



Minnesota Department of Human Services
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Commissioner Jodi Harpstead
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May 4, 2021

Sen. Michelle Benson
Chair, Senate Health and Human Finance and Policy Committee
3109 Minnesota Senate Building
St. Paul, Minnesota 55155

Rep. Tina Liebling
Chair, House Health Finance and Policy Committee
477 State Office Building
St. Paul, Minnesota 55155

Re: 2021 Health and Human Services Omnibus Budget Bill (HF 2128)

Dear Members of the 2021 Health and Human Services Omnibus Budget Bill Conference Committee:

Thank you all for your efforts this session. As you begin working to craft an agreement on the 2021 Omnibus Health and Human Services (HHS) budget bill this week, I want to take the opportunity to highlight aspects of the House and Senate positions that align with the Governor's budget and/or DHS' policy priorities and also point out where we have concerns and hope we can continue to work with you to craft a budget that meets the needs of Minnesotans.

As you've heard me say many times, Minnesota is highly ranked nationally in its services for older adults and people with disabilities, and we very much support independence for them and services that allow them to stay in their own homes, or family homes, in community as long as they would like. AND, the Walz Flanagan Administration has taken the stand that Minnesota become the best place for children to grow up – ALL children. We have work to do to even catch up with other states in child care rates, dental care, infant and maternal health, and support for lifting children out of deep poverty.

To begin, I greatly appreciate that both the House and Senate positions include the following Governor's budget recommendations:

- The **Tribal Training Certification Partnership**, which will support compliance with Indian Child Welfare Act (ICWA) and improve outcomes for Indian children and families navigating the child welfare system. This is a key priority for DHS and our tribal partners.
- Funding and policy changes needed to support Minnesota's compliance with the **Federal Family First Act**.
- **Mental Health Uniform Service Standards**, which will improve our mental health care system by creating common standards that apply to all mental health care programs.

- Providing for **90-day prescription refills for people on public health programs**. This was one of the many learnings from our COVID flexibilities about how we could improve the consumer experience for people on public health care programs and something we are eager to see continue into the future.
- Several Blue Ribbon Commissioner strategies to:
 - **Expand the use of the Encounter Altering System**. This will increase care coordination and reduce unnecessary hospital admissions – improving health outcomes while lowering costs.
 - **Strengthen our process controls and program integrity** measures.
 - Provide **financial protections for nursing home residents**.

I'm pleased to see that we all agree about the need to invest in **PCA services**, increase rates for **child care assistance providers**, expand **telehealth** services, improve **infant and maternal health and address disparities in health outcomes**, continue reforms to our **substance use disorder treatment** system, **address inequities between our foster care and adoption systems**, and to **control the rapidly rising costs of prescription drugs** as well as to deal with our state's crisis when it comes to **accessing dental care**, especially for children. We look forward to working through the details of our different approaches to these critically important topics.

I appreciate the inclusion of a number of recommendations from the Governor's budget that don't have a General Fund impact as well as that both the House and Senate have included several policy bills brought forward by the Department. I hope that many of these provisions can be adopted into the final agreement.

I want to express my gratitude to the House for including a number of additional recommendations from the Governor's budget. In particular, I want to highlight several of our key priorities that are included in the House position:

- The **operating adjustment for Direct Care and Treatment**. This critical investment is necessary to maintain DHS' capacity to serve its 12,000 direct care clients in a safe, therapeutic setting without reductions in staffing levels. I also appreciate the inclusion of some funding for the **DHS central office operating adjustment**. That funding is needed to ensure continuity of DHS programs and services as well continuing our work to implement strong process controls throughout the Department. I hope the full funding request for each of these items can be included in the final agreement.
- Funding necessary to **successfully transition out of program waivers implemented in response to COVID-19**. This is critical to supporting a smooth transition for DHS as well as our county, tribal, and other community partners.
- **Funding to address Minnesota's homelessness crisis**. We have slightly different approaches to addressing this critical issue but we appreciate the shared recognition that there needs to be a significant investment this session.
- **Simplifying the MFIP program** so that families can focus on finding employment instead of filling out paperwork as well as investments to **support families on MFIP through additional one-time benefits and on-going cost-of-living adjustments**. These will have a significant impact on the lives of families in deep poverty.

- Funding and policy changes needed to ensure we are complying with **Federal requirements** and ensure our **background studies** system can keep up with demand, especially as we come out of COVID.
- **Funding to hold tribal nations harmless** for past agency billing errors and **ensuring counties are reimbursed** for payments related to substance use disorder services.
- Efforts to streamline, promote transparency, ensure equitable access to resources, and improve informed choice for people with disabilities through implementation of **Waiver Reimagine Phase 2**.
- Expanding the **Integrated Care for High-Risk Pregnant Women program** for African American women in the Twin Cities and building regional care collaboratives for American Indian women in Duluth, Bemidji and the Twin Cities.
- **Giving providers in the Integrated Health Partnerships responsibility for outreach about well-child visits**, which will help ensure that children and families on Medical Assistance receive timely, effective communication about preventive care from their primary health care providers.
- **Making public transportation passes more easily available to Medical Assistance and MinnesotaCare**. This will ensure people on public health care programs will have better access to health care appointments and other needs that affect their overall health and well-being, such as employment, food and housing.

Lastly, I do want to call out several areas where we have significant concerns:

- The Senate position sets the target for human services spending in the General Fund at \$0 in FY 2021-23, as compared to the Governor and House positions, which both make a meaningful investment in our health and human services system.
 - The Senate position relies on and directs the spending of over \$500 million in **federal funds at a time when we are still seeking guidance** on how those funds can be used.
 - The Senate position also relies on **delaying managed care capitation payments** from one fiscal year to the next. With the state running a budget surplus, it would seem that resorting to an accounting shift that creates a hole in the budget for future Legislatures isn't necessary.
- Proposed changes to **restrict out-of-state pharmacies from participating in public health care programs** and apply higher co-pays to MinnesotaCare enrollees. There are several situations where we have out-of-state pharmacies enrolled in the public health care programs to meet enrollee needs.
- Limiting access to services for people with disabilities through **caps to the home- and community-based waiver programs**. These caps could halt access to vital supports and result in some people needing to access more institutional supports rather than services integrated in their community.
- There are several items in the bill that have **fiscal impacts to DHS that are not funded**. We will be providing a list of these and other policy and technical issues with the bill to conference committee members and staff in the coming days.

I have valued our partnership with our HHS chairs throughout COVID as we have worked together on waivers and other flexibilities to help our communities weather the pandemic. I look forward to working with you as usual to sort out the differences between your proposed budgets and the Governor's and to

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examine the potential of recently announced federal funding to find the best approaches we all can agree on to supporting Minnesotans in coming out of the pandemic.

Sincerely,

A handwritten signature in black ink, reading "Jodi Harpstead". The signature is written in a cursive, flowing style.

Jodi Harpstead
Commissioner