

JOINT FINANCE COMMITTEE HEARING FISCAL YEAR 2024 BUDGET



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CABINET SECRETARY

Department of Health and Social Services
February 22, 2023
Legislative Hall, Joint Finance Committee Hearing Room

Good Morning Representative Carson, Senator Paradee, members of the Joint Finance Committee and members of the public.

Thank you for this opportunity to talk with you about our continued response to the COVID-19 pandemic; how we are planning for the wind-down of the Public Health Emergency (PHE) designation, and to present our achievements and our Fiscal Year (FY) 2024 Governor's Recommended Budget.



While the Department of Health and Social Services (DHSS) is one of the largest agencies in state government, we never forget that the work we do has a profound and personal impact on the hundreds of thousands of people we serve each day.

Through our 10 service divisions and the Office of the Secretary, we have learned during this COVID-19 pandemic just how many lives are touched by our work – from newborns born to worried parents, to families needing benefits they have never sought before, to vulnerable seniors needing vaccines or other supports in the community or in long-term care facilities.

I would like to thank all of our employees – from those in our 24/7 facilities and the Division of Public Health -- to everyone across all of our other divisions who continue to respond to this pandemic and the challenges it brings by consistently serving the people of our State.

As a Department, we are committed even more to a person-centered mission: **To improve the quality of life for Delaware’s citizens by promoting good health and well-being, fostering self-sufficiency, and protecting vulnerable populations.**



First, I want to spend a few minutes talking about our COVID-19 response and where we are today.

LARGEST PUBLIC HEALTH RESPONSE IN AMERICAN HISTORY



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Nearly three years after the first COVID-19 positive case was identified in Delaware, we are now entering a new phase of the pandemic as we prepare to unwind many of the flexibilities authorized during the federal Public Health Emergency. I want to acknowledge the toll this virus has taken on the people of our State. More than 326,000 people have tested positive for COVID at least once during the last three years, and we have lost more than 3,200 Delawareans. Thousands more have been hospitalized, were sick at home, and many must deal with long-term impacts to their health.

COVID-19 has been hard on everyone. We know the pandemic's impact extends far beyond physical health, to our mental, emotional and our financial health as well.

From disease surveillance, testing services, vaccination distribution, and community support, we built the robust infrastructure in Delaware, in partnership with our fellow agencies and our health care, non-profit and community partners, and we can feel confident in responding to new and emerging health threats in the future.

COVID-19: WHERE WE ARE TODAY



YOUR COVID-19
PROTECTION IS DUE
FOR AN UPDATE.



Get your COVID-19 bivalent booster. 



In order to slow the spread of COVID-19, we built a **robust testing infrastructure** that included Public Health clinics, contracted vendors, community partners, pharmacies and provider health systems.

With the worst of the pandemic behind us and **decreased demand for PCR testing**, some testing programs have ended:

Curative ended their testing services at the end of December 2022 and Vault testing ended in mid-February 2023. There are still many COVID-19 testing options in the State including **increased access to at-home test kits** through the Federal Government, pharmacies, and community partners, doctor's offices and urgent cares, and **Public Health Clinics** for those who are uninsured or underinsured.

Vaccination: Delaware has **administered more than 2 million doses** of the COVID vaccine to date with more than **73% of the population having completed the initial primary vaccine series**. Even as new variants have emerged, the COVID-19 vaccine remains our best defense against serious complications and death from COVID-19. We continue to recommend anyone eligible to receive the updated bivalent vaccine booster.

COVID-19: ENDING COVID EMERGENCY AUTHORITIES

- Ending enhanced food benefits for SNAP program starting March 1st
- Ending continuous enrollment for Medicaid benefits starting April 1st
- People with private insurance could have some out-of-pocket costs for vaccines, especially if they go to an out-of-network provider
- Free at-home COVID tests will also come to an end
- Hospitals will not get extra payments for treating COVID patients
- TBD: State Public Health Emergency, which creates regulatory flexibility for health care providers, including hospitals and long-term care facilities



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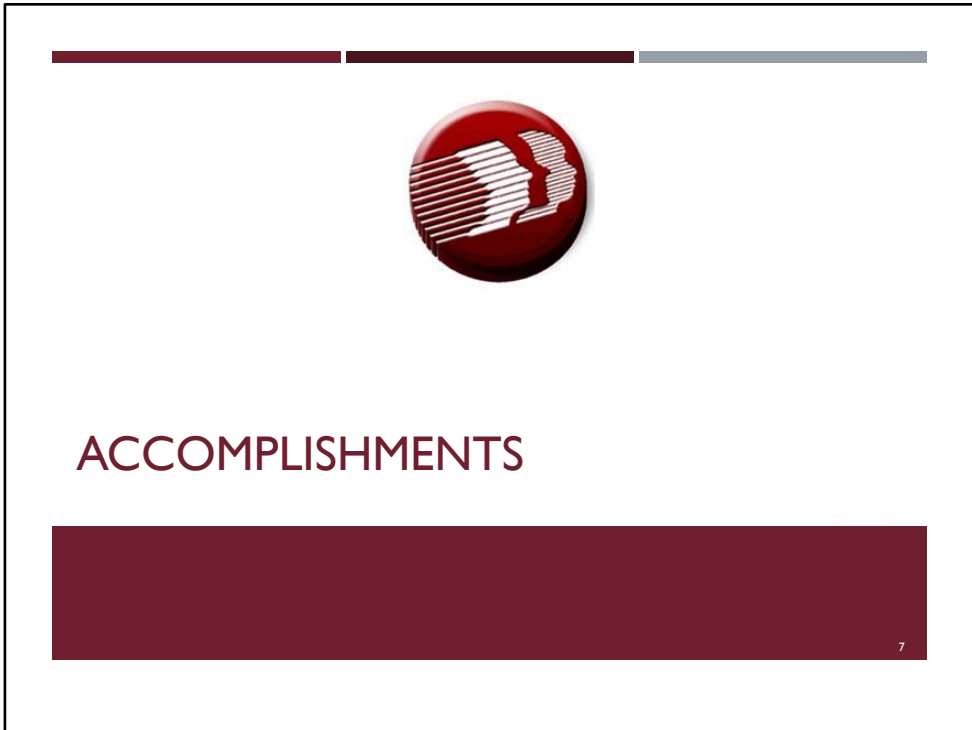
Because the worst of COVID-19 is behind us, the federal government is requiring states to go back to the pre-pandemic status on many benefits that were altered during COVID. Those changes will roll out on different timelines, so that's why it's important for Delawareans who receive these enhanced benefits to watch their mail, text messages, social media and the DHSS website for updates. The biggest impacts will come in two areas:

Enhanced Benefits: This month is the last month for emergency Supplemental Nutrition Assistance Program (SNAP) food benefits as a result of the federal Consolidated Appropriations Act, which Congress passed in December. Beginning in March, those benefits will revert to their pre-pandemic levels. We know this change likely will cause a hardship for many individuals and families, so we encourage those who need food assistance to call Delaware 2-1-1 to find the nearest food closet or pantry, or visit the Food Bank of Delaware's website at fbd.org.

Medicaid eligibility renewals: Beginning April 1, 2023, DHSS will begin Medicaid eligibility renewals, which were paused during the pandemic. Basically, the federal government is requiring all states to determine if each individual and family currently being covered by Medicaid is still eligible. It will take several months to finish all of the reviews.

Based on current COVID-19 trends, the federal government is planning for **the Public Health Emergency to expire on May 11, 2023**. While the COVID-19 response remains a public health priority, we are in a better place than we were three years ago, and we can transition away from the emergency phase. Over the next few months, we will transition our COVID-19 policies, and unwind many of the current flexibilities enabled by the COVID-19 emergency declarations.

While many individuals will continue to pay nothing out-of-pocket for the COVID-19 vaccine as it is a preventive health service for most private insurance plans, **out-of-pocket expenses for testing and certain treatments may change**, depending on an individual's health care coverage, similar to costs that one may experience for other drugs through traditional coverage.



Now, let me shift to talk about a few non-COVID-related achievements.

ACCOMPLISHMENTS

- **Overdose Response Center:** Delaware recently established an Overdose Response Center, which will dispatch targeted community outreach teams to engage and support communities based on real-time data where overdoses are occurring in the State.
- **Home Modifications:** Since July 2021, 27 tasks have been completed to assist older vulnerable Delawareans to remain in their homes with a safer environment.
- **Pandemic Emergency Shelter Program:** Since the COVID-19 pandemic began in March 2020, our agency provided shelter to more than 6,000 households and more than 14,000 individuals.
- **Marketplace Enrollment:** Thanks to Delaware's Reinsurance Program and enhanced federal subsidies, Delaware set another record high for open enrollment on the Health Insurance Marketplace.



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DHSS's Division of Substance Abuse and Mental Health (DSAMH) announced the establishment of the **Opioid Response Center**, which will soon utilize overdose incident data to dispatch targeted community outreach teams who will distribute Narcan and share information about how individuals can get help if they are struggling with addiction. The goal of the center is to provide follow-up outreach to community members who have overdosed but who refused subsequent medical care.

Since July 2021, the Division of Aging and Adults with Physical Disabilities (DSAAPD) has completed 27 tasks to assist older vulnerable Delawareans to remain in their homes with a safer environment.

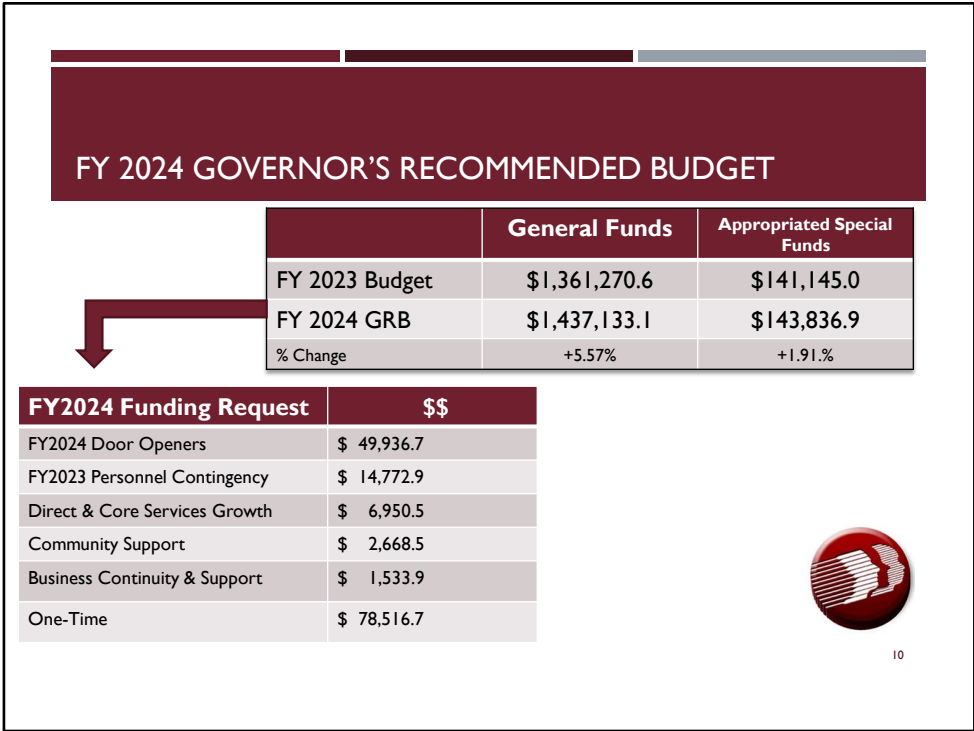
Tasks include repairs of floors, drywall, ADA ramps and ADA toilets as well as installation of walk-in showers, toilet handrails/grab bars, storm doors, chair lifts and bathtubs. In addition, DSAAPD is also currently piloting a Healthy Homes program to expand the types of assistance that will be available.

Pandemic Emergency Shelter Program: Since the COVID-19 pandemic began in March 2020, our agency **provided shelter to more than 6,000 households and more than 14,000 individuals.** When the federal funding was exhausted in summer 2022, our Divisions of State Service Centers and Social Services worked with partners in other states, local agencies and with nonprofits across our State to help transition the more than 400 remaining households out of the 25 motels, hotels, and the Hope Center, and into safe and affordable housing by September 30th.

And, finally, thanks to the Reinsurance Program that the General Assembly helped to put in place and enhanced federal subsidies, Delaware once again set an all-time high for open **enrollment** on our **Health Insurance Marketplace.** That means more people have a connection to health care.



Now, I'd like to turn to our fiscal landscape for Fiscal Year 2024.



The slide above shows the budget included in the FY 2024 Governor’s Recommended Budget (GRB).

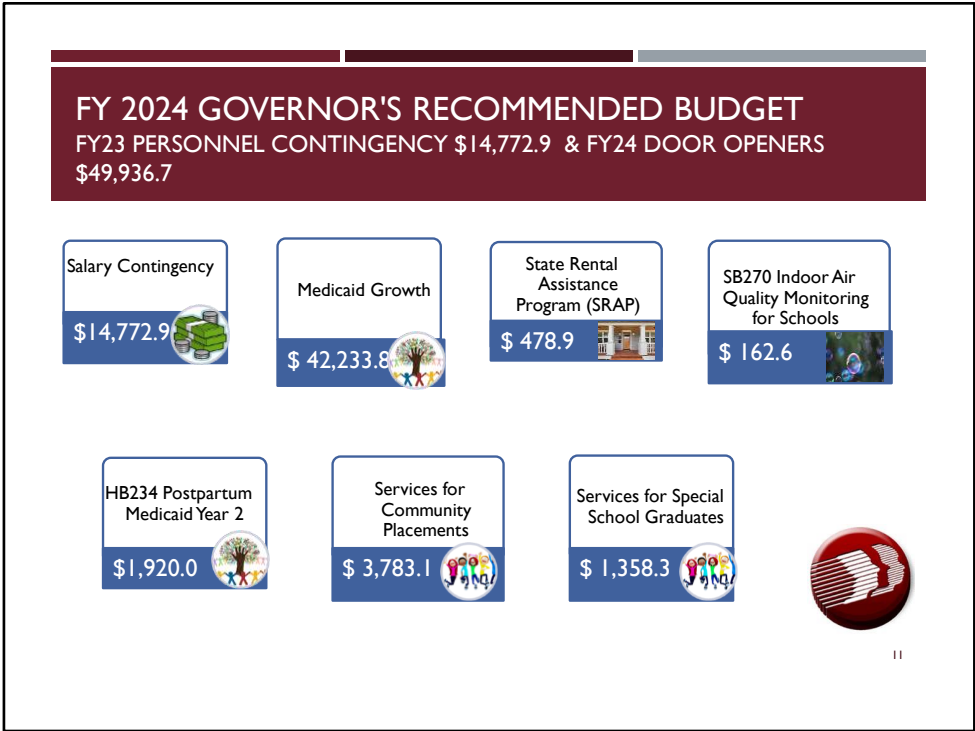
Our Department’s FY 2024 GRB is:

- \$1,437,133.1 [One Billion, Four Hundred Thirty-Seven Million, One Hundred Thirty-Three Thousand, One Hundred dollars] in General Funds (GF);
- \$143,836.9 [One Hundred Forty-Three Million, Eight Hundred Thirty-Six Thousand, Nine Hundred dollars] in Appropriated Special Fund (ASF) spending authority;

That amount includes \$49,936.7 [Forty-Nine Million, Nine Hundred Thirty-Six Thousand, Seven Hundred dollars] in Door Openers; \$14,772.9 [Fourteen Million, Seven Hundred Seventy-Two Thousand, Nine Hundred dollars] in FY 2023 Personnel Contingency; \$6,950.5 [Six Million, Nine Hundred Fifty Thousand, Five Hundred dollars] in Direct & Core Services Growth; \$2,668.5 [Two Million, Six Hundred Sixty-Eight Thousand, Five Hundred dollars] in Community Support; and \$1,533.9 [One Million, Five Hundred Thirty-Three Thousand, Nine Hundred dollars] for Business Continuity & Support.

We are also grateful for One-Time funds support in the Governor’s Recommended Budget, which is \$78,516.7 [Seventy-Eight Million, Five Hundred Sixteen Thousand, Seven Hundred dollars].

GRB also includes \$10,500.0 [Ten Million, Five Hundred Thousand dollars] in the Office of Management and Budget for raising the Purchase of Care Rates to 100% of the 75th percentile of the 2021 Market Rate Study.



The slide above shows the budget included in the FY 2024 Governor’s Recommended Budget (GRB).

This includes:

- \$14,772.9 [Fourteen Million, Seven Hundred Seventy-Two Thousand, Nine Hundred dollars] for salary contingency to support FY 2023 salary;
- \$42,233.8 [Forty-Two Million, Two Hundred Thirty-Three Thousand, Eight Hundred dollars] for Medicaid Growth;
- \$478.9 [Four Hundred Seventy-Eight Thousand, Nine Hundred dollars] for State Rental Assistance Program (SRAP) in the Division of Substance Abuse and Mental Health;
- \$162.6 [One Hundred Sixty-Two Thousand, Six Hundred dollars] for SB 270 Indoor Air Quality Monitoring for Schools; and
- \$1,920.0 [One Million, Nine Hundred Twenty Thousand dollars] for HB 234 Postpartum Medicaid Year Two Funding.

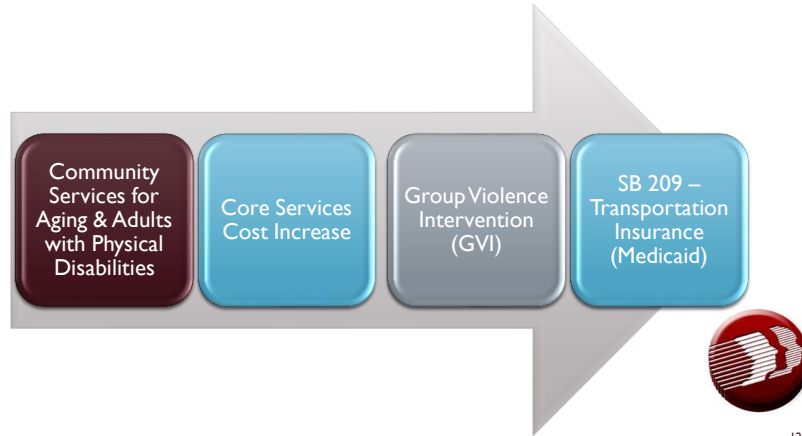
Also, in Division of Developmental Disabilities Services this includes:

- Services for Community Placements: \$3,783.1 [Three Million, Seven Hundred Eighty-Three Thousand, One Hundred dollars]
 - \$2,801.5 [Two Million, Eight Hundred One Thousand, Five Hundred dollars] for Services for 75 [Seventy-Five] new placements in FY 2024; and
 - \$981.6 [Nine Hundred Eighty-One Thousand, Six Hundred dollars] for Services for Annualization of 25 [Twenty-Five] placements in FY 2023.
- Services for Special School Graduates (Grads): \$1,358.3 [One Million, Three Hundred Fifty-Eight Thousand, Three Hundred dollars]
 - \$180.2 [One Hundred Eighty Thousand, Two Hundred dollars] for Annualization of Services for 92 Special School Grads for FY 2023; and
 - \$1,178.1 [One Million, One Hundred Seventy-Eight Thousand, One Hundred dollars] for Services for 116 new placements of Special School Grads FY 2024.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET

DISCRETIONARY FUNDING:

DIRECT & CORE SERVICES GROWTH - \$6,950.5



Our request supports \$6,950.5 [Six Million, Nine Hundred Fifty Thousand, Five Hundred dollars] growth in programs that provide critical roles to our communities.

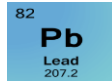
One critical area of growth is in **Community Services within the Division of Services for Aging and Adults with Physical Disabilities (DSAAPD)**. **\$2,985.0** [Two Million, Nine Hundred Eighty-Five Thousand dollars] of this request will allow DSAAPD to address population growth from FY 2023 and FY 2024 and offset the anticipated increase in service needs for critical home and community-based services that will help keep Delaware's older population in their homes.

DSAAPD's reimbursement rates for providers is comparable to or below the Medicaid rate for contracted meals and personal care services. Unlike other agencies and divisions that contract for these core services, DSAAPD has not received an increase in funding. To continue these services, DSAAPD must meet these increased rates. This budget request is to ensure that the current service level can be maintained, which will require a total of **\$1,200.0** [One Million, Two Hundred Thousand dollars].

\$1,300.0 [One Million, Three Hundred Thousand dollars] for **Group Violence Intervention (GVI)** program. The GVI program is a Governor's priority initiative to reduce gun violence in the State of Delaware that started in the City of Wilmington as a pilot program in 2018. These funds will be used for operating costs for the Wilmington program and to expand and replicate these services in Dover.

Another area comes from the introduction of Senate Bill 209, which requires **transportation** providers to increase their **insurance** coverage. **\$1,465.5** [One Million, Four Hundred Sixty-Five Thousand, Five Hundred dollars] is for funding the increased cost to Medicaid.

**FY 2024 GOVERNOR'S RECOMMENDED BUDGET:
DISCRETIONARY FUNDING:
COMMUNITY SUPPORTS - \$2,668.5**



- CHILDHOOD LEAD POISONING PROGRAM

- STATE RENTAL ASSISTANCE PROGRAM (DSAAPD)



- NALOXONE SUPPLY

- SUBSTANCE USE DISORDER SERVICES RATE INCREASE

- EMERGENCY TRANSPORTATION RATE INCREASE



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We would not be able to provide much needed services to members of our community without the support of the Governor, OMB and the Legislature.

Of the \$2,668.5 [Two Million, Six Hundred Sixty-Eight Thousand, Five Hundred dollars] **\$924.7** [Nine Hundred Twenty-Four Thousand, Seven Hundred dollars] will allow DPH to address some areas of the **Childhood Lead Poisoning Program**, such as lead paint inspection services, training course development, and implementation, and contractual staffing.

In addition, DHSS partners with DSHA to link DHSS clients with the State Rental Assistance Program (SRAP). SRAP is a state-funded housing program that links clients with housing so they can continue receiving support services in the community. **\$511.1** [Five Hundred Eleven Thousand, One Hundred dollars] will support a 5% increase in cost to existing vouchers and support 45 new vouchers for DSAAPD in FY 2024.

With the ongoing Opioid crisis, it is essential to educate and support not only our first responders, but those in the community. **\$102.7** [One Hundred Two Thousand, Seven Hundred dollars] of funding for **Naloxone Supply** and the ongoing support of the various community outreach programs.

To help address Delaware's ongoing and unprecedented public health crisis related to opioids and other illicit drugs, the Division of Medicaid and Medical Assistance (DMMA) will use **\$930.0** [Nine Hundred Thirty Thousand dollars] to support **updating Medicaid payment rates for selected Substance Use Disorder (SUD) services**. Delaware had the 3rd highest rate of drug overdoses in the country in 2020, at 47.3 deaths per 100,000 people.

Another component of Medicaid, Emergency Transportation will receive **\$200.0** [Two Hundred Thousand dollars] to support **Emergency Transportation Rate increases**. Emergency Transportation rates range from 13% to 17% of the established Medicare rates. This methodology has not been rebased since January 2012. Currently, Delaware has some of the lowest reimbursement rates for ambulance services in the country. This funding will be used to increase FFS Emergency Transportation rates to 75% of the current Medicare rates.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET:
DISCRETIONARY FUNDING:
BUSINESS CONTINUITY & SUPPORT - \$1,533.9

DMES – DSAMH
Payor Module

Licensing &
Maintenance Support

Fleet & Messenger
Services

Mitchell Building Security
System Maintenance



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DHSS would not be able to provide much needed services to our clients without the continued maintenance of our systems and facilities.

The Division of Substance Abuse and Mental Health continues to work on ways to provide better behavioral health patient care. **\$300.0** [Three Hundred Thousand dollars] will be used for **implementing the Delaware Medicaid Enterprise System (DMES) payor module**, which will improve the timeliness of behavioral health provider payments.

In addition to multiple state systems, DHSS also utilizes many types of software to perform our day-to-day operations. **\$223.7** [Two Hundred Twenty-Three Thousand, Seven Hundred dollars] is to support **increased Licensing & Maintenance Costs for DHSS**. This will support increased costs for OSEC/ADMIN software licenses and DCSS for the DECSS System.

\$940.2 [Nine Hundred Forty Thousand, Two Hundred dollars] is included for funding to assist with increased cost in **Fleet and Messenger Services**.

Thanks to the Capital Improvement Committee, in FY 2023 DHSS received funding through the FY 2023 Bond Bill for a new security system at the Mitchell Building. **\$70.0** [Seventy Thousand dollars] in funding will support funding to meet the contractual obligation related to the **maintenance costs** for the new security system.

FY 2024 GOVERNOR'S RECOMMENDED BUDGET:
APPROPRIATED SPECIAL FUNDS: \$2,691.9

- Increase in Spending Authority for Plumbing Fees



- Recommendations from the HFAC Committee (Tobacco Funds)



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As part of the Governor's Recommended Budget, DHSS also received **\$2,691.9** [Two Million, Six Hundred Ninety-One Thousand, Nine Hundred dollars] in Appropriated Special Funds spending authority.

An additional **\$0.3** [Three Hundred dollars] in spending authority was received for **Plumbing Fees for the Division of Public Health (DPH)**.

\$2,691.6 [Two Million, Six Hundred Ninety-One Thousand, Six Hundred dollars] in Tobacco funds was received as a result of **recommendations from the Health Fund Advisory Committee (HFAC) Committee**.

FY 2024 GOVERNOR'S RECOMMENDED : ONE-TIME ITEMS - \$78,516.7

- Medicaid Growth
- Public Health Emergency (PHE) Unwinding
- Residential Lead Remediation
- Health Equity
- Home Modifications
- Statewide Healthy Homes
- Computer Replacement
- Systems Updates DMMA



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As I mentioned previously, DHSS GRB includes \$78,516.7 [Seventy-Eight Million, Five Hundred Sixteen Thousand, Seven Hundred dollars] in One-Time funding. Items include:

- **Medicaid Growth \$69,100.0** [Sixty-Nine Million, One Hundred Thousand dollars] - This is due to legislation that was passed at the end of December. The additional Federal Matching Assistance Percentage (FMAP) is in the process of being phased out. There are a lot of unknowns around the amount of funding that will be needed in the base budget of Medicaid during the PHE Unwinding process including Medicaid Growth which is unprecedented.
- **PHE Unwinding** Total of \$3,375.6 [Three Million, Three Hundred Seventy-Five Thousand, Six Hundred dollars]:
 - **\$1,780.6** [One Million, Seven Hundred Eighty Thousand, Six Hundred dollars] to the **Division of Medicaid and Medical Assistance (DMMA)** - This funding will be used for system changes to the Delaware Medicaid Enterprise System (DMES) system, Consulting Support, and Staff Augmentation for policy planning and eligibility redetermination.
 - **\$1,595.0** [One Million, Five Hundred Ninety-Five Thousand dollars] to the **Division of Social Services (DSS)** – This funding will be used for system changes, and Staff Augmentation for eligibility redetermination and fair hearings.
- **Residential Lead Remediation Pilot \$2,000.0** - To provide interim control/lead paint stabilizing for 100 homes. This would allow 40 homes in New Castle County, 30 in Kent, and 30 in Sussex to be safer for small children in hopes of lowering lead paint exposure. All work will be completed by a contractor with contract management lying in the Healthy Homes/Lead Program.

**FY 2024 GOVERNOR'S RECOMMENDED :
ONE-TIME ITEMS - \$78,516.7**

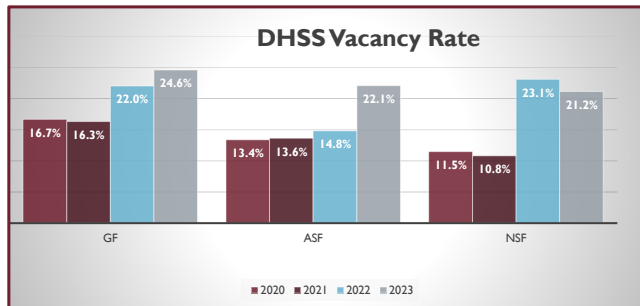
- Medicaid Growth
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- **Health Equity \$250.0** [Two Hundred Fifty Thousand dollars] will be used for community-based health equity projects addressing social determinants of health.
- **Home Modifications \$300.0** [Three Hundred Thousand dollars] - This funding will provide home modifications for 30 older Delawareans. This strengthens older Delawareans' ability to age in place and enjoy longer community tenure.
- **Statewide Health Homes \$300.0** [Three Hundred Thousand dollars] – This funding will assist older Delawareans with services and supports needed to stay in their homes.
- **Computer Replacement \$655.0** [Six Hundred Fifty-Five Thousand dollars] – This funding will be used to replace the aging computers throughout DHSS.
- **System Updates DMMA Total of \$2,050.0** [Two Million, Fifty Thousand dollars]
 - **\$850.0** [Eight Hundred Fifty Thousand dollars] for **updating the Data Warehouse & Decision Support System** – This funding will support the redevelopment of a Data Warehouse/Decision Support System, which allows data to be pulled from various sources into a single data repository.
 - **\$1,200.0** [One Million, Two Hundred Thousand dollars] for the **Medicaid Management Information System (MMIS) Modularity and Redesign** – To receive federal funding, all states are required to have a MMIS. These funds are to upgrade MMIS to stay in compliance with Centers for Medicare & Medicaid Services (CMS) requirements.

DHSS WORKFORCE



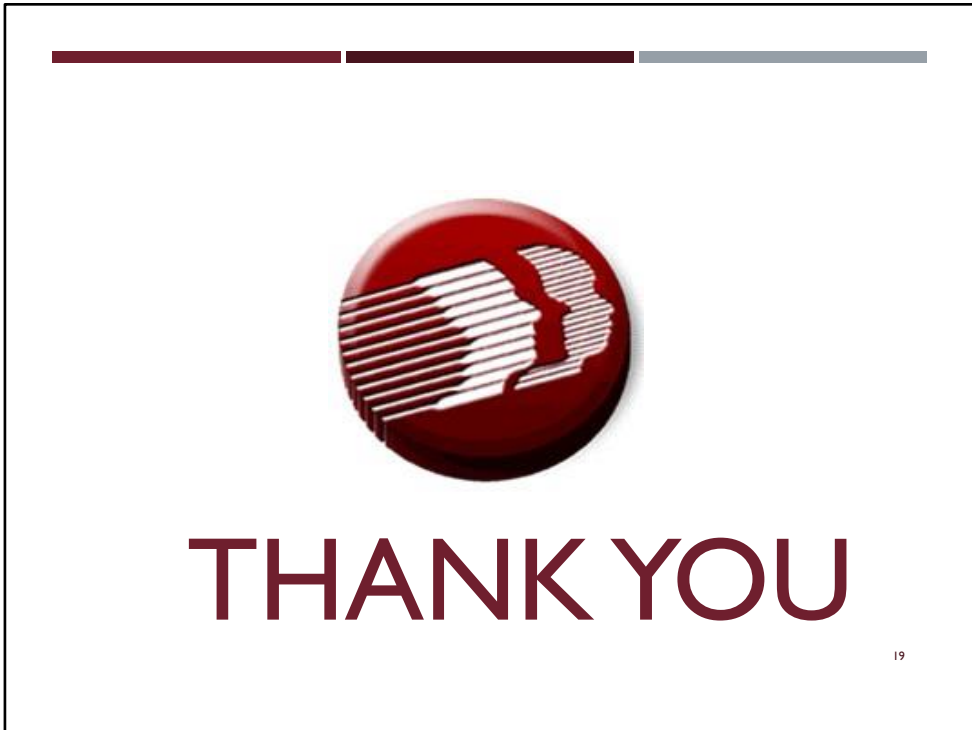
As of Date	GF FTEs		ASF		NSF	
	Vac	Authorized	Vac	Authorized	Vac	Authorized
January 1, 2023	749.4	3,042.6	17.7	80	211.9	1,001.0
January 1, 2022	648.0	2,944.0	12.0	81	207.4	897.1
January 1, 2021	494.2	3,028.5	11.1	81.5	88.11	815.6
January 1, 2020	507.0	3,042.6	10.9	81.5	92.42	804.0



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Despite an unprecedented pay policy being included in the FY 2023 budget, DHSS is still experiencing staffing challenges.

We appreciate the continued work and support with the pay policy included in FY 2024 GRB.



Thank you for the opportunity to share with you the challenges and opportunities facing DHSS.

I am happy to answer any questions you may have.