

# **Governor's SFY 2021 Midterm Budget Adjustments for the Department of Social Services**

**Presentation to the Legislative Appropriations Committee**

**Deidre S. Gifford, Commissioner  
Michael Gilbert, Deputy Commissioner  
Wednesday, February 19, 2020**

**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 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.

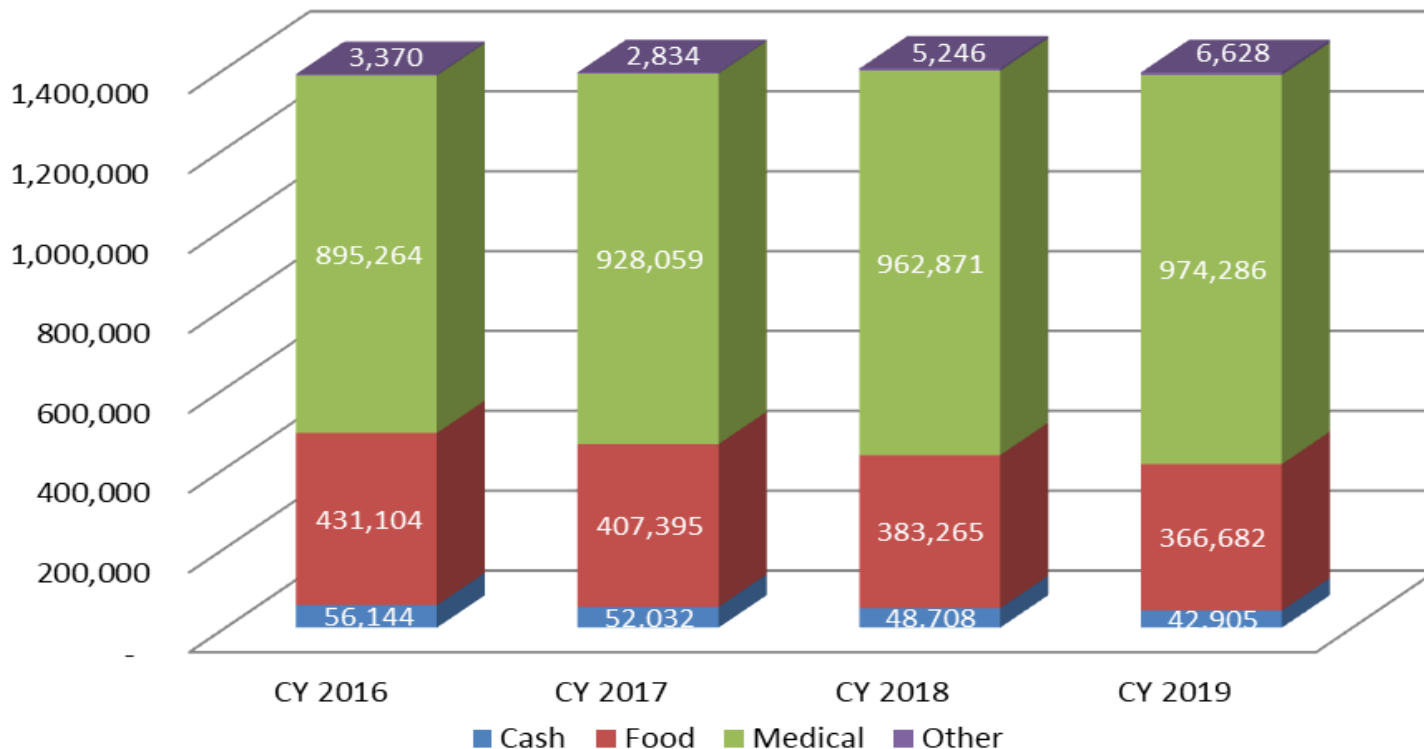
**Efficient and effective operations**

- Agency-wide administrative costs are estimated to be 3.3%.
- Total staffing of approximately 1,710
- Over 50% of agency expenditures are federally reimbursed.
- Health expenditures (76% of department's recommended SFY 2021 budget) are increasing based on caseload growth, but trends in per person costs are stable (SFY 2019 at the same level as SFY 2014), and quality outcomes have improved.

## Our Mission

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

## Average Number of People 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 2021 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 budget adjustments.

- The Department continues to focus on providing the best possible services to our clients in the most effective and efficient manner. This is evident through several key benchmarks including, but not limited to, the following:
  - Application timeliness at levels of 98% for Supplemental Nutrition Assistance Program (SNAP) and Medicaid
  - Average benefits center wait times are down over 80% from last year
  - Administrative cost ratios are at extremely low levels
  - Medicaid per member cost stability - per member per month (PMPM) costs in SFY 2019 are at the same levels as in SFY 2014
  - Medicaid state share cost stability - the state share of Medicaid costs, those borne by the state General Fund, increasing by an annual average of only 1% since SFY 2013.

■ **Programs supported include:**

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

■ **SFY 2020 estimated staffing costs:**

- \$ 128 m

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

- Estimated 2020 expense: \$153 m
- Operating Contracts: 88%
- Facilities & Operational: 12%

■ **Administrative cost ratio:**

- 3.3% (includes eligibility staff; based upon total budget inclusive of federal & state funds)

■ **Program outcome highlights:**

- Application processing timeliness
- Significant reductions to the average benefits center wait times
- Continued stability in the Medicaid cost trends and enhanced outcomes while maintaining a low administrative cost ratio

■ **SFY 2021 Governor's recommended budget:**

• **Total:**

- SFY 21 \$4.700 b (net); \$8.735 b (gross)

• **Program:**

- SFY 21 \$4.419 b (net); \$8.454 b (gross)

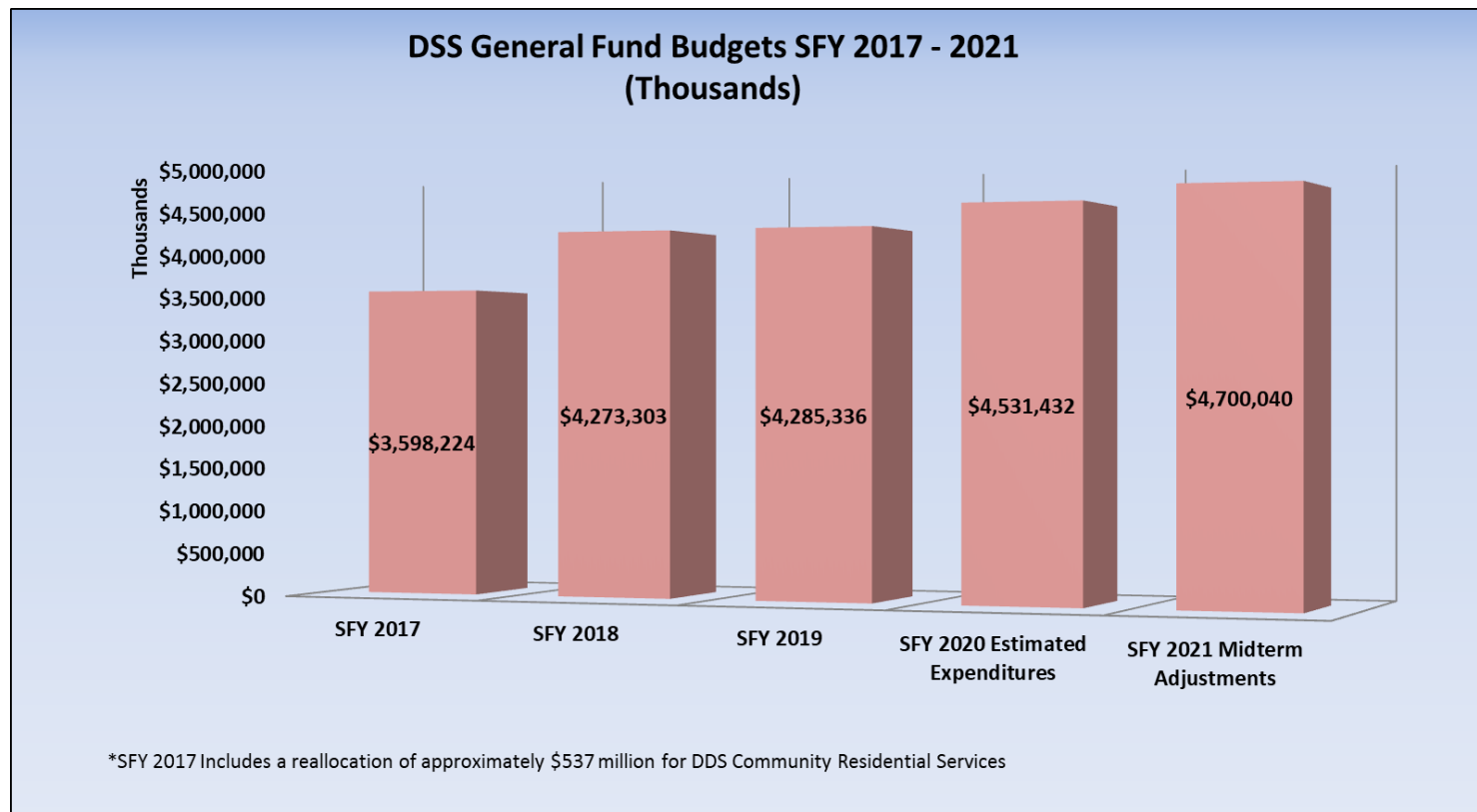
• **Administrative:**

- SFY 21 \$281.1 m

■ **Federal reimbursement in SFY 2020:**

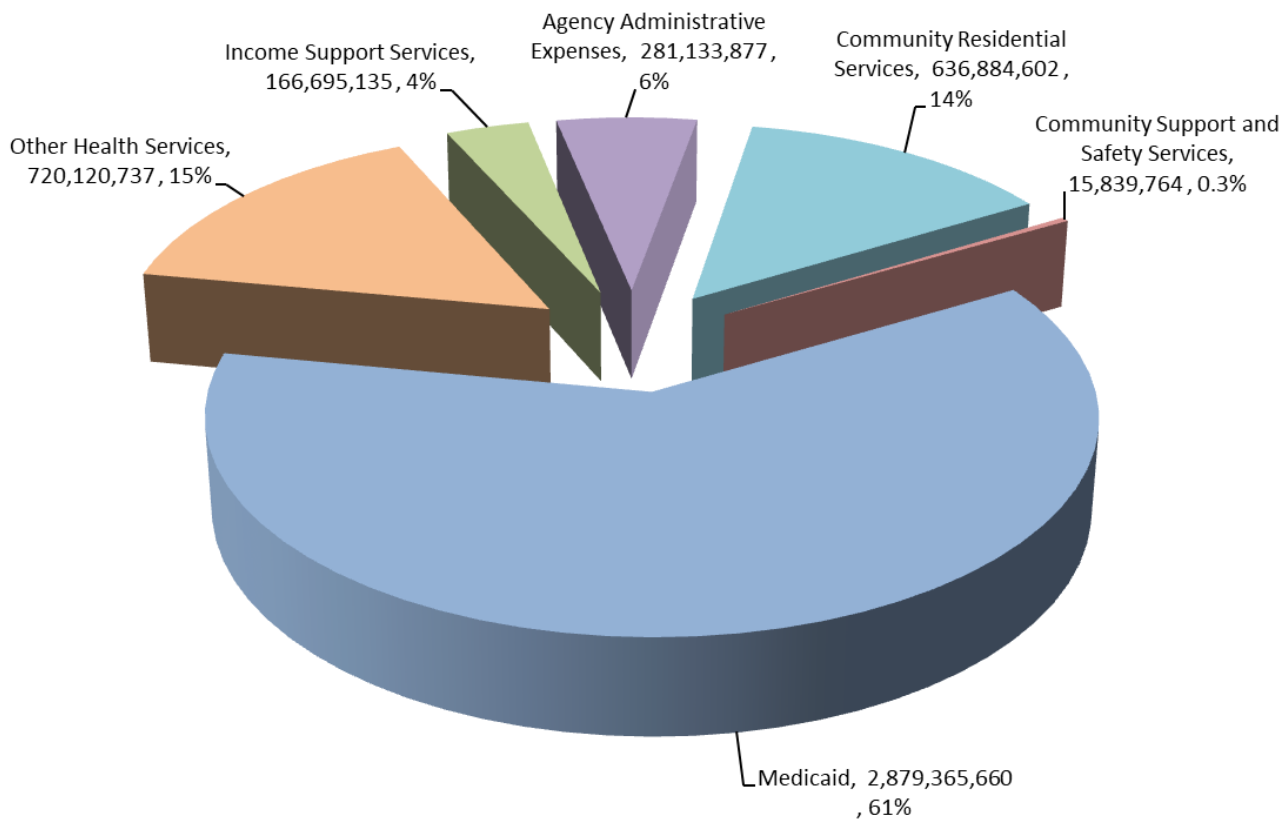
- 59% - Medicaid program costs
- 75% - Medicaid systems and eligibility (staff & contracts), & new IT system operational costs
- 50% - Medicaid administrative costs
- 50% - SNAP administrative support
- 66% - Child Support
- 80 to 90% - IT systems development
- 76.5% - CHIP (HUSKY B) (beginning 10/1/19)
- 100% - TANF programs and administration

- Total funding for SFY 2021 is \$4.700 billion, which is an increase by \$168.6 million over estimated SFY 2020 levels.
- The overall change in the DSS General Fund budget for SFY 2021 is an increase of 3.7% above SFY 2020 budgeted amounts.





## SFY 2021 Governor's Midterm Budget by DSS Core Program



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

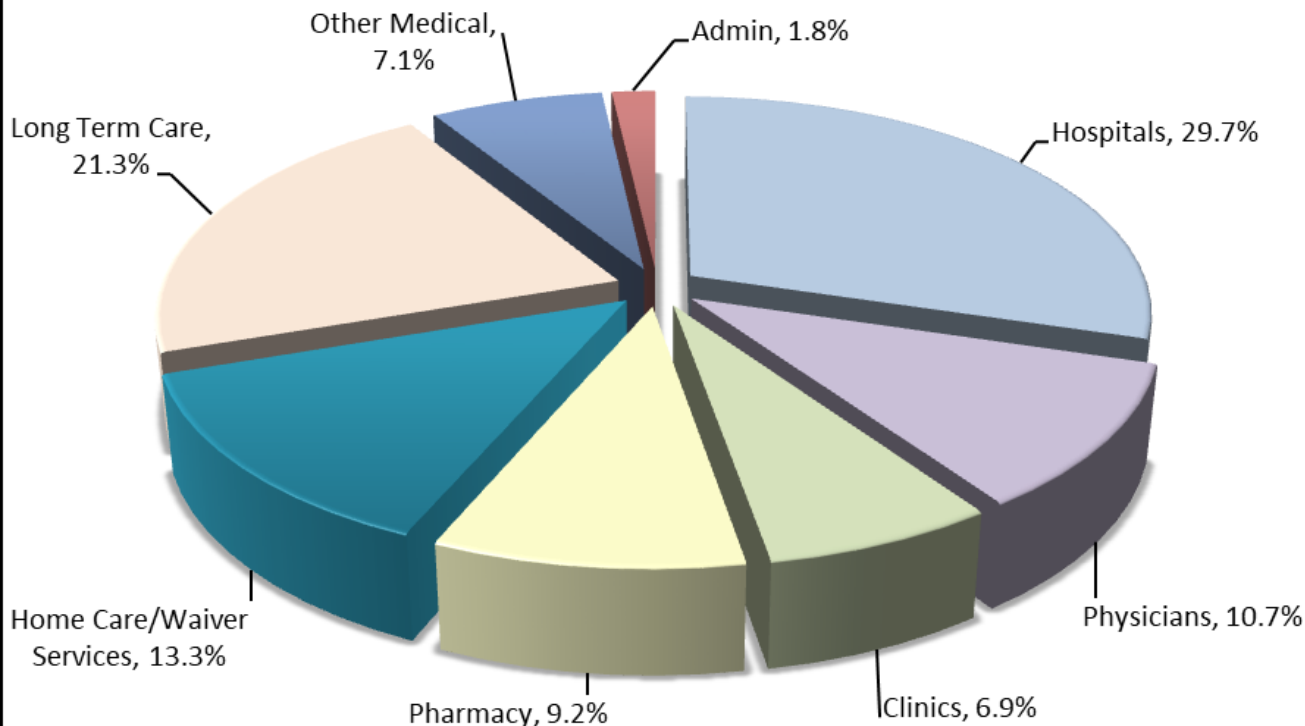
Summarizing the graphical information presented on the prior page:

- The proportion of the DSS General Fund budget directed to Medicaid is 61% in SFY 2021 . Other health services account for an additional 15% of the budget in SFY 2021.
- Administrative, field operation and grant expenses account for 6% of our General Fund budget in SFY 2021.
- 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 4% in SFY 2021.
- Community Residential Services, funding programs provided by the Department of Developmental Services, accounts for the balance of 14% in SFY 2021.

Hospital services account for the largest share of the DSS Medicaid spend at 30%, followed by nursing homes and LTC facilities at 21%. Waiver/CFC services account for 13%. Physician expenses comprise close to 11%.

Note: Represents both state and federal shares of Medicaid funding. Excludes hospital supplemental payments of \$493.3 million which were paid outside of the Medicaid account.

### SFY 2019 Service Category Expenditures



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

In aggregate, the recommended total DSS adjustments from our original SFY 2021 biennial appropriation is an increase of \$33.1 million, or 0.7%

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

- Caseload and cost updates to reflect trends
  - A net increase of \$47,080,000 is recommended to meet program requirements for DSS medical and cash assistance accounts to reflect caseload and cost trends including the following:
    - \$53.0 m Medicaid
    - \$0.7 m HUSKY B
    - -\$6.4 m Aid to the Aged, Blind and Disabled (State Supplement)
    - -\$3.1 m Temporary Family Assistance
    - -\$0.6 m State Funded CT Home Care Program
    - \$1.1 m State Administered General Assistance
    - \$2.4 m Community Residential Services (DDS)

The Governor's Midterm Budget Adjustments include the following baseline increases (continued):

- Reflect the Impact of the Minimum Wage on Private Providers:
  - Additional funding in the amount of \$146,765 is recommended for grantee-based and residential care homes minimum wage requirements which are transferred from OPM to agency budgets.
  
- Centralize Funding for the Microsoft 365 Statewide Agreement:
  - A reduction in funding in the amount of \$513,693 is recommended in the DSS Other Expenses account to support the centralized purchase and management of Microsoft 365 software licenses.
  
- Transfer Reserve for Salary Adjustment Funds for Bargaining Adjustments Approved in 2019 Session (addition of \$45,207 to DSS)

The Governor's Midterm Budget Adjustments include the following baseline increases (continued):

- Align Hospital Supplemental Payment Appropriation with Hospital Settlement Agreement
  - A technical adjustment reduction of \$31,102 is recommended to align appropriated funding to amounts agreed to in the hospital settlement.

## The Governor's Midterm Budget Adjustments include the following savings:

- Claim for Certain Residential Care Home Services under Medicaid:
  - A savings of \$2,110,000 is recommended to reflect access to federal Medicaid reimbursement for certain Residential Care Home (RCH) services that are already paid by DSS under the state-funded State Supplement for the Aged, Blind and Disabled. A reinvestment estimated at 25% of the additional federal reimbursement is targeted for the RCH providers.
  
- Implement Third Party Liability Prompt Pay Requirements to Strengthen Claims Billing
  - A savings of \$2,000,000 is recommended based upon requiring insurers to act in a timely manner on requests to reimburse for services covered under HUSKY Health for which they are legally liable. This is consistent with industry practice and will reduce Medicaid funding requirements.
  
- Maintain Existing SFY 2020 Rates for Natchaug Hospital:
  - A savings of \$454,000 is recommended associated with funding that was originally included in the SFY 2021 budget for a rate increase for Natchaug Hospital, thereby maintaining their rates at SFY 2020 levels.

- The Governor's Midterm Budget Adjustments include the following adjustments to DDS services funded under the DSS budget:
- Increase Use of Rent Subsidies to Support Transitions to More Appropriate Levels of Care (DDS)
  - Funding in the amount of \$778,560 is transferred from the Community Residential Services account to the DDS Rental Subsidy account to support approximately 160 individuals transitioning into less intensive residential placements. The use of these settings, including continuous residential supports and individualized home supports, will result in a savings of \$1,021,440.
- Incentive Payments for Providers Transitioning Individuals to Less Intensive Settings (DDS):
  - A savings of \$1,750,000 is recommended to reflect a new reimbursement method targeted to incentivize providers to allow individuals to be served in less intensive settings; this will allow for providers to be reimbursed at a portion of their payment for two years for individuals transitioning to lower levels of care, resulting in a net state savings overall.



- The Governor's Midterm Budget Adjustments include the following reductions to DSS administrative accounts:
  - Achieve Administrative Savings from SFY 2020 Holdbacks
    - A reduction in funding in the amount of \$1,100,000 under Personal Services and \$1,156,533 under Other Expenses is recommended to continue SFY 2020 holdbacks savings achieved in those accounts.
  - Achieve Additional Efficiencies under the Other Expenses Account
    - A reduction in funding in the amount of \$1,457,600 is recommended to reflect efficiencies in phone service costs, office equipment costs, operational support contracts, support needs for certain technology functions, and the availability of federal funds for certain efforts not originally anticipated.

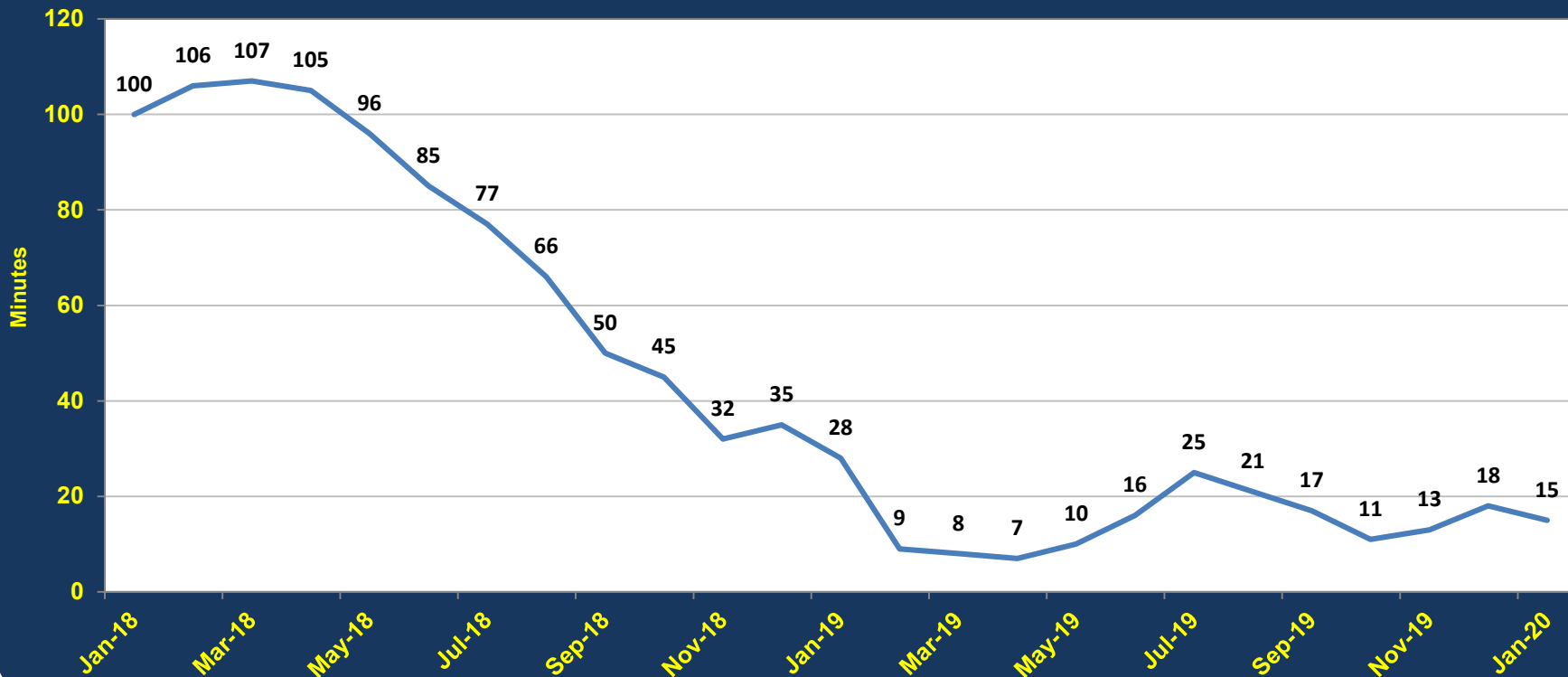
## The Governor's Midterm Budget Adjustments include the following reallocations of funding:

- Centralization of Human Resources and Labor Relations Staff
  - Sixteen positions and \$1,383,808 in Department funding for Human Resources and Labor Relations functions are transferred to the Department of Administrative Services and the Office of Policy and Management as part of the statewide consolidation of such supports.
  
- Transfer Funding for the Center for Medicare Advocacy
  - Funding of \$300,000 for services originally budgeted under the Department for the Center for Medicare Advocacy is transferred to the Department of Aging and Disability Services to reflect the more appropriate alignment of these services.
  
- Transfer Funding for Mary Morrisson School Based Health Center
  - Funding of \$125,000 for services originally budgeted under the Department for the Mary Morrisson School Based Health Center is transferred to the Department of Public Health to reflect the more appropriate alignment of these services.

In the next several slides, we will review some of the major accomplishments achieved with funding provided to DSS in support of services to our clients

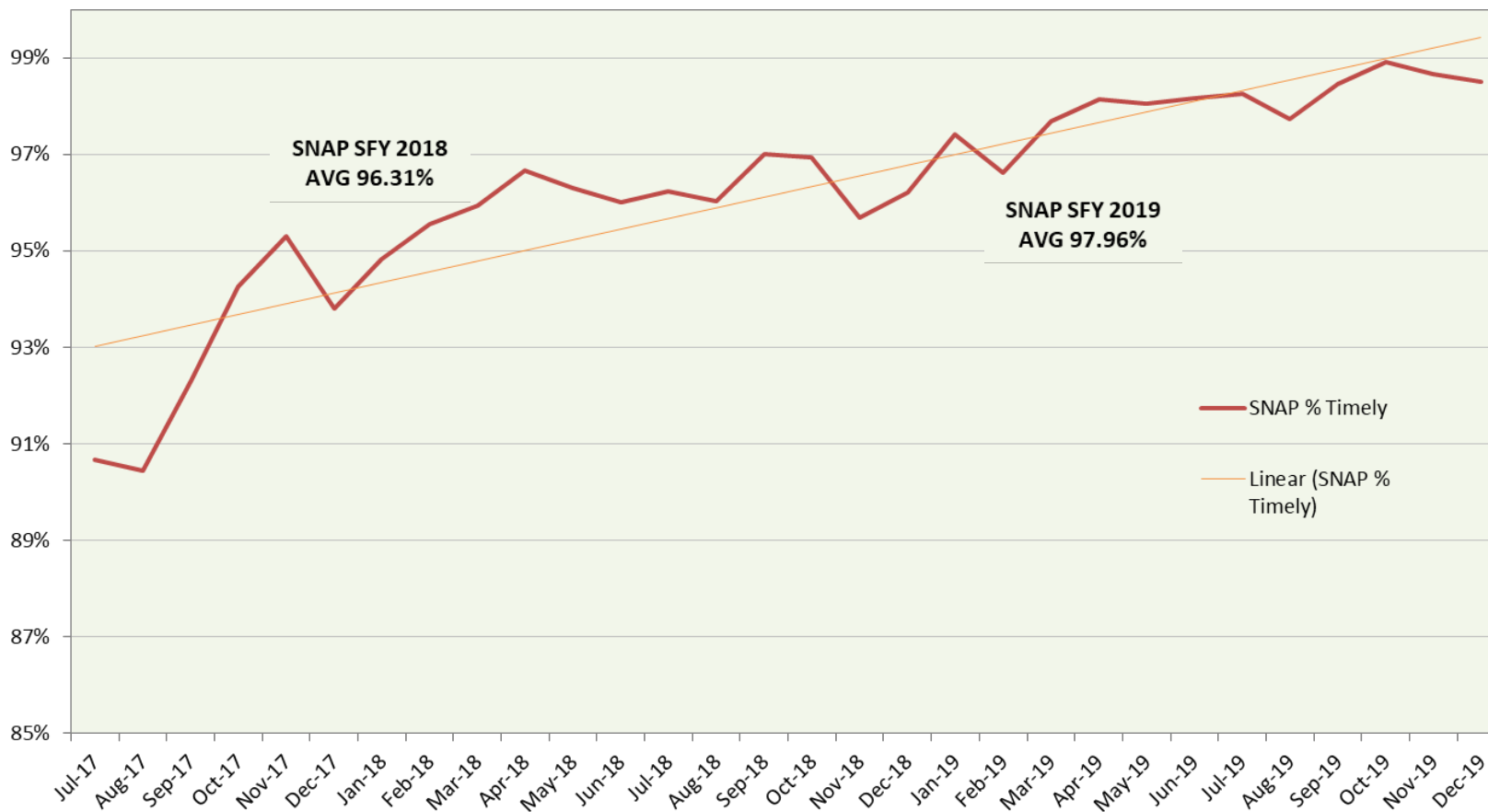
- 3: The number of Benefits Centers
- 7:30am-4:00pm: Hours of Operation Monday-Friday
- 24/7: Hours and Days that clients can access the interactive voice response system (IVR)
- 3,329,907: Total calls answered since July 2013
- 43,919: Average monthly volume of calls answered (10/19 – 1/20)
  - Calls answered by workers are across all DSS programs including Medical, SNAP, and Cash Assistance.
- 114,502: Average monthly volume of calls to the IVR (10/19 – 1/20)
- 13,978: Average monthly volume of telephone interviews
- 80%: The decrease in the average monthly wait time from 75 minutes to 15 minutes in 2019
- 15: The average monthly wait time minutes in 2020

Benefits Center Average Wait Time (in minutes) Jan 18 - Jan 20

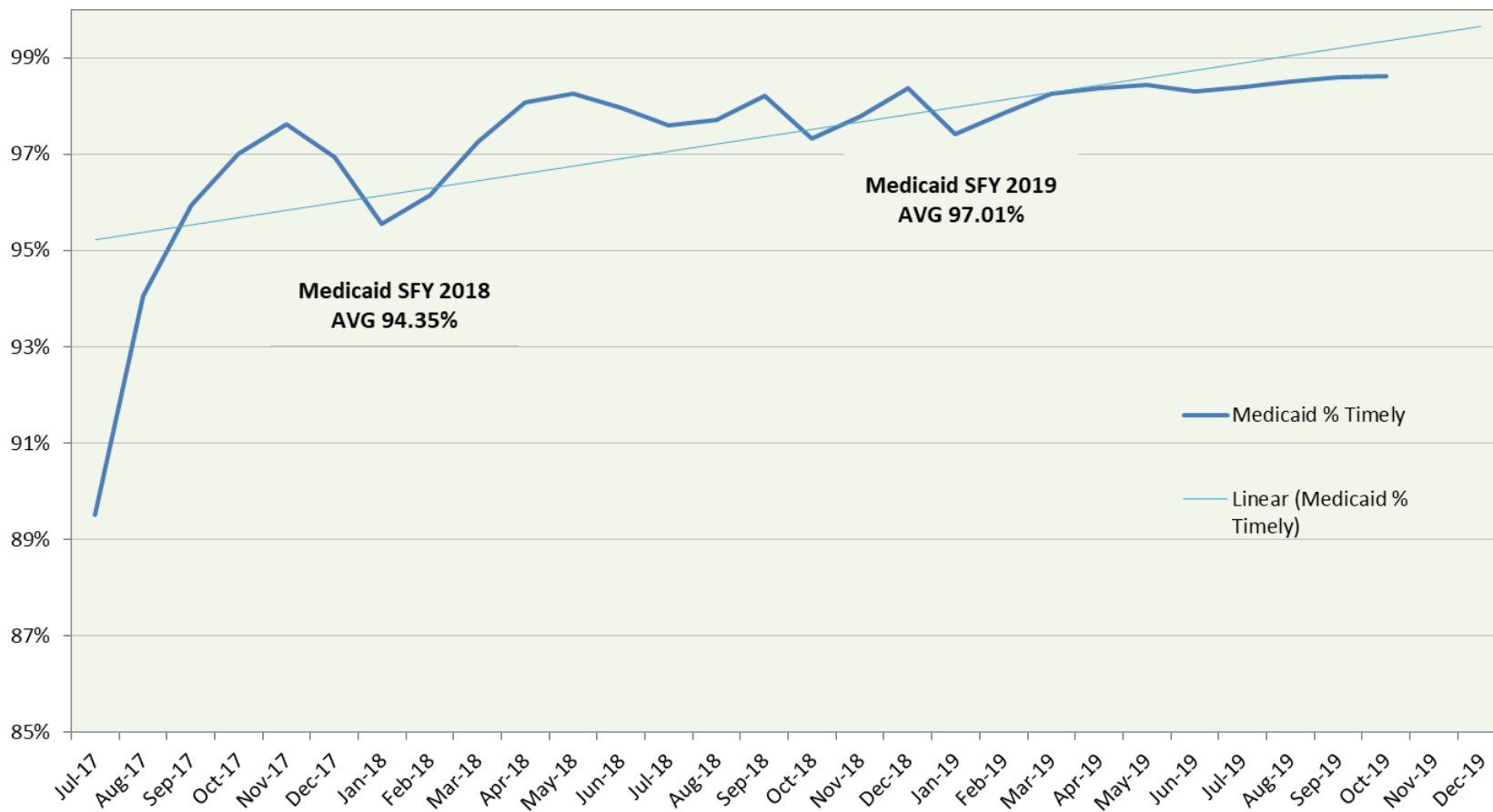


The Benefits Centers are located in three of the twelve DSS field offices. Each contains an interactive voice response system with 24/7 access to DSS and offers callers the option of obtaining a secured PIN to self-serve. The Benefits Centers are open Monday-Friday, 7:30am-4:00pm. Callers use one statewide phone number, 1-855-CONNECT (1-855-626-6632). The Benefits Centers offer live processing by eligibility workers who possess specialized program and policy knowledge. Workers screen for callers with disabilities requiring special accommodations. Over the past two years, the Benefits Centers have experienced a significant downward trend in wait times. The marked decrease in wait times is a result of continuous improvements to business processes made by the Department.

### SNAP Application Processing Timeliness - July 2017 to Present



**Medicaid Application Processing Timeliness - July 2017 to Present**



## DSS' strategic framework demonstrates results – Health Services

- The following slides demonstrate our successes in the following critical areas:
  - Expanding provider networks and opportunities for client access
  - Increasing routine care for clients
  - Reducing utilization of hospital inpatient services
  - Reducing the use of hospital emergency departments
  - Stability of costs – expenditures, per member per month (PMPM) costs, share of overall state budget



***Our Provider Network Continues to Grow***

**Connecticut Medical Assistance Program (CMAP)  
CY 2015 – CY 2019**

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	Percent Change CY 2018- CY 2019
<b>Total Primary Care Providers (PCPs)*</b>	<b>3,454</b>	<b>3,511</b>	<b>3,602</b>	<b>3,750</b>	<b>3,870</b>	<b>+3.20%</b>
<b>Total Specialty/ Ancillary/Facility Providers*</b>	<b>16,940</b>	<b>17,154</b>	<b>17,764</b>	<b>18,272</b>	<b>22,724**</b>	<b>+24.37%</b>

*\*Totals include in-state and border providers.*

*\*\*In 2019, state billing location indicators for providers were changed from out of state to border by DXC and DSS. 3,249 providers were changed from an out of state indicator to a border indicator.*

***Routine care is increasing***

**Utilization Changes: Physician Services**

Service Description	CY 2015		CY 2016		CY 2017		CY 2018		CY 2015 vs CY 2018	
	Util	Util/1000	Util	Util/1000	Util	Util/1000	Util	Util/1000	Util/1000	%
Clinic Services	189,975	232	187,696	230.3	187,728	226.1	202,564	237.7	5.7	2.5%
FQHC – Medical	702,989	858.6	756,645	928.5	788,787	949.9	754,501	885.4	26.8	3.1%
Other Practitioner	459,228	560.9	526,855	646.5	580,637	699.2	668,212	784.2	223.3	39.8%
Physician Services – All	3,948,428	4,822.5	4,403,791	5,404.0	4,655,918	5,606.9	4,751,019	5,575.6	753.1	15.6%

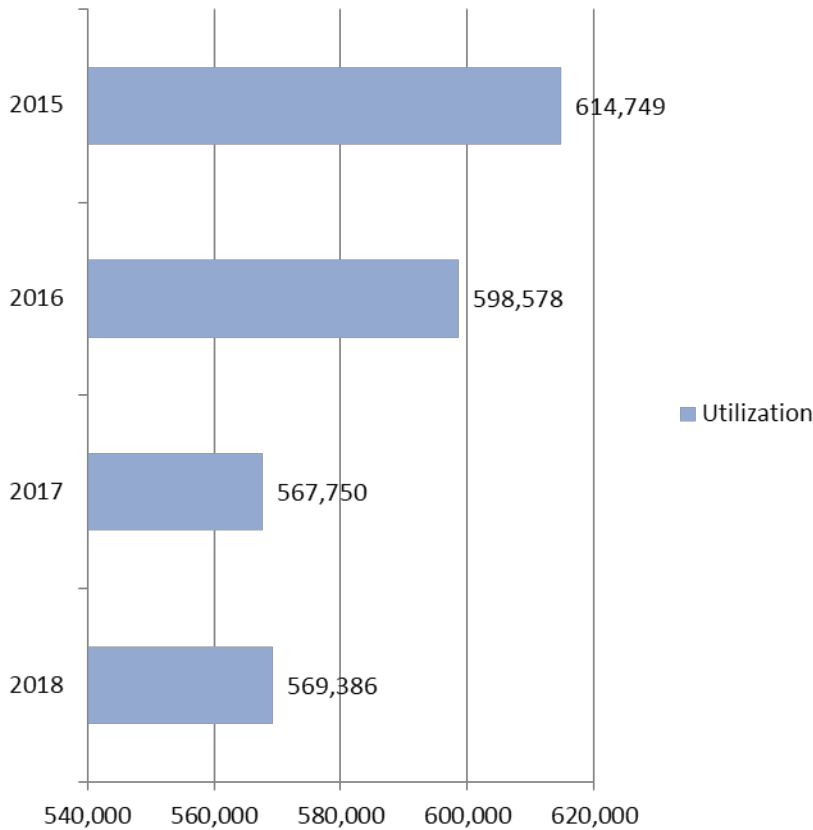
## *Hospital utilization is decreasing*

### Inpatient Metrics

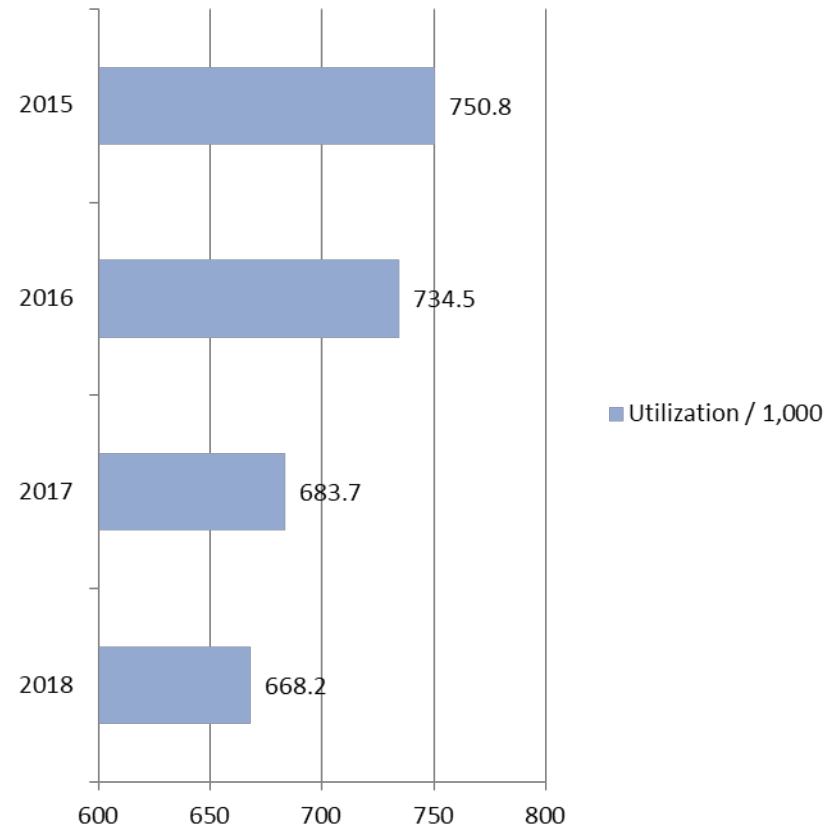
	2015	2016	2017	2018	CY 2015 vs CY 2018	
Admissions	84,777	85,618	80,573	81,004	-3,773	-4.45%
Admissions per 1,000	103.54	105.06	97.03	95.06	-8.48	-8.19%
Re-admission Rate	11.35%	11.26%	10.95%	11.37%	0.02%	0.18%
Days/1,000	479.7	472.4	428.1	430.1	-49.60	-10.34%
Average Length of Stay (ALOS)	4.63	4.5	4.41	4.52	-0.11	-2.38%

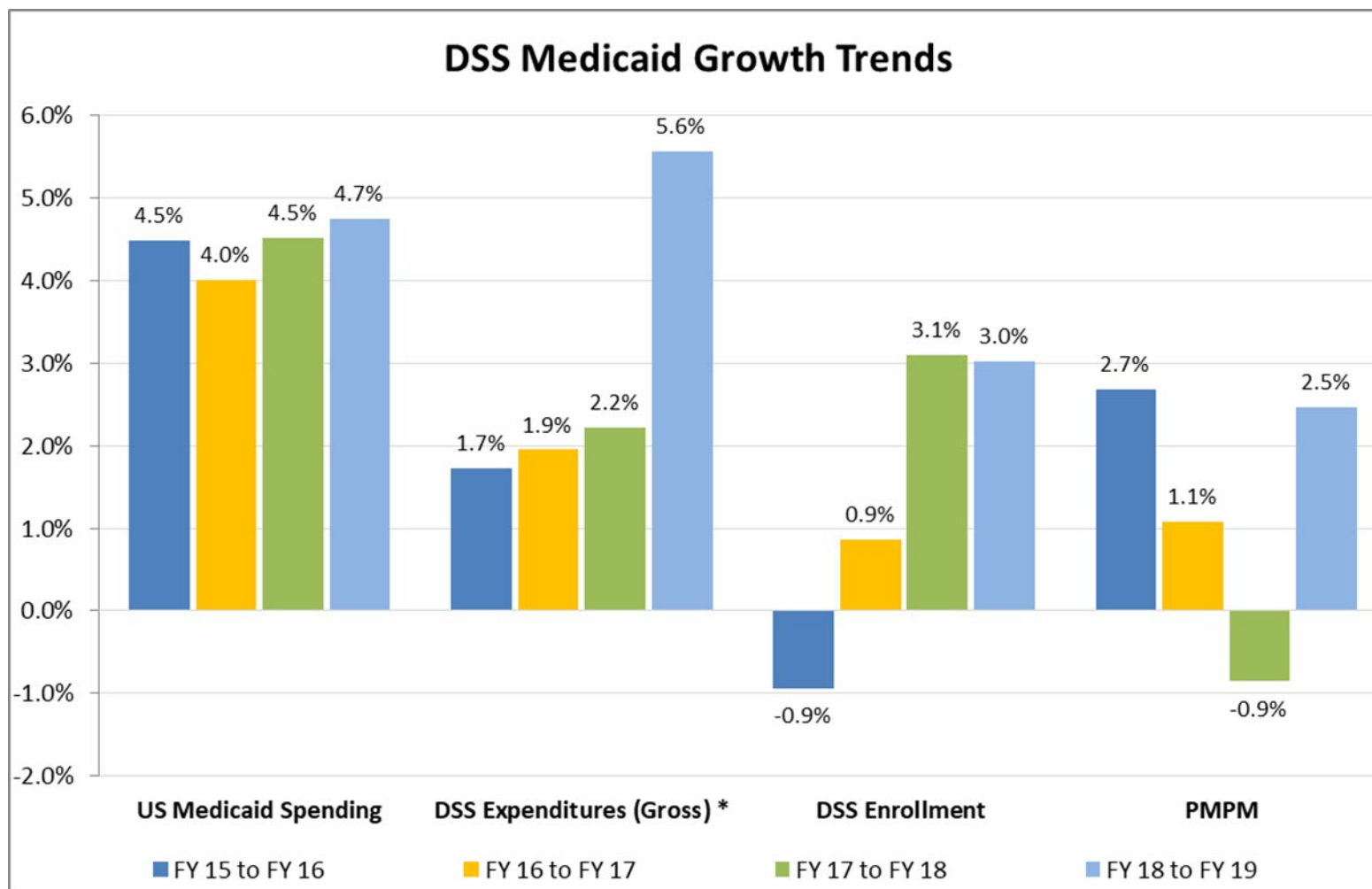
## Emergency Department utilization is decreasing

Utilization



Utilization / 1,000





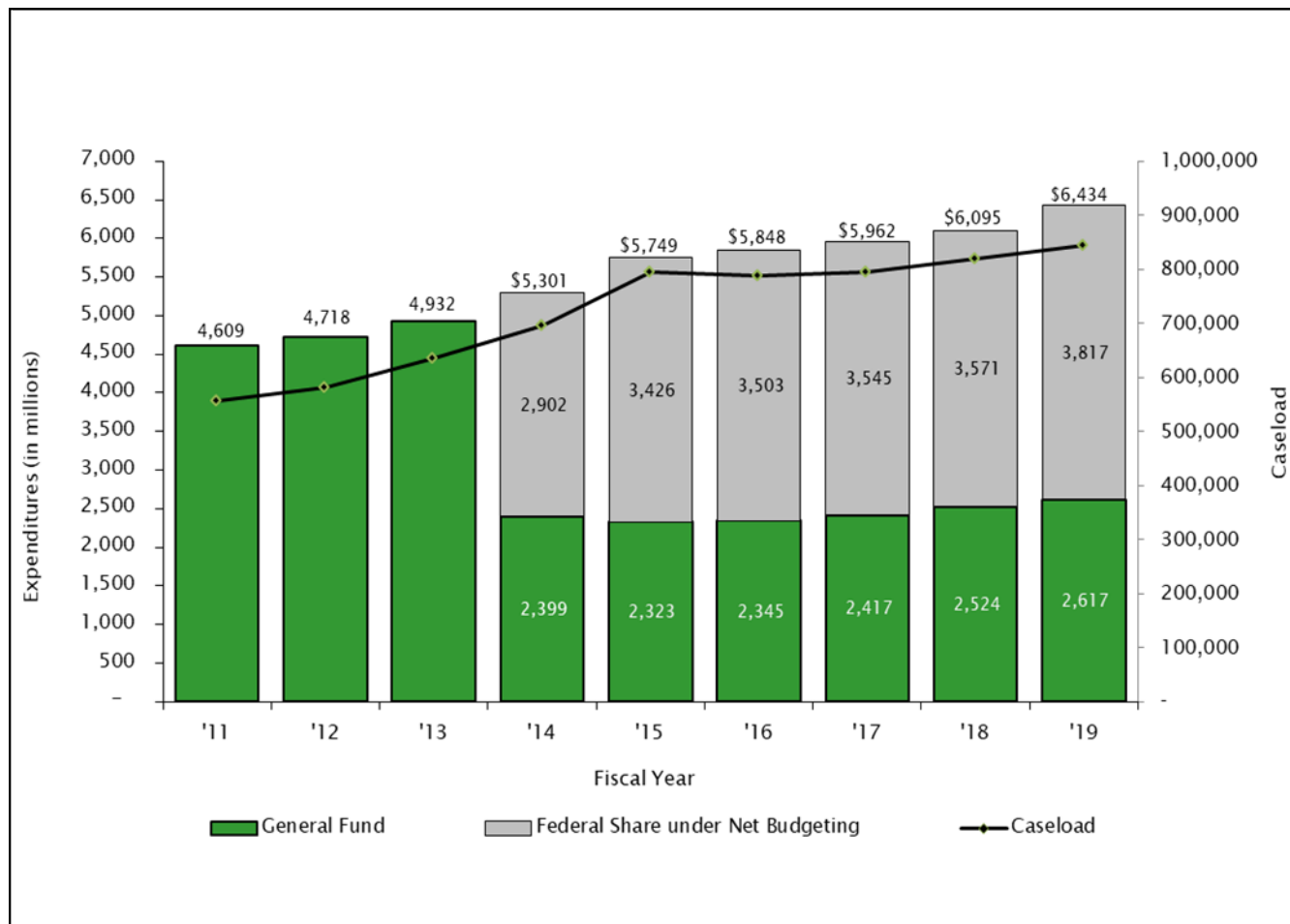
*\* Expenditures are net of drug rebates and exclude hospital supplemental payments given the significant variance in that area over the years*

CT's state share of Medicaid costs have stabilized.

State share of costs was virtually unchanged from SFY 2013 to 2017.

SFY 2019 state share was only \$151 million, or 6.1%, higher than the estimated SFY 2013 state share. This equates to an average annual increase of 1.0%.

SFY 2018 and 2019 begin to rise due to lower reimbursement for the expansion population (HUSKY D) and hospital rate increases.



\*Excludes hospital supplemental payments

- Total Medicaid expenditures as a percentage of the total state budget - detail on peer states and national data\*

	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019
Connecticut	23.1%	22.6%	22.9%	24.4%	23.8%
Maine	32.8%	33.0%	32.2%	33.6%	33.8%
Massachusetts	23.7%	27.8%	28.0%	29.2%	28.7%
New Hampshire	29.7%	34.7%	36.6%	35.5%	35.2%
Rhode Island	30.4%	29.0%	29.9%	29.3%	27.4%
Vermont	28.5%	29.5%	28.8%	28.2%	28.7%
New Jersey	24.2%	25.0%	24.5%	24.3%	23.7%
New York	31.7%	31.9%	34.3%	35.6%	35.3%
Peer State Avg (w/o CT)	28.7%	30.1%	30.6%	30.8%	30.4%
All States	27.9%	28.8%	28.9%	29.2%	28.9%

CT's Medicaid to total state budget cost ratio was lower than the all states average and the average of its peer states from SFY 2015 through 2019

\*Per National Association of State Budget Officers (NASBO) State Expenditure Reports; includes both federal and state Medicaid shares

- For additional information on financial trends under the HUSKY Health program, the Department recently presented to the Medical Assistance Program Oversight Council on February 14, 2020
- That presentation will be made available shortly at our DSS website



- In closing, the Department recognizes our significant stewardship role as we manage \$4.7 billion in State General Fund resources, as well as an additional \$4 billion in federal funds.
- As can be seen by some of the achievements we focused on, our 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 midterm budget adjustments, which will allow us to continue these efforts.
- At this time, we are available to respond to any questions you may have.