1) This priority strategy addresses the following aspect of the Commission’s charge (select only the one that represents the best fit):

☐ Transform the health and human services system.
☐ Increase administrative efficiencies and improve program simplification within health and human services public programs.
☒ Identify evidence-based strategies for addressing the significant cost drivers of State spending on health and human services.
☐ Reduce waste in administrative and service spending in health and human service
☐ Advance health equity across geographies, racial and ethnic groups

2) Please describe the populations impacted by this strategy:

This proposal would affect the subset of providers administering services paid for under the Developmental Disabilities (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC), and Brain Injury (BI) waivers (collectively referred to as the “disability waivers”) that experienced revenue reductions due to a transition to the Disability Waiver Rate System rate methodology in 2020.

3) Problem statement

a) What is the primary problem the strategy is expected to mitigate or resolve relative to the focus area?

This strategy eliminates ongoing provider grants that no longer serve the purpose under which the legislature authorized them.

b) What is the secondary problem(s) the strategy is expected to mitigate or resolve relative to the focus area and/or other focus areas?

N/A
4) Priority Strategy description
   a) What is the strategy?

   This strategy eliminates two grants that no longer serve their intended purpose.

   The first grant was intended to support providers of disability waiver services that would be most negatively affected by a transition between rate methodologies. In 2013, the Minnesota legislature enacted a new rate methodology for disability waiver services called the Disability Waiver Rate System (DWRS). The new rate methodology, required by the federal government, transitioned the state from having variable rates based on county and provider negotiations to a statewide rate methodology based on provider costs. Implementation of the new rate structure began gradually in 2014, with full implementation occurring in 2020. As of December 2018, the aggregate impact of the transition was projected to increase rates by 14 percent. In addition, the 2019 legislature increased rates through implementation of a Competitive Workforce Factor.

   The purpose of the DWRS Transition Grants enacted in 2017 was to ensure ongoing service access as the transition occurred and to provide stability to providers as they transitioned to new service delivery models. A total of 364 providers meet the threshold for eligibility of this grant. Distributed evenly among those providers, each organization would receive a grant of about $769 annually. The grant is not tied to services provided to individual people with disabilities, but rather intended to support providers in the transition. This strategy proposes to eliminate the grant effective July 1, 2021, as the transition to the cost-based rate methodology for services would have already occurred through a seven-year process.

   The second grant proposed to be repealed in this strategy was created out of concerns that a single provider of services to persons with HIV would not be able to comply with a federal rule related to home and community-based settings. Since this grant’s passage, the provider has complied with the federal rule, eliminating the need for the additional appropriation.

   b) What steps are required to implement the strategy?

   The laws appropriating the funds for each grant would have to be repealed.

   i. Who will need to take them?
      The legislature would take this action.

   ii. When will they need to be taken?
      This may be done at any point in an upcoming legislative session.

   iii. How long will implementation take?
      DHS could implement this change by July 1, following legislative approval.

   iv. What will be the associated systems impacts?
      There will be no systems impacts.

   v. What will be the associated resource requirements?
      There are no additional resource requirements.

   vi. What will be the implementation challenges? Does the strategy create an administrative burden or additional costs for the State or for any external stakeholder(s)?
      There will be no additional administrative burdens.

   c) How will the strategy mitigate or resolve the primary problem it is addressing?
This strategy will address the primary issue by reducing spending on grants that no longer have a policy justification.

d) What are possible unintended consequences this strategy could have?

There are no unintended consequences identified.

5) Expected results and supporting evidence

a) What are the expected results, and when will their impact be experienced?

The expected result is reduced grant spending, which would be realized in the first fiscal year following legislative repeal.

i. What is the anticipated fiscal impact to the State in the next biennium? (select one)

☐ New costs
☐ Budget neutral
☒ Cost savings

ii. If costs or savings are anticipated, what is the scope of the impact? (select one)

☒ Small: $1 to $999,999
☐ Medium: $1 million to $9,999,999
☐ Large: Greater than $10 million

iii. Will any state investment be required?

No.

iv. What will be the programmatic and population impacts?

None, these grants have outlived their policy rationales.

v. What are the key results of the equity review evaluation?

Does the strategy consider reporting from grant recipients?

How will the strategy assess community and stakeholder impact?

What would be the impact to providers if either grant were eliminated?

How will the strategy assess community conditions and geographic impact (rural v. urban)?

Further equity considerations:

Ensure that providers have equitable access to technical support during the transition process.

Embed an equity analysis into transition process to promote quality service delivery.

b) What evidence supports the strategy’s effectiveness, if any?

For the DWRS grant, the December 2018 DWRS Impact Study determined that the average rate change following the banding period was a 14.1 percent increase. Since this report’s publishing, the legislature has made additional investments in DWRS rates. Furthermore, the transition period, which the grant is intended to address, will conclude by January 2021.