DCT Executive Board Meeting
CEO update
Thursday, February 19, 2026

1. **Executive Summary of Pillar outcomes** –

a) Quality –

- Terra will be providing a Quality/Strategic Planning update at today's board meeting.
- As noted last month, DCT submitted the MB Level 3 Application on December 30, 2025. We anticipate surveyors on site the week of Mach 13-18, 2026.
- Regulatory Surveys – DCT had three surveys in the past 30 days, including:
    - Joint Commission – CBHH Bemidji – 9 standard deficiencies (National average – 25-30)
    - MDH - MSHS Willmar – February 4, 2026 – no citations
    - MDH - AMRTC on February 3, 2026 – no citations
    - Southern Cities Clinic had a visit by a city inspector related to construction. No citations or findings. Permit validated
    - Since 1/1/26 CBS has had 4 DHS investigations (2 inconclusive, 1 substantiated, and 1 therapeutic error).
    - 3 County Licensing Visits (3 correction orders were issued and have all been completed); and
    - 19 sites have had DHS license's updated

b) Service –

- Occupancy rates across all DCT remain around 90%.
    - CABHH – average census is 10-12 patients based on patient acuity.
    - Klein Building – average census past three mo. is patients/day.
- DCT has identified and is working on leasing space for the long-term placement of CARE-Anoka and the additional administrative space needed to assist DCT in meeting the executive return to work order. More to follow as this project develops.
- We've had some delays in admissions at CBHH Alexandria and CARE Anoka due to COVID and GI illness.
- Jail Consults – we continue to experience great interest in the pilot, including one jail that has been more "aloof", who requested and received help from the team resulting in greater enthusiasm for the pilot.
- WE continue to renovate space at AMRTC in preparation for the new ECT suite. We have several psychiatrists at AMRTC who are getting trained in ECT administration through Emory University in preparation for the new service. This will be an excellent service to have without having to travel to another facility outside AMRTC.

c) People –

- Vacancy improved from 557 (June 2025) to 429 in February 2026.
- MN Leave – inclusive of MN Paid Leave and FMLA totals
    - FMLA usage by business line, with CBS having the highest total FML hours used (7,266.46) and FTE impact (90.83), followed by MHSATS (6,575.99 hours; 82.2 FTE) and Forensics (6,165.22 hours; 77.06 FTE). MSOP reflects moderate usage at 4,536.11 hours and 56.7 FTE, while Support Services has the lowest impact at 1,637 hours and 20.47 FTE. Overall, CBS leads in both total hours and FTE utilization, with Support Services significantly lower than the other business lines.
    - In summary, this is over 26,000 hours of FMLA alone, equivalent to over 326 FTEs.
    - We will continue to monitor the impact on DCT's financial.

d) Financial –

- Per Lynn's Forecast as of January, personnel costs continue to increase due to filling positions. Underspending on non-personnel expense has slowed. The forecast demonstrates about $3.5M overspending that will be covered with DCTs ability to balance forward funding from the previous year. However, if spending continues as is with a slight increase in expenses, the projection demonstrates a shortfall by the end of FY28 of approximately $2.5M. This is an early projection and DCT has over $8M still encumbered that could balance forward from FY25. However, DCT will continue to monitor and if necessary, begin looking at slowing overall hiring of new FTE's and/or non-salary expenses.
- The forecasted cash on hand at fiscal year-end for CBS/MSOCS showed a positive increase from 60 days to 66 days, compared to last month. Outpatient Services is projected to have a positive bottom line as a result of the MA Settle-up and a transfer in of appropriated funding used for additional cash flow.
    - Note - with the new executive order related to a third-party audit for the 14 DHS Medicaid services, this will potentially create delays in our collection's services billed at the ICS program due to the pre-payment review requirement.
    - CBS/ICS is just getting under way and is a very small portion of the overall MSOCS operations so a delay in collecting for this services should not have an impact on the overall cash balance significantly.

e) Technology –

- Technology vision was approved by the Exec team in November
    - Approval of 3 key initiatives (Data, Artificial Intelligence (AI), and Time & Attendance).
    - Recognition that more resources are needed to support the technology landscape (95 FTE)
    - Approval to move forward with first 10 FTE
- Budget – DCT CFO, Business Technology Office and MNIT have completed initial draft of FY26 IT spend and projections
    - Expenditures include MNIT Enterprise, MNIT@DCT, DCT salary/non-salary, vendors, licenses etc.
    - FY27 budgets will be established in the next 2 months

    - Includes review/management processes for FY27 expenditures.
- Future Technology management will focus on:
    - User driven priorities focusing on user experience and change management
    - Focus on smaller more immediate changes rather than large "big bang" approach.
    - Focus on adoption and user satisfaction over new features.
    - Enterprise-wide strategies over service line needs.
    - Ensuring general maintenance (M&O) is resourced.
    - Focus on all aspects of technology including people and process along with technological changes.
    - Prioritize work based on Run, Grow, and Transform strategies.
- Asset
    - Achieved 95% compliance with a statewide device verification requirement within 17 days across approximately 3,600 devices.

2. **Advisory Committee Update:** (Reminder only – Update will be routinely provided by Dan Storkamp)

a) Key Timelines:
- Committee expires on December 31, 2027

b) Membership -

- **Legislators**
    - Sen. John Hoffman/Erin May Quade in Sen Hoffmans absence
    - Sen. Paul Utke
    - Rep. Bianca Virnig
    - Rep. Dave Baker
- NAMI
    - Marcus Schmit, the new NAMI Executive Director
- Union Rep –
    - Jessica Langhorst
- Association of MN Counties
    - Tara Jebens-Singh
- Individuals with lived experience (two members) –
    - James Carlson
    - Jim Postier

3. Executive Board Work Group

a) Board workgroups meet and will provide updates.
    a. Finance Work group – Chair, John Dinsmore
    b. Quality and Compliance workgroup – Chair, Mary Maertens

4. Cabinet/Taskforce/Committee Memberships and DCT's representation – No new updates for this month.

a. Children related (Wade Brost, DCT Exec. Director for MHSATS):

1. GOV's State Advisory Council for Mental Health

    - The Minnesota State Advisory Council on Mental Health, established in 1987 under Minnesota Statute 245.697, unites voices for mental health to advise the Governor, Legislature, and state departments on policies, programs, and services. Guided by a vision of a Minnesota where individuals impacted by mental illness and substance use disorders are supported, valued, and understood by decision-makers, the Council develops recommendations that reflect current social, cultural, whole-family, and person-centered needs. Members, appointed by the Governor, meet monthly and gather input from community members, providers, and experts to inform a biannual report to state leaders, with the next report due in 2026. DCT serves as a gubernatorial appointee to the Council, providing clarity on DCT services, its role within the behavioral health continuum, and the current status of its operations.

2. GOV's Children's Cabinet

    - Minnesota's Children's Cabinet is an interagency partnership that uses a whole-family approach to support the healthy development of children and families, working to improve efficiency and effectiveness in state efforts to enhance child and youth outcomes. The Cabinet collaborates with counties, local communities, and other stakeholders as needed. While DCT is not a formal member of the Cabinet, it participates upon request and collaborates with DHS and DCYF as appropriate.

3. Children's Mental Health Action Team

    - This team supports implementation of key Children's Cabinet priorities, including developing guidance for counties and tribes to clarify agency roles, referral pathways, and cross-system coordination. The work is designed to reduce system fragmentation, strengthen communication, and improve service navigation for families with complex needs. DCT points of contact for this effort are Erik Adolphson, Wade Brost, Tanya Leskey, and Jeremy Mork.

4. Children's THREAD group

    - The Children's THREAD group partners with the Children's Mental Health Action Team to support implementation of identified actions. This group has not met since November.

b. **GOV's Office of Addiction and Recovery (OAR) Subcabinet** – (Wade Brost, DCT Exec Director for MHSATS)

- The Interagency State Substance Use Plan Report, developed in response to legislation directing the Governor's Subcabinet on Opioids, Substance Use, and Addiction, provides a "phase 1" systems-level overview of Minnesota's current substance use disorder (SUD) landscape.
- The report establishes a shared foundation by outlining prevalence data, agency roles and responsibilities, results from the state's first fiscal mapping of SUD-related spending, and an analysis of existing statutory and planning commitments. Over the coming year, the

Subcabinet will use this assessment to develop clear strategic priorities, measurable goals, timelines, and accountability mechanisms, while engaging stakeholders to gather feedback and inform next steps.

- The group meets quarterly, with its last meeting held in December 2025, where members reviewed key findings from the Interagency State Substance Use Plan. For CY2026, OAR will lead Phase 2, establishing three to five shared, measurable strategic priorities across state agencies, outlining integrated cross-agency strategies, and incorporating accountability mechanisms to ensure alignment. The State SUD Plan is scheduled for publication in late 2026, following a phased approach: foundation building (months 1–3), strategic priority setting (months 4–6), action planning (months 7–9), and final publication and launch (months 10–12).

c. Olmstead Cabinet – (Marshall Smith, Wade Brost and Erik Adolphson)

- DCT is moving toward inclusion as a formal Olmstead Subcabinet agency. Currently, the Minnesota Olmstead Subcabinet oversees statewide compliance with the Olmstead decision, but DCT participates through DHS due to its historical placement there. As an independent agency, formal inclusion is important to ensure direct accountability for Olmstead outcomes tied to DCT services and early alignment of Olmstead goals with DCT's operational realities, including capacity, workforce, and transitions. Minnesota is developing its 2026–2031 Olmstead Plan, with the draft submitted and awaiting Olmstead Leadership Forum endorsement before Subcabinet review and approval. Upcoming milestones include a spring public comment period, summer integration of feedback, and fall adoption. DCT's early and active engagement is critical, as the Plan will set statewide priorities for community integration, service access, and system capacity—areas central to DCT's mission and service delivery responsibilities.

d. Civil Commitment, 48-hour Rule or related – (Dr. Soniya Hirachan, Exec./Medical Director Forensics)

e. OIG Counsel to combat Fraud – (Jeshua Livstrom, Compliance & Contracting Officer)

- In October, DCT was notified that we will not participate in the Statewide OIG Coordinating Council because a smaller core group of agencies has been selected to begin the work and focus on foundational activities. DCT will be kept informed of updates and may be included in the future if broader enterprise input or additional agency participation is needed. This will be removed from further updates.

f. E-Health Advisory Committee – (Nathan Marocco, Director DCT IT Services)

- As part of its establishment as a new agency, DCT was added to Minnesota Statute 62J.495 as a member of the e-Health Advisory Committee, a public-private collaborative focused on advancing the adoption and use of electronic health records and other health information technology, including health information exchange. DCT is represented by Director of Technology Nathan Moracco, who provides regular updates to the Executive Team, and additional information about the committee is available on the Minnesota Department of Health's e-Health website.

g. **Long Term Care related** – (Dr. Soniya Hirachan/Roxanne Portner)

- The advisory council's legislative objective is to develop recommendations by December 1, 2026, to reduce Long-Term Services and Supports (LTSS) cost growth and achieve approximately $177 million in savings for the FY2028–2029 biennium—about a 2% reduction in the DHS budget. The council aims to improve efficiency within the LTSS system while promoting better outcomes for individuals with long-term care needs. It places high value on prioritizing the well-being of those served and the workforce, maintaining system stability, preserving access and choice, enhancing quality of life, and advancing practical strategies for legislative consideration. Programs within scope include Alternative Care, Brain Injury, Community Alternative Care, Community First Services and Supports/PCA, CADI (which has seen the greatest growth), Developmental Disabilities, Elderly Waiver, Essential Community Supports, and Nursing Facility Services.
- Since its launch, the council has held two full meetings and established three workgroups—Eligibility, Benefits, and Provider Rates—to shape recommendations. Early meetings focused on charter development, LTSS program education (including enrollment and cost data), budget forecasts, and legislative context. The Benefits Workgroup, which was convened in January and February 2026, clarified its purpose, requested data, and identified key savings strategies, including payment integrity, administrative cost containment, utilization normalization, and addressing potential fraud and abuse. A two-year moratorium on new providers beginning January 1, 2026, is intended to strengthen oversight. The CADI waiver program has experienced the most significant growth (approximately 359–395% since FY19) and now has the largest enrollment at over 51,000 participants, making it a primary focus for sustainability discussions.

h. **Sustainability Steering Team** – (Marshall Smith, Nancy Freeman and Svetlena Jones)

- DCT's Operations Services (OS) team has prioritized Facility Condition Assessments (FCAs) and the identification of deferred maintenance across all sites, directly linking infrastructure needs to patient care. The OS team is actively involved throughout planning and construction to ensure projects are driven by clinical realities, not just building conditions, and that investments support patient care and operational needs.

- DCT's Operations team ensures that sustainability, infrastructure, and patient care are fully integrated, resulting in safer healing environments, resilient facilities, and responsible stewardship of state resources.

5. General Information:

- **Campaign Finance Board**, we have confirmed that all board members have submitted their annual filings. Thank you!
- **MHSATS – AMRTC 50 Bed expansion project** remains on target
- **The final PRTF report** has been forwarded to the GO office for their review and Carrie Briones will work to ensure it gets submitted by the intended due date - March 1, 2026.
- **Strategic planning cycle Kick off** will start on February 26, 2026, with an anticipated draft plan ready for review by April 13, 2026, in preparation for finalizing (review and approval) the plan with the executive team and board by June 2026.

- This plan will be for a three-year plan
- Members of the Quality and Compliance Workgroup, as well as the Advisory Committee, have been invited to attend these sessions and electronic input will be extended to stakeholders and partners.
- Updates to the existing strategic plan will also be presented by executive leaders for each pillar and brainstorming SWOT dimensions for each pillar which will be used for the drafting and revision processes

- **Legislative Update:**
  - At the monthly meeting with Chair Noor, we provided updates on CBS, ICS, the priority admissions review panel, and other DCT updates. Donovan Chandler and Dr. KyleeAnn Stevens provided joined us and provided their expertise. We also had a virtual meeting with Chair Schomacker and House GOP Committee Administrator (CA) Megan Rossback.
  - Legislation started on Tuesday February 17, 2026.
    - DCT will present capital budget requests in the Senate and House within the first full week of session (2/19 and 2/24)
    - **Deadlines:**
      - **February 9-13, 2026** – Supplemental Budget preliminary decisions with Principals
      - **March – first week** – Revisit Supplemental preliminary decisions
      - **March – Second Week** – Supplemental Budget adjustments and Decisions with Principals
      - **March 19th at 8 a.m. to 20th at am** – *Legislative Break to honor - Eid Al-Fitr "Festival of Breaking the Fast, marking the conclusion of Ramadan*.
      - **March 27th 5:00 p.m. to April 7th, 8:00 a.m**. – *Easter/Passover Legislative Break*

6. Quarterly Summary - Board Meeting Evaluations

➢ **Overall Satisfaction**

- Board members consistently rated meetings as very positive, with scores of 4 & 5 on a scale of 5 across all categories.

Evaluation Category	Average Rating	Notes
Agenda Clarity	4.5 – 5.0	One note r/t running overtime; otherwise, strong
Quality of Materials	4.0 – 5.0	Consistently high ratings
Facilitation	4.0 – 5.0	Chair rated highly across meetings
Time for Discussion	4.0 – 5.0	Positive engagement; strong participation
Engagement & Participation	4.5 – 5.0	"Engagement is getting better and better"

➢ **Key Themes & Takeaways - What's Working Well**

- **Preparation & Materials**
  - Materials consistently were rated as 5 in October and December.
  - November ratings remained strong (primarily 4 & 5).
  - Board members indicated materials were sufficient to form opinions.
  - Staff responsiveness was rated as very positive across all meetings.

- **Engagement & Discussion**
  - Positive feedback on overall participation and thoughtful questions.
  - Comment noted:
    - "I love the engagement."
    - Engagement noted as "getting better & better."
  - Strong satisfaction with opportunity for greater participation.

- **Professionalism & Chair Effectiveness**
  - The conduct of the board members was consistently high.
  - Chair effectiveness was rated at 4 & 5 across all evaluations.
  - Meetings are described as mission-focused and productive.

- **Suggestions for Improvement**
  - **Time Management**
    - One meeting went past 5:00, but no major dissatisfaction was expressed.
    - Opportunity to balance discussion depth and agenda pacing.
  - **Advance Materials**
    - Opportunity to refine the materials that require more time to review and require a vote.

- **<u>Sample Comments from Board Members</u>**
  - "I love the engagement."
  - "Engagement is getting better & better."
  - "I love Paul's thoughtful questions."