DIRECT CARE AND TREATMENT

FY2026 Financial Review – Month Ending December 31, 2025

Executive Summary

The following reports provide a snapshot of Direct Care and Treatment (DCT) actual spending compared to budget for the second quarter of fiscal year 2026.

Points of Interest:

- There are three main reports 1) Total DCT for Appropriated Services, 2) Minnesota State Operated Community Services (MSOCS) which is an Enterprise Services and 3) DCT Outpatient Services that includes Dental Services and Primary Medical & Psych Outpatient Services.
- Appropriated Services includes DCT seven services lines. These services are funded thru general fund appropriations and receive two years of operating funding up front.
  - Budgets include an estimated 8% vacancy factor to account for staff turn-over and other vacant positions.
  - Overall DCT is operating within budget. All programs continue to fill vacancies and monitor overtime.
  - There is significant underspending within non-personnel expense.
  - Any underspending at fiscal year-end will balance forward to FY2027 to be used to pay for unfunded negotiated bargaining unit increases and other one-time expenses.
- MSOCS is an Enterprise Services and must operate within the revenue received.
  - Revenues are slightly under budget due to timing of rate renewals.
  - MSOCS has relied on the use of overtime as a number of positions remain vacant.
  - Overall MSOCS is operating within budget
  - Operating margin is about 10%
  - Cash on hand is estimated at approximately 60 days.
- Outpatient Services is a revenue-based service and shall operate within revenue received.
  - Main payer is Medicaid (MA) and payment rates are significantly lower than actual costs.
  - Dental services has statutory authority allowing for a MA cost settle-up (estimated at $5m for FY25 to be paid this fiscal year)
  - Overall Outpatient Services is operating over budget
  - Operating margin is negative
  - Have set-aside $3m of appropriated funding to cash flow the program.