DIRECT CARE AND TREATMENT

DCT Executive Board Meeting
May 21, 2026

DCT Health System CEO Update

1. Strategic Pillar Overview

Quality

- DCT continues to make significant progress in advancing its FY27–29 Strategic Plan.
    - The proposed strategic plan has already been endorsed by the Executive Team and the Quality & Compliance Board Workgroup, with final Board review and approval scheduled for May 21, 2026.
    - Work is now shifting toward development of Strategic Action Plans by pillar, with leadership preparation meetings beginning in late May and formal workgroups launching throughout the summer.
    - At the same time, DCT is further integrating Baldrige performance excellence principles into strategic planning, operational goals, and key performance indicators. These efforts were reinforced by DCT receiving the 2025 Advancement Level recognition from the Performance Excellence Network.

- From a regulatory and compliance perspective, several major surveys and audits were completed with positive outcomes.
    - Anoka Metro Regional Treatment Center (AMRTC) had a Minnesota Department of Health (MDH) survey related to prior events, ultimately receiving confirmation from Centers for Medicare & Medicaid (CMS) that the hospital is in compliance with CMS standards and no citations were issued. Internal quality monitoring and corrective action processes continue to ensure improvements are sustained.
    - Minnesota Specialty Health System (MSHS) Brainerd completed a successful Joint Commission survey with only four noted findings.
    - MSHS Willmar experienced a Medicaid reapproval issue believed to be administrative in nature, and the quality and billing teams are actively working toward resolution.

- Minnesota Sex Offender Program (MSOP) is expecting DHS Licensing (under Rule 26) to audit the week of June 22 – 26. The focus of the audit will be on health services, clinical programming, documentation, and HR records.

Service

- DCT continues to demonstrate responsiveness to emerging service needs across Minnesota's behavioral health system. Leadership is currently evaluating how DCT may assist with placement and care needs following the license suspension of a local Pediatric Residential Treatment Facility serving 21 children. The organization is exploring whether Mental Health Substance Abuse Treatment Services (MHSATS) or Community Based Services (CBS) programs may be able to support some of the impacted youth within the required placement timeline.

- In addition, DCT remains committed to strengthening relationships with county and community partners through initiatives such as the upcoming "Partners Together" conference, which will bring together stakeholders to support collaboration and system coordination.

People

- DCT remains focused on strengthening workplace culture and improving the employee experience across the full employment lifecycle. Several organizational initiatives are underway to support this effort, including development of a Supervisory Academy Steering Committee focused on standardized onboarding and employee engagement practices. Additional continuous improvement projects related to onboarding, offboarding, and agency performance reviews are also expected to generate recommendations later this year that will support long-term workforce goals.

- Recruitment and retention efforts continue to show steady progress despite ongoing national healthcare workforce shortages. DCT's overall vacancy rate is currently at 7.6%, while turnover remains relatively stable at 9.06%. Although recruiting for specialized and licensed positions continues to present challenges, hiring timelines remain ahead of public sector benchmarks and consistent with national healthcare averages. HR teams continue partnering closely with operational leaders to improve hiring responsiveness, streamline workflows, and reduce aging vacancies across critical job classifications.
  - ***Note:*** *As of 2024–2025, the U.S. healthcare workforce shows turnover rates averaging 16.4% for nurses and 18.3% for all hospital staff, with vacancy rates around 9.6%–9.9%, both still elevated compared to pre-pandemic peaks. For most healthcare systems, turnover rates below 15% and vacancy rates under 10% are considered strong. (Becker Hospital Review)*

- The organization is also closely monitoring employee leave utilization trends. Minnesota Paid Leave applications continue to increase, with 780 applications submitted to date, and approximately 42% receiving final approval. FMLA utilization across DCT service lines

totaled nearly 32,000 hours in March 2026, equivalent to approximately 200 FTEs, highlighting the operational impact of employee leave utilization across the agency.

Financial

- A detailed quarterly financial update will be provided separately by Lynn Glancey during the May Board meeting.

- Organizational financial operations continue to focus on supporting strategic priorities while maintaining operational stability and compliance across service lines.

Technology

- Technology remains a core strategic pillar for DCT and is evolving beyond a primary focus on electronic health records toward a broader enterprise-wide technology strategy. Leadership is embedding technology and financial representation within each organizational pillar to better support strategic initiatives and operational alignment.

- DCT is also beginning to expand its use of artificial intelligence technologies in a measured and practical way. The Artificial Intelligence (AI) Committee is evaluating Microsoft Copilot as a potential enterprise tool, while several smaller AI-related applications have already been approved, including tools supporting motivational interviewing, graphics development, staff training, and security systems.

- In parallel, DCT is preparing for a future legislative technology proposal expected to be developed during the summer in anticipation of the Fiscal Year 28/29 legislative session.

2. Cabinet/Taskforce/Committee Memberships and DCT's

- **Children related/DCYF**: (Representative - Wade Brost) There were no major actions or changes reported this month related to children's initiatives or Department of Children, Youth, and Families (DCYF) participation. Discussions continue regarding potential consolidation of several children's workgroups due to overlapping membership and objectives, although no direct impact or action is currently required from DCT.

- **Olmstead Cabinet**: (Representatives - Marshall, Wade Brost and Erik Adolphson) DCT continues to actively participate in the Olmstead planning process alongside state agency and community partners. Recent meetings focused on reviewing draft agency goals and gathering public feedback through comment periods and stakeholder engagement activities. Inclusion consultants have advocated for stronger accountability measures and more ambitious goals throughout the process. DCT will continue participating in working sessions over the summer to refine goals before executive review later this year, with final statewide adoption anticipated after Labor Day. Discussions are also underway regarding formally adding DCT and DCYF as official Olmstead Sub-Cabinet agencies

- **Governors' Office of Addiction and Recovery Subcabinet**: (Representative - Wade Brost) DCT continues participating in statewide efforts to advance recommendations from the statewide substance use disorder (SUD) assessment submitted to the legislature. Additional collaboration and subject matter support from DCT may be requested as implementation strategies continue to develop.

- **Mental Health Justice Imitative**: (Representative - Dr. Mathew Kruse) The Committee continues advancing statewide diversion and competency attainment initiatives through ongoing meetings and focused subcommittee work. Recent discussions examined the Miami-Dade diversion model and explored potential applications for Minnesota. Additional efforts include reducing diversion delays, streamlining competency evaluations, expanding mental health court initiatives, and supporting implementation of the new competency attainment law. Significant educational outreach has already occurred through statewide summits and development of additional implementation tools and resources.

- **E-Health Advisory Committee:** (Representative - Nathan Moracco) State discussions continue regarding stronger integration between healthcare and public health systems through expanded data sharing and use of social determinants of health information. The committee also discussed increasing federal support for adoption of AI within healthcare systems. DCT continues monitoring these developments closely to ensure alignment with broader healthcare industry trends and statewide modernization efforts.

- **Long Term Care related:** (Representative - Roxanne Portner) The Long-Term Care Advisory Board reviewed community survey feedback highlighting concerns related to administrative burden, fraud prevention, consultation services, and rate inequities across waiver programs. Workgroups focused on eligibility, benefits, and provider rates continue developing recommendations, with additional stakeholder engagement planned through virtual town hall meetings this summer.

- **Sustainability Steering Team:** (Representatives - Marshall Smith and Nancy Freeman) No major updates were reported this month. The next Sustainability Steering Team meeting is scheduled for mid-July.

3. Advisory Committee update – In the absence of Dan Storkamp

- The Advisory Committee last met on April 24, 2026, and received presentations related to DCT's compliance program, contracting and procurement processes, quality initiatives, and the Malcolm Baldrige Framework. The Board Chair also provided updates regarding Board workgroup activities and ongoing educational efforts through the Minnesota Hospital Association. Committee members continue to participate in DCT's broader strategic planning efforts, reinforcing transparency and collaboration between leadership and stakeholders. June 26, 2026, is when the Advisory Committee meets and tours at Moose Lake MSOP facility.

4. Building Project Update(s):

- DCT continues making progress on several major capital and infrastructure projects.
    - Community Addiction Recovery Enterprise (CARE) Anoka is preparing for closure and transition activities, with all clients expected to be discharged before May 26 and staff temporarily reassigned to AMRTC.
    - Planning for the permanent St. Paul location is progressing well, with lease execution anticipated by the end of May and construction completion expected in July 2027.
        - Leadership also worked collaboratively with the Department of Administration and the Governor's Office to support leasing and funding strategies designed to reduce future lease costs and ensure communications with the legislative chairs.
    - The AMRTC 50-bed expansion project also remains on schedule and within budget. Building abatement and demolition activities are expected to begin this summer, with overall project completion anticipated in spring 2028. Coordination with the Governor's Office is ongoing regarding a future groundbreaking ceremony.

5. Legal

- A separate legal update will be provided later in the Board meeting by legal counsel.

6. Compliance

- DCT's contracts and procurement teams are actively preparing for the close of the fiscal year on June 30, 2026. Current efforts include balancing encumbrances, renewing contracts, issuing purchase orders, and ensuring proper closeout of current fiscal year purchasing activities.

7. Chief of Staff Update

- **Human Resources: Unclassified Transition to Classified Service -** The legislation passed with an effective date of July 1, 2026. The benefit of this language allows us to transition staff into classified service without having to compete for the position and without loss of pay. Details are still being finalized. Anticipate notifying staff of individual outcomes by the end of May.

- **Financial Operations: Charging involuntarily committed individuals' cost of care -** Work continues to update the MN Rule for determining a client's ability to pay for their cost of care. The Finance Team is working with Legal to determine what changes are allowable within current Statutes and/or if proposed changes would require statutory changes (not charging involuntary committed individuals would require statutory charge). Finance is proposing implementing self-pay discounts and charity care determination procedures. The

final rule will dictate policy changes. Updates will be shared including final rule changes with the Board Finance Workgroup.

- **Communications: Internal Communications Survey -** In a follow-up to our staff-wide survey on internal communications, we are in the process of conducting small-focus-group meetings in+ every service line. The first set of meetings with Executives, COOs and other key leaders have been very useful in helping us understand the common and unique barriers to staff communications in each service line. The first round of meetings will conclude in June 2026. Then we'll move on to meetings with managers and supervisors. The final round will include meetings with direct care staff. We expect this work to go through the summer. Once the focus groups are finished, we'll combine the results of the survey and feedback from the focus groups into a report with some recommendations.

8. Task force Update

- Work on the Priority Admissions Review Panel report is nearing completion, with final revisions currently underway through Communications before final approval. In addition, the Mentally Ill and Dangerous (MI&D)Taskforce will provide a formal presentation to the Board during the May meeting.

9. Legislative Update:

- DCT experienced a highly successful legislative session, with all policy and budget proposals included in the Governor's package receiving approval. In total, 11 proposals advanced successfully. Additionally, DCT secured approximately $23 million in asset preservation funding, closely aligning with the organization's original request and supporting continued infrastructure and facility improvements.