

# JOINT FINANCE COMMITTEE HEARING FISCAL YEAR 2023 BUDGET



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CABINET SECRETARY

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

Comments available online at <https://dhss.delaware.gov/>

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

I am Molly Magarik, Cabinet Secretary for the Department of Health and Social Services (DHSS). With me today are Deputy Secretaries Sarah Noonan-Davis and Daniel Walker, our Chief Operating Officer, Dava Newnam, and other members of my leadership team.

Over the next three days, you will hear from the members of my leadership team. They represent this department, our personnel and, most importantly, our constituents.

Thank you for this opportunity to talk with you about how the lives of Delawareans have changed over the past year; how our Department continues to respond to the COVID-19 pandemic; how we are planning for the recovery, and to present our achievements and our Fiscal Year (FY) 2023 Governor's Recommended Budget.



First, I want to spend a few minutes talking about our critical COVID-19 response.

## COVID-19: WHERE WE ARE TODAY

Testing



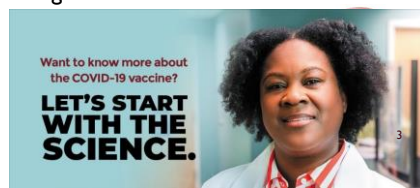
Vaccinations



Contact Tracing



Living with COVID-19



As we approach the two-year anniversary of the first COVID-19 positive case in Delaware, I want to acknowledge the terrible toll this disease has taken on the people of our state. One in four Delawareans have tested positive for COVID-19 since March 2020. That led to the loss of more than 2,600 Delawareans to COVID-19, with thousands more who have been hospitalized, who were sick at home, and far too many who must deal with long-term impacts to their health.

Unfortunately, we know the toll extends far beyond physical health, to our mental, emotional and our financial health as well. COVID-19 has been hard on everyone. We are hopeful that Delaware and the rest of the United States are about to begin an extended period of recovery.

I can report today that if a new variant should arise or a new pandemic should circle the globe, we are more confident in our ability to respond because of the infrastructure we have built with our sister state and local agencies, and our health care, community and nonprofits partners.

## COVID-19: THE RECOVERY

Health Care Relief Fund



Critical Workforce Bonuses



New Facility for DHCI



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Even in the midst of the pandemic, DHSS has been planning and acting to help support the recovery. Let me mention a few specifics.

To support health care-related organizations – including behavioral health and intellectual and developmental disability providers – we distributed more than \$92 million through the **Health Care Relief Fund**. Those funds were used to improve technology, including telehealth; staffing and training needs; environmental modifications; and network adequacy.

To better care for some of the most vulnerable people in our state, \$50 million in ARPA funding will be used to build a **new Delaware Hospital for the Chronically Ill**. The skilled nursing facility in Smyrna, which originally opened in 1932, cares for more than 100 residents. The new facility is expected to open before 2026.

Some of the most important investments we are making are in **critical workforce retention and recruitment bonuses**. We are leveraging one-time federal Home and Community-Based Services ARPA funds to pay \$12 million in bonuses to more than 10,000 Direct Support Professionals who support Delawareans with disabilities living in the community. In addition, we are leveraging over \$7 million in ARPA funding to offer retention payments to more than 500 direct-care employees in our three DHSS facilities.

## COVID-19: THE RECOVERY

- **Child Care Stabilization Fund:** In partnership with DOE and UD, more than \$93 million has been allocated in grants to child care providers.
- **LIHEAP Special Funds:** \$12.8 million in one-time federal funding to help people pay arrearages on utility bills.
- **Emergency Benefits:** Issued more than \$120 million in SNAP and TANF benefits.
- **Emergency Housing:** \$23.1 million in federal funding to provide shelter.

Child Care Stabilization Fund





LIHEAP Special Funds




To further the recovery in our state, let me detail a few other areas where we are leveraging federal funding:

- **Child Care Stabilization Fund** - Child care services have been impacted significantly during the pandemic. With our partners – the Department of Education and the University of Delaware – we have allocated more than \$93 million in grants to those providers.
- **Low-Income Home Energy Assistance Program (LIHEAP) Special Funds** - For vulnerable people without stable housing, one of the biggest barriers they face in trying to rent a new apartment are the arrearages they have with utility companies. Leveraging \$12.8 million in one-time LIHEAP ARPA funding, we have helped more than 2,600 people pay off outstanding bills.
- **Emergency Benefits** - Each month, with the support of federal funding, our Division of Social Services has issued emergency food and TANF benefits to help support Delawareans in need. Since the pandemic began, those emergency benefits alone have totaled more \$120 million.
- **Emergency Housing** – Emergency housing needs increased during the pandemic. The Division of State Service Centers leveraged over \$23 million in federal funding to assist those in need of shelter.





## ACCOMPLISHMENTS



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

## ACCOMPLISHMENTS

- **Behavioral Health Referrals:** As of January 2022, Delaware became the first state to make 100,000 referrals for mental health or substance use treatment services through DHSS' Delaware Treatment and Referral Network (DTRN). 
- **Community Partner Support Unit (CPSU):** Meeting communities where they are, the CPSU provided case management services to 1,500 Delawareans, helped 467 clients find employment, and delivered more than 525,000 meals to Delawareans impacted by COVID-19.
- **Cancer Mortality Rates:** Because of increased screening and early treatment rates, Delaware's cancer mortality rates continue to decline, according to the latest report issued in October 2021.
- **Benchmark Report:** To better understand how Delaware spends its health care dollars and the health outcomes that result, DHSS released the first health care spending and quality benchmark report in April 2021. 
- **Marketplace Enrollment:** Thanks to Delaware's Reinsurance Program and enhanced federal subsidies, Delaware set a record high for open enrollment on the Health Insurance Marketplace.

- Our Delaware Treatment and Referral Network (DTRN) surpassed the 100,000-**referral** milestone earlier this year. This network helps to make faster and more efficient connections to treatment for people suffering from mental health or substance use issues.
- One of our guiding principles at DHSS is meeting communities where they are. Our **Community Partner Support Unit (CPSU)**, which exemplifies this spirit, has supported thousands of Delawareans with meal delivery, transportation, case management, employment opportunities and more.
- Last fall, we released a **cancer** incidence and **mortality report** that got little attention, but because of increased screening and early treatment efforts, the cancer mortality rates in our state continue to decline.
- Last year, DHSS also released the first health care spending and quality **benchmark report**. Using claims data, we all can better understand how Delawareans spend their health care dollars and the health care outcomes we are getting in return.
- And, finally, thanks to the Reinsurance Program that the General Assembly helped to put in place and enhanced federal subsidies, Delaware set an all-time high for open **enrollment** on our **Health Insurance Marketplace**. That means more people have a connection to health care.

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## FY 2023 GOVERNOR'S RECOMMENDED BUDGET

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Thank you for indulging me a few extra minutes on our COVID-19 response and our achievements. Now, I'd like to turn to our fiscal landscape for Fiscal Year 2023.



## FY 2023 GOVERNOR'S RECOMMENDED BUDGET

	General Funds	Appropriated Special Funds
FY 2022 Budget	\$1,288,966.7	\$139,710.3
FY 2023 GRB	\$1,321,746.8	\$141,145.0
% Change	+3.0%	+1.0%

FY 2023 Funding Requests	\$\$
FY 2023 Door Openers	
Core Services Growth	23,259.6
Other Funding Requests	
DMMA: Post-Partum Coverage	1,425.0
DHSS: License & Maintenance	1,323.2



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The FY 2023 Governor's Recommended Budget (GRB) includes over \$1.3 billion in General Fund dollars and \$141 million in Appropriated Special Fund (ASF) authority.

That amount includes \$23.3 million in Door Openers and additional operating support of \$2.7 million. There is also \$1.4 million in ASF spending authority to support a Birth to Three program lease escalator and Health Fund Committee recommendations for Tobacco programs. In addition, one-time supplemental funds of \$3.7 million have been recommended.

These funds will address the demands on programs and ensure that DHSS provides efficient, effective, and modern services to our clients.

## FY 2023 GOVERNOR'S RECOMMENDED BUDGET: CORE SERVICES GROWTH - \$23,259.6

- Personnel Contingency
- Health Care Provider Loan Repayment Program
- Medicaid growth
- Delaware Healthy Children Program growth
- Developmental Disabilities Services – Services for Community Placements & Special School Graduates
- State Rental Assistance Program Housing Assistance growth
- Child Care



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The GRB includes \$23.3 million in Door Openers, which represent continued growth in our core, mandatory programs.

This includes:

- \$6.9 million in salary contingency to support FY 2022 salary changes.
- \$500.0 thousand for the Health Care Provider Loan Repayment Program.
- \$17.0 million to support the Medicaid program.
- \$1.0 million to support growth in the Delaware Healthy Children Program (DHCP).
- \$3.4 million to support full-year funding for FY 2022 services and partial year funding for new FY 2023 services for school graduates and community placements in DDDS.
- \$96.0 thousand to support growth in the State Rental Assistance Program (SRAP)
- \$1.1 million for Child Care for projected growth in services

My colleagues will discuss these initiatives in more detail during the rest of this week.

## FY 2023 GOVERNOR'S RECOMMENDED BUDGET: DISCRETIONARY FUNDING: \$2,748.2

- Expanded Post-Partum Medicaid Coverage
- License & Maintenance



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The FY 2023 Governor's Recommended Budget includes an additional \$2.7 million in discretionary funding. This includes:

- \$1.4 million for **Expanded Post-Partum Medicaid Coverage** which aligns with House Bill 234 and provides 12 months of post-partum Medicaid coverage.
- \$1.3 million for **License & Maintenance** to provide ongoing licensing and maintenance support for the Division of Social Services Delaware Eligibility System (DEMS) which determines the benefit eligibility for clients.

**FY 2023 GOVERNOR'S RECOMMENDED BUDGET:  
ONE TIME FUNDING: \$3,727.0**



IRM Support



Centralized Security  
Command and  
Security Equipment



Health Equity



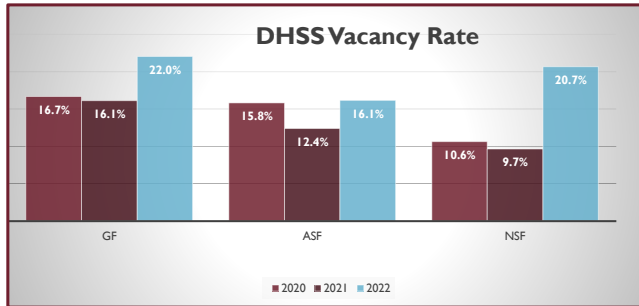
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GRB includes one-time funding of \$3.7 million to support business continuity and organizational development.

This includes:

- \$3.1 million **IRM Support** to replace aging technology equipment.
- \$400.0 for **Centralized Security Command and Security Equipment** to modernize public safety and security practices statewide.
- \$200.0 thousand for **Health Equity** to support community-driven initiatives identified through the State Health Improvement Plan process and for continued development of social determinant indicators for the My Health Community Data Portal.

## DHSS WORKFORCE



As of Date	GF FTEs		ASF		NSF	
	Vac.	Authorized	Vac	Authorized	Vac	Authorized
January 1, 2022	647.4	2,938.2	13.0	80.5	207.0	1001.8
January 1, 2021	474.6	2,947.3	10.1	81.5	86.7	897.6
January 1, 2020	507.0	3,042.6	12.9	81.5	85.5	804



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As you have heard from other cabinet members, the State is experiencing a change in the workforce. You can see from the chart, the pandemic has taken a toll on DHSS. We have experienced an increase in retirements, due in part to mental exhaustion employees are feeling; we have lost valuable subject matter expertise and we have challenges recruiting and retaining employees. You will more details from divisions this week.

We need to work together to make state government look more attractive moving forward and ensure we're able to deliver vital services to Delawareans as a 21<sup>st</sup> century agency.



# THANK YOU

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Before I end, I want to take this public opportunity to thank and recognize my outstanding colleagues at DHSS. They've handled unprecedented demands and challenges over the last two years and have shown up every day to provide critical services and supports when their communities most needed them.

Thank you for the opportunity to share with you the challenges and opportunities facing the Department of Health and Social Services.

I am happy to answer any questions you may have.