

POLICY DEVELOPMENT

Fiscal Year 2025 Final Budget

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ChooseHealth
DELAWARE



Final Approved Budget
FISCAL YEAR 2025

*Prepared for Delaware Health Care Commission
July 11, 2024*

RESPONSIBLE INVESTMENT
GOVERNOR CARNEY 

Responsibly managing our state budget remains a priority.

BENCHMARK SPENDING

Measuring operating budget growth against a sustainable benchmark

BUDGET STABILIZATION FUND

Using extraordinary revenues to build reserves available to cover future revenue shortfalls

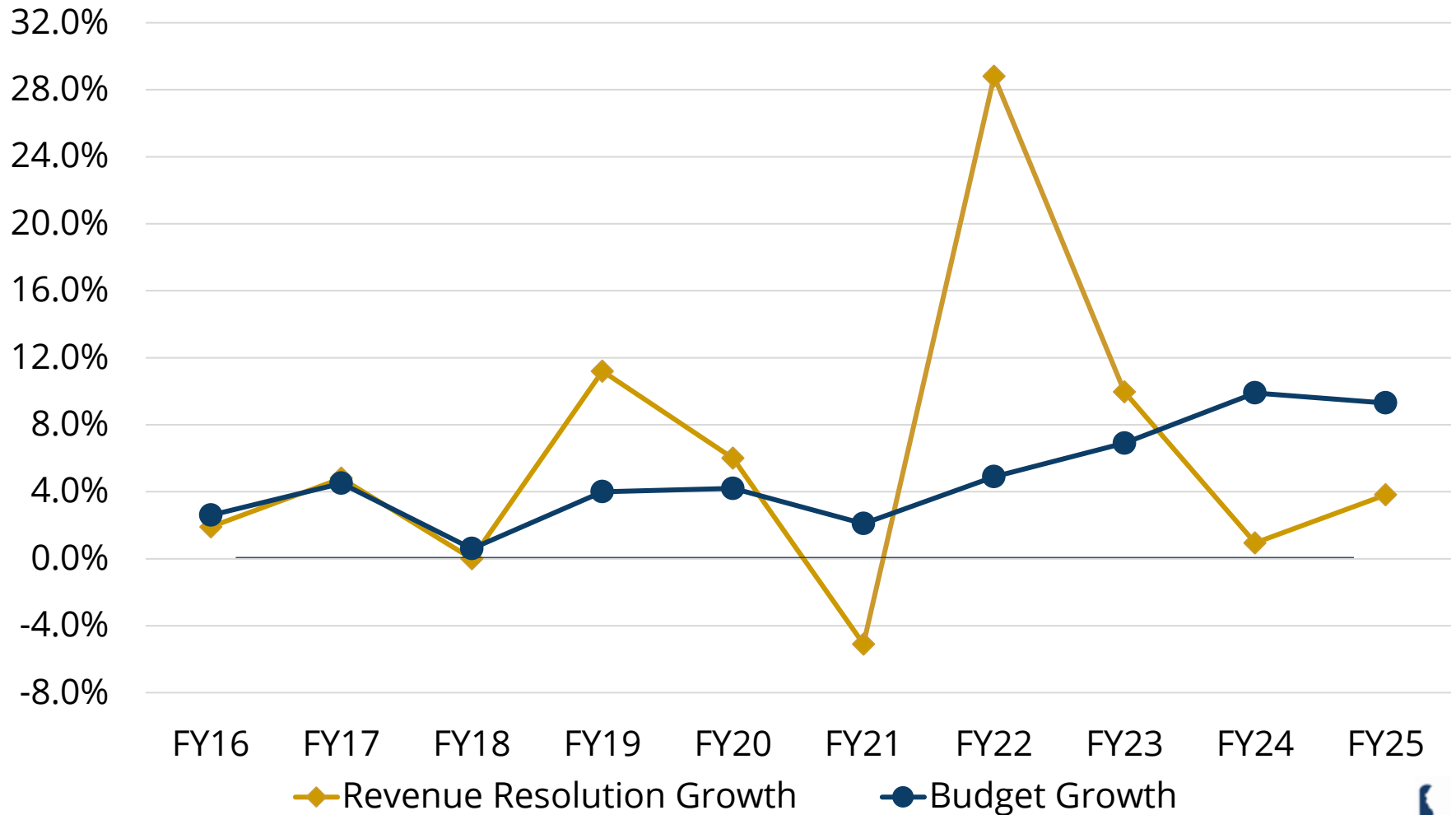
RESPONSIBLE BUDGETING

Directing one-time revenues to one-time investments that support long-term economic growth

Following Benchmark Creates Sustainable Budget Growth with Volatile Revenue



Revenue Volatility with Stable Budget Growth



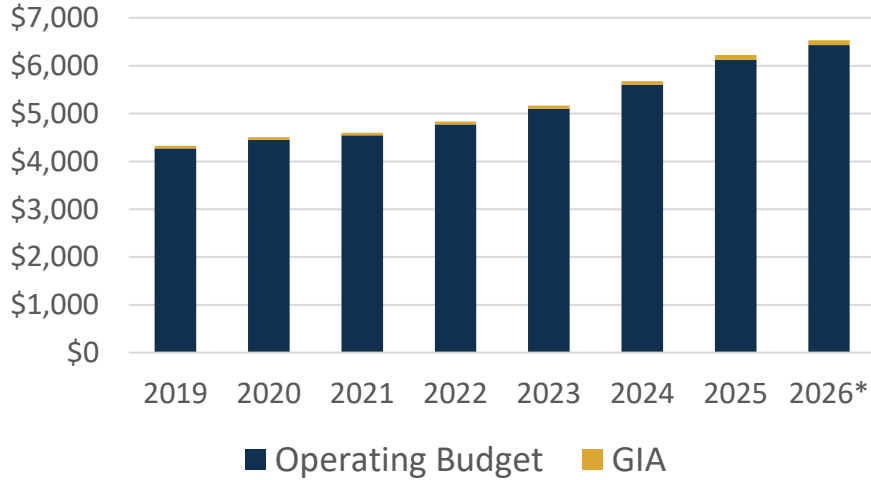
Impact of Benchmark

Operating / Capital / Reserves

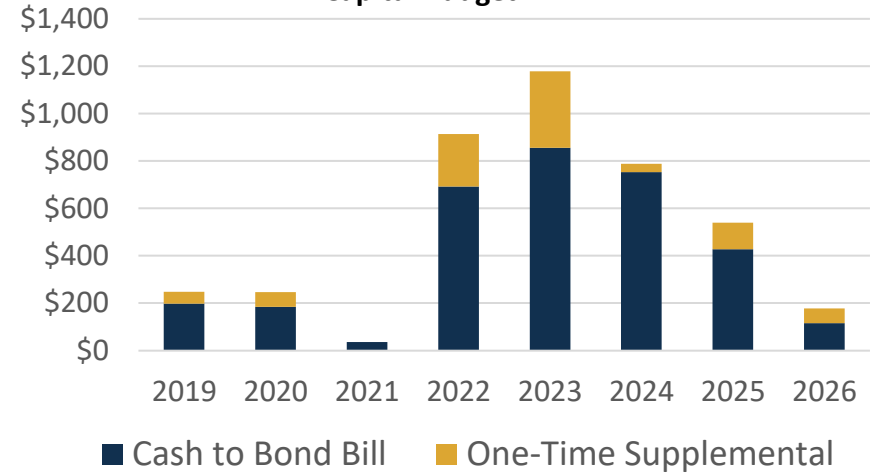
(in millions)



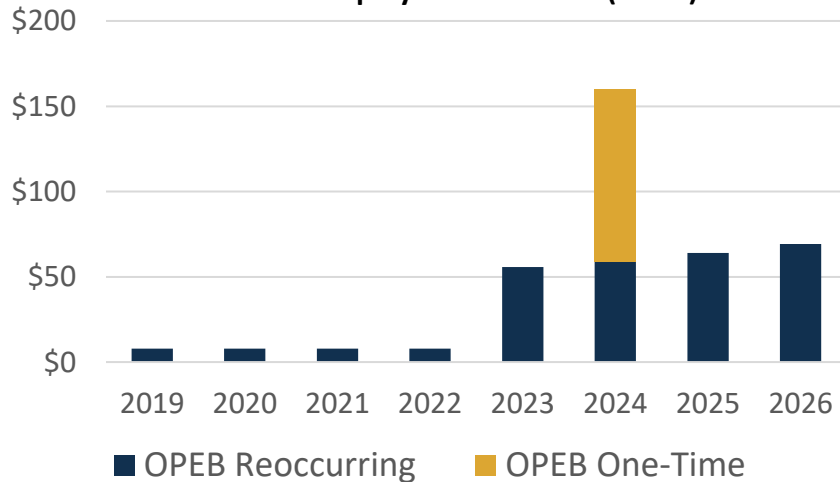
Operating Budget



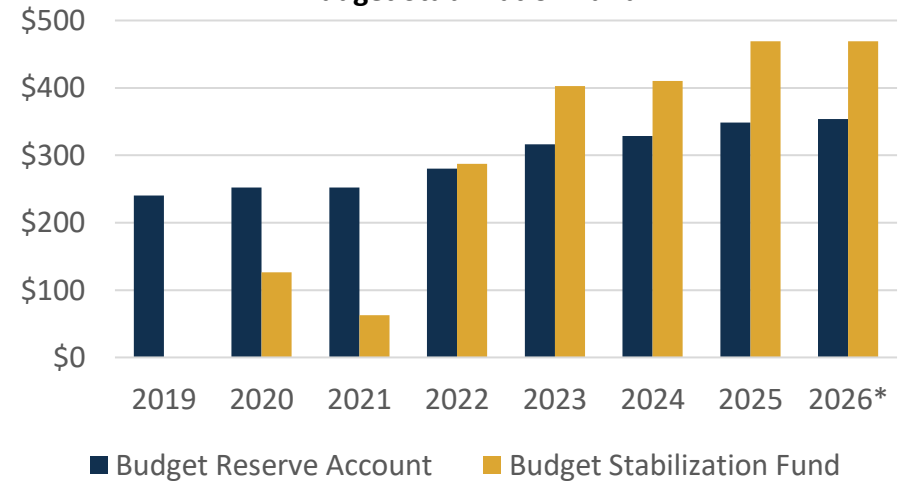
Capital Budget



Other Post-Employment Benefits (OPEB)

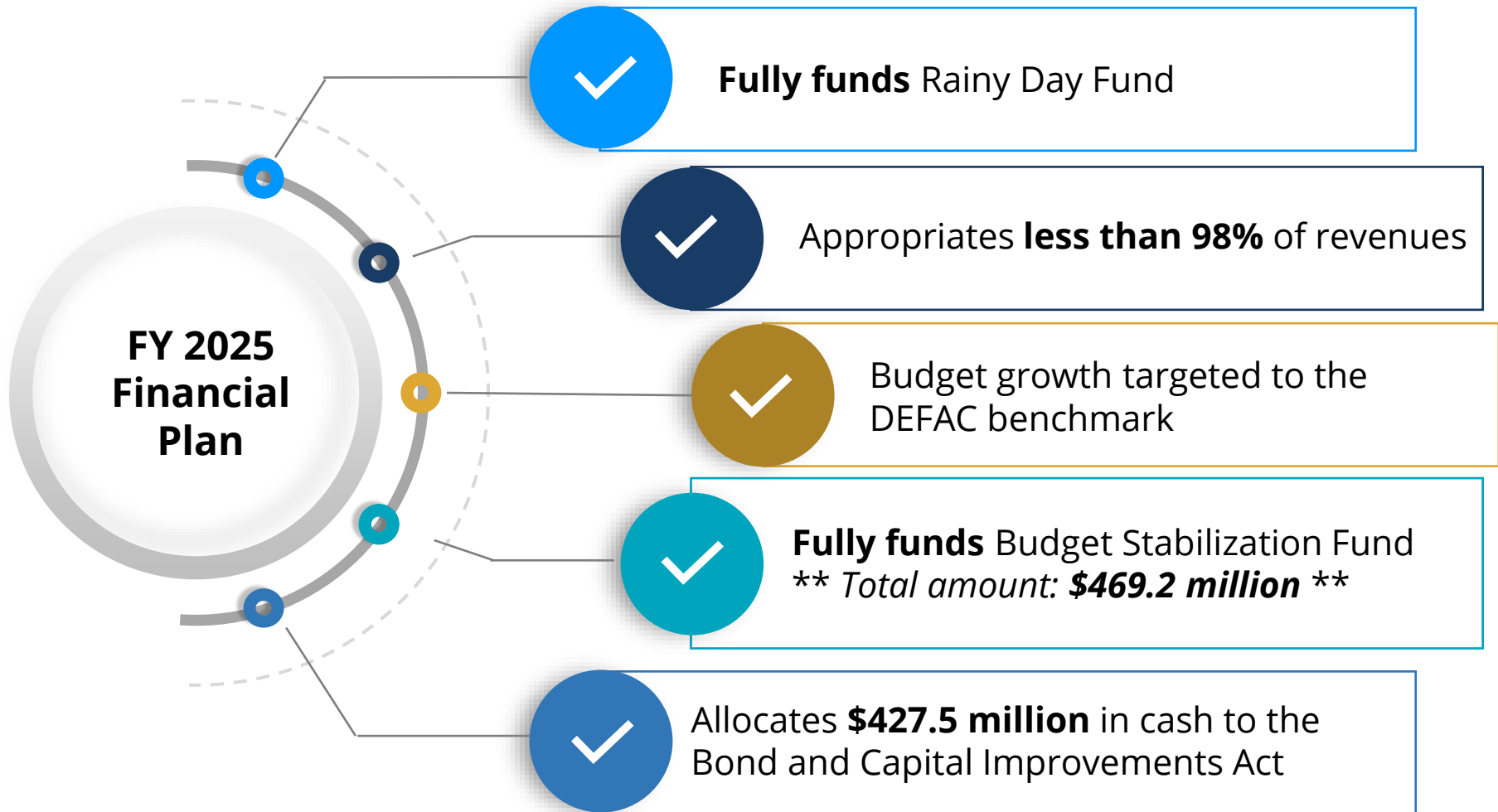


Budget Stabilization Fund



*assumes 5.0% operating budget growth

Long-term Financial Sustainability



Highlights of FY 2025 Financial Plan



- ✓ Takes continued steps towards providing **competitive compensation** for state employees
- ✓ Moves toward a goal of **\$60,000 starting salary for new teachers** over next four years
 - *Year 1 of the Public Education Compensation Committee recommendation*
- ✓ Promotes **early childhood education** and **child care** investments
- ✓ Increases **Opportunity Funding investments for low-income students and English language learners** in our schools
- ✓ Supports **economic development, infrastructure, and safe communities** throughout the State
- ✓ Continues investments in **climate change prevention, clean water, and environmental initiatives**
- ✓ Adds nearly **\$250 million** for **health care cost inflation**

We are spending nearly
\$2 Billion on **HEALTH CARE:**

**Medicaid and insurance plans
for state employees and retirees**

- *Increasing by ~**\$250 million** from FY24 to FY25*
- *Nearly **48% of operating budget growth***
- *State's share of Medicaid alone is **\$1 BILLION***

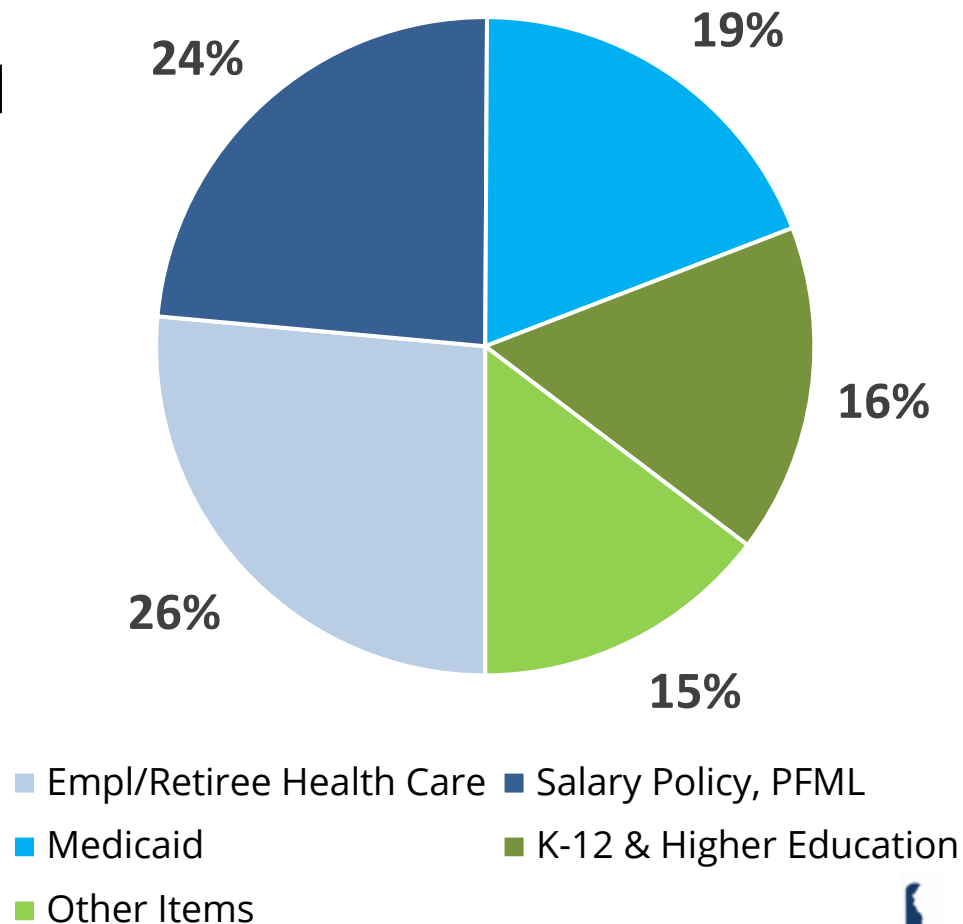
Impact of *Personnel and Health Care Costs*



**Nearly 70% of the total
FY25 General Fund Budget
growth is salary policy and
health-related costs.**

- **Salary Policy and Health Care Costs** **\$261.7**
 - *Salary Policy & PFML* = \$123.5
 - *Empl/Retiree Health* = \$138.2
- **Medicaid** **\$99.6**
- **K-12 & Higher Education** **\$88.1**
- **Other Items** **\$73.9**

FY25 General Fund Growth



Investing in Our State Workforce



- **\$133.6 million** for State Employee Healthcare and **\$4.6 million** for GHIP waiting period waiver (HB 185)
- **\$122.2 million** for more competitive state wages
- **\$56.1 million** of one-time extraordinary revenues to Other Post-Retirement Benefits (OPEB) liabilities
- **\$51.0 million** for a Post-Retirement Increase

Supporting Healthy Families



- **\$99.6 million** for State Share of Medicaid
 - **\$240,200** for HS 2 for HB 110 (insurance coverage of services related to termination of pregnancy)
 - **\$7.0 million** to support enhanced rates for private, non-pediatric skilled nursing facilities
 - **\$2.9 million** to enhance the Medicaid rates for Personal Care Services
- **\$10.4 million** one-time supplement for Medicaid pending redetermination results

Supporting Healthy Families



- **\$7.9 million** for DDDS state match and community services
- **\$1.1 million** for DDDS Purchase of Community Services for minimum wage contract increases
- **\$1.9 million** in DSAMH Substance Use disorder services
- **\$2.3 million** in DAAD Contractual Services for growth in aging population
- **\$508,000** in DSAMH Community Housing Supports

Supporting Healthy Families



- **\$766,500** for Health Care Quality for SB 215 (long-term care facility inspections)
- **\$240,900** in Animal Welfare for HB 124 (barking dogs)
- **\$5,000** for Lyme Disease education
- **\$8 million ASF** for the Behavioral Health Crisis Intervention Services Fund to support the 988 Suicide & Crisis Lifeline

Education:

Early Childhood, K-12 & Higher Education



- **\$6.1 million** for Purchase of Care expansion of family eligibility to 200% of Federal Poverty Level
 - Expands access to subsidize care for over 600 new children
 - Total POC at \$83 million in FY25, up from \$32 million in FY17
 - POC rate set at 100% of the 50th percentile of the 2024 Market Rate Study
- Increase of **\$3.5 million** for a total of \$15.7 million in Early Childhood Assistance Program (ECAP) to expand early care and education for low-income families, adding an additional 200 seats
- **\$17.3 million** for mental health services for elementary, middle and high school students
- **\$1.25 million** for DTCC nursing program

Additional Investments in Health **One-Time Supplemental Act**



- **\$2.5 million** for Residential Lead Remediation
- **\$1.0 million** for Childhood Lead Poisoning Program
- **\$207,700** for Health Care Licensing Surveys
- **\$15 million** in Child Care Contingency for state and federal policy changes associated with Purchase of Care

Additional Investments in Health **Bond and Capital Improvements Act**



- **\$32.8 million** for the Clean Water Trust and State Revolving Funds to protect water sources and public health
- **\$10.5 million** DHSS minor capital, equipment, maintenance and restoration
- **\$3.2 million** for Conservation Cost Share to expand water quality improvements and protect human health
- **\$1.2 million** for Delaware Medicaid Enterprise System (DMES)

Key Legislation



- SS 1 for SB 13 with HA 1
 - Creates Hospital Quality Assessment of 3.58% on a hospital's net patient revenues; funding will be used to increase the inpatient and outpatient payments to hospitals and to develop or enhance funding for Medicaid initiatives
 - Ready for Governor's signature
- HS 2 for HB 350 with HA 1, SA 1
 - Creates the Diamond State Hospital Cost Review Board which will review hospital budgets and create performance improvement plans for hospitals that exceed the healthcare spending benchmark
 - 2.0 FTEs and \$925,533 in personnel and contractual costs
 - Signed 6/13/24