery to General Fund

- SFY 2017 support collections:
  - **$303 million** (estimated)

- Admin cost/collections ratio:
  - **$3.13** collected for each program dollar expended (FFY 2016)
- Federal reimbursement rate:
  - **66%**



Support Order Establishment Performance

Order establishment improved **15.9%** over the five year period. Receipt of federal performance incentives is contingent upon improvement in this performance measure

Improvement Initiatives Summary

Non-LTSS Medicaid Timeliness has remained above 92% since August 2015.

Aug 2013
81.44 %
Application Timeliness

Aug 2014
91.10%
Application Timeliness

Aug 2015
94.23%
Application Timeliness

Aug 2016
92.64%
Application Timeliness

CT PMPM Average
Trending downward since 2012

16,129,899
total documents scanned since DSS scanning center implementation 7/2013, as of December 31, 2016

1,960,296
Total calls serviced as of January 31, 2017, since implementation

405,131
total walk-ins to DSS Service centers state-wide in 2016

52,858
Average monthly calls answered in the Benefits Center for 2016

SNAP Performance

99.92 %
Timeliness

Reporting period ending September 2016

As of September 2016 *225,678 households* *396,019 participants*

125,217
Online SNAP applications since implementing Online Applications October 2013

DSS Highlights – Health Services

HUSKY Health (Medicaid and CHIP) is a critical source of economic security and well-being to over 780,000 individuals (21% of the population of Connecticut).

- Serves adults, working families, their children, their parents and their loved ones with disabilities.
- Covers an extensive array of preventative services (primary care through Person-Centered Medical Homes, dental and behavioral health coverage) as well as care coordination.
- Successful in improving quality, satisfaction and independence through prevention and integration.

HUSKY Health is data driven.

- Maintains a fully integrated set of claims data for all covered individuals and all covered services.
- Uses data analytics to direct policy-making, program development and operations.
- Employs predictive modeling to identify both those in present need of care coordination, and those who will need it in the future.

HUSKY Health is already doing more with less.

- Administrative costs are 3.0%. Total staffing (148 individuals) has held relatively constant while the number of individuals served has dramatically increased.
- 59% of Connecticut Medicaid and 88% of CHIP (HUSKY B) expenditures are federally reimbursed.
- Health expenditures (74% of department budget) are increasing based on caseload growth, but trends in per person costs are stable and quality outcomes have improved.

HUSKY Health is **improving outcomes while controlling costs.**

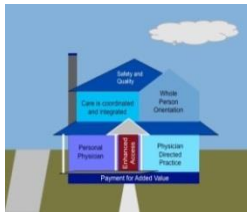
Health outcomes and care experience are improving. We are **enabling independence and choice** for people who need long-term services and supports.

Provider participation has increased.

Enrollment is up, but **per member per month costs are stable**.

The **federal share** of HUSKY Health costs **has increased.**

On a foundation of



Person-Centered Medical Homes

ASO-Based Intensive Care Management (ICM)

Pay-for-Performance (PCMH, OB)

Data Analytics/ Risk Stratification

we are building in

Community-based care coordination through expanded care team (health homes, PCMH+)

Supports for social determinants (ICM, transition/tenancy sustaining services, interventions for childhood trauma)

SHARED SAVINGS

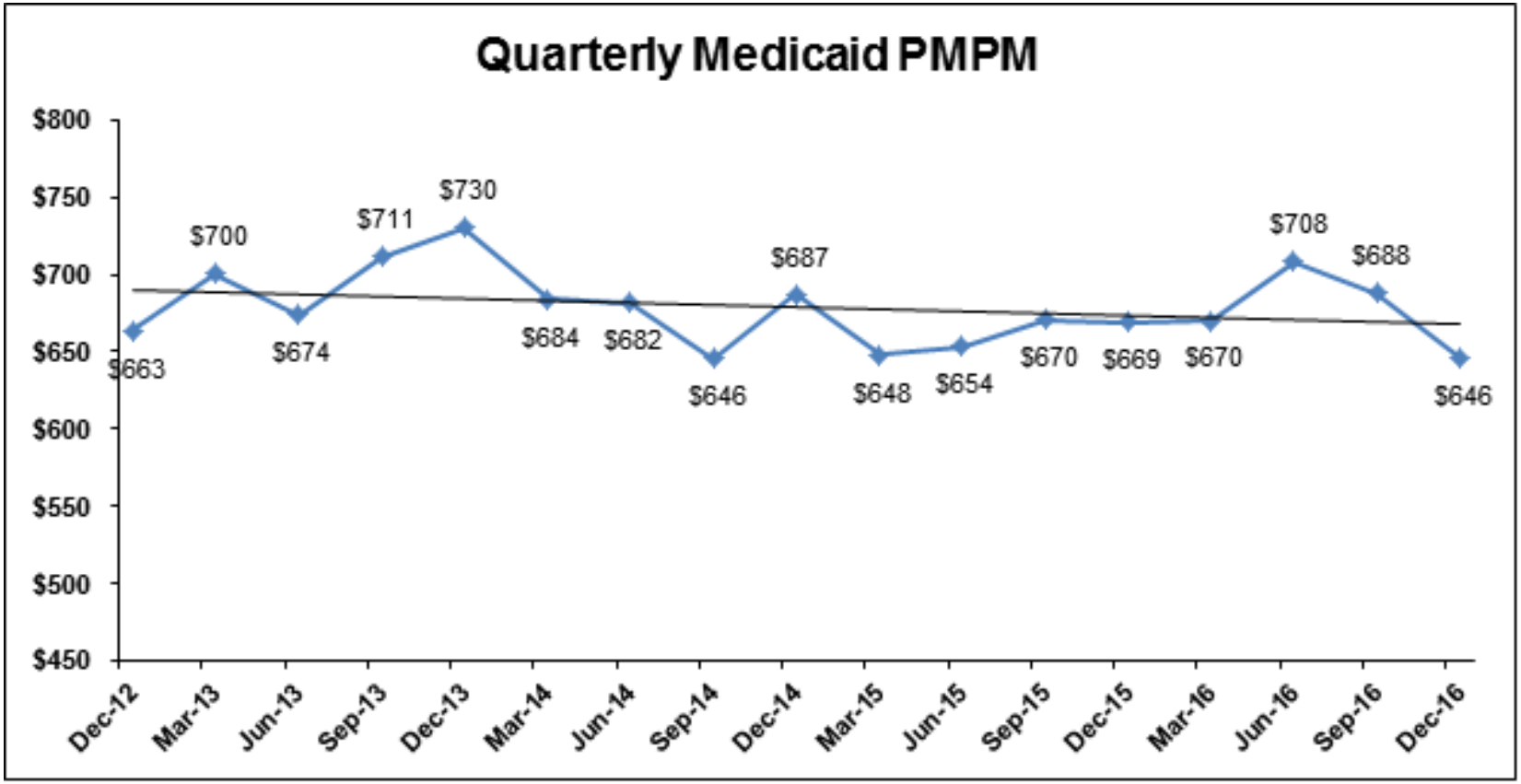
PCMH+ (launched 1/1/17)

HUSKY HEALTH CONNECTICUT

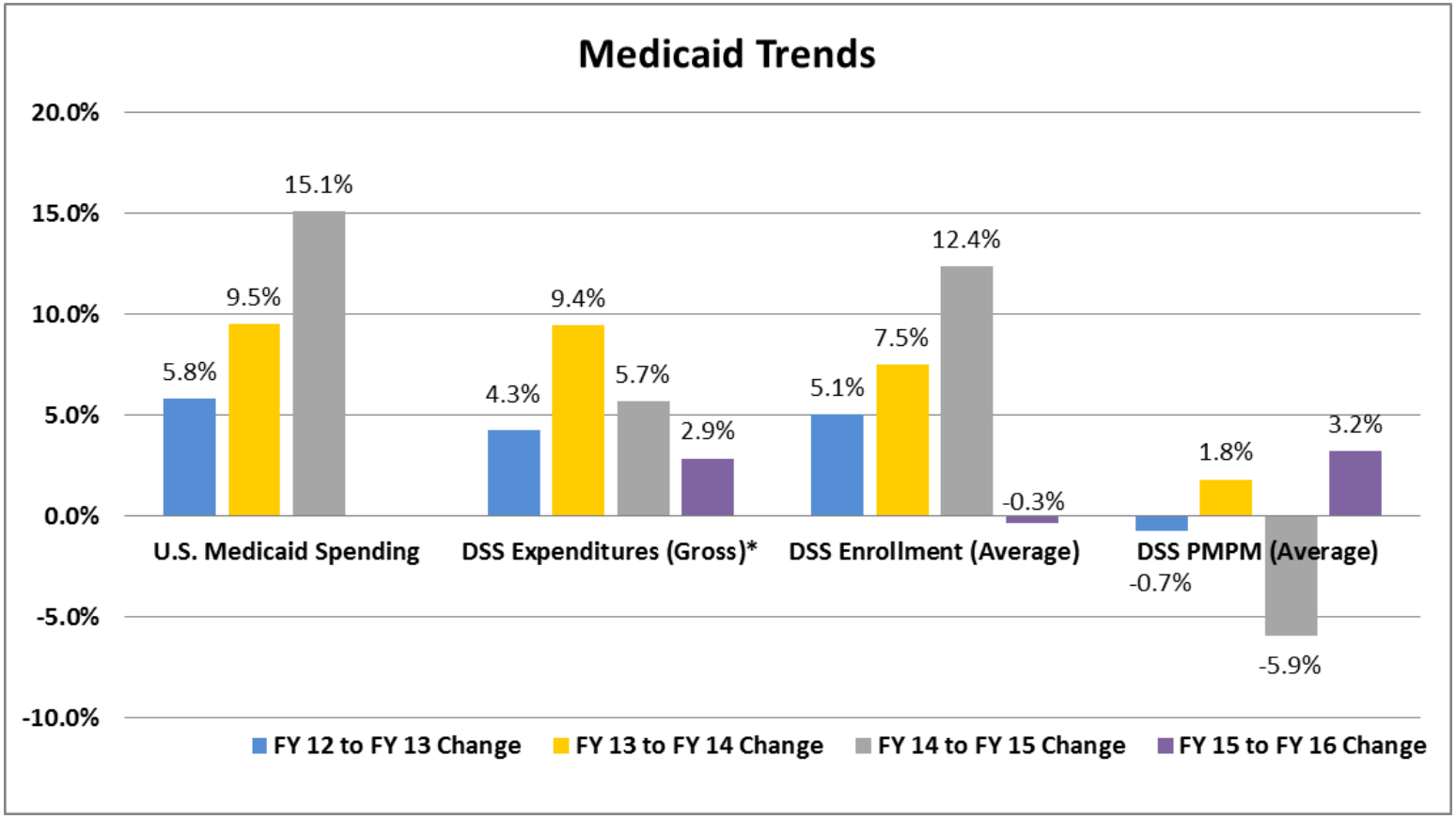
Examples of key improvements in measures achieved over SFY'16:

- **Overall hospital admissions** per 1,000 member months (MM) **decreased by 5.4%**
- **Utilization** per 1,000 MM **for emergent medical visits decreased by 4.3%**
- **Utilization** per 1,000 MM **for non-emergent medical visits decreased by 2.7%**
- Medical Intensive Care Management interventions: 1) **reduced emergency department (ED) usage** for involved members **by 22.28% and inpatient admissions by 39.08%**; 2) **reduced the readmission rate by 27.18%** for those members who received Intensive Discharge Care Management (IDCM) services
- **The HUSKY Health network grew** by 7.2% for medical providers, 16% for behavioral health providers, and 10% for dental providers (HUSKY Health dental is recognized as having the best access of any Medicaid program in the country)

Quarterly per member, per month (PMPM) trends have remained stable under the Department's self-insured, managed fee-for-service model



Connecticut Medicaid has achieved favorable financial results when compared to national benchmarks



HUSKY Health has also **maximized federal revenue under the Affordable Care Act.**

- 100% federal coverage for expansion of Medicaid eligibility (HUSKY D)
- coverage of new preventative services including smoking cessation and family planning
- new resources for behavioral health integration
- $78 million in funding under the Balancing Incentive Program for home and community-based long-term services and supports