

90-Day Report

Minnesota Department of Human Services

Commissioner Jodi Harpstead
December 2, 2019

Elements of My 90-Day Plan

- Getting to bottom of reported payment issues.
- Filling open positions and building the new team.
- Building relationships with constituents
 - listening and communicating with transparency.
- Driving the innovation in the Department that has brought healthcare contract savings to Minnesota.

Trustworthiness

There is nothing more important for the Minnesota Department of Human Services than to be trustworthy for the people of Minnesota – the over 1 million people we support to live in community and all taxpayers. Period.

Mission, Vision and Values

Our Mission: The Minnesota Department of Human Services, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Vision: When we help each other, we create a brighter future for Minnesota.

Values: - We focus on people, not programs.

- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others: we cannot do it alone.
- We are accountable for results to the people we serve and all Minnesotans.

My Observations/Stories

- **Community Behavioral Health Hospital, Baxter**
- **Indian Health Board Integrated Community/Health/Cultural Work, Mpls.**
- **New Housing Benefits for People with Disabilities**
- **Wilder CCBHC Integrated Community/Health Work, Saint Paul**
- **African-American Family Preservation Conversation**
- **Leech Lake Band of Ojibwe SNAP-ED Program**
- **Historic Increase in MFIP**

Why I Came to the Department of Human Services

- **Better health, fuller lives, and lower cost for all Minnesotans – in that order.**
- **Moving the needle on equity, especially racial equity.**
- **Getting the Department's processes and systems humming like a Swiss watch so our good people can focus on fulfilling their mission.**

What I Found

- The same quality, caring and competent people I worked with in the Minnesota non-profit sector.
- In a Department of 7,300 employees, 7,200+ have simply continued to do their good work throughout 2019.
- Most of the DHS team would say they came to DHS to support their neighbors in living full lives – not to dot the i's and cross the t's.
- AND some of the people at DHS love to dot i's and cross t's and are very good at it. THEY came to do that work at DHS to support their neighbors in achieving their highest potential.

State of Process Controls

- We have a high-capacity Department that is “soft around the edges”.
- We need to sharpen soft interdepartmental process controls to be sure service payment decisions are signed and documented by the right people.
- It is my belief that the MN Department of Human Services has always operated this way. We have been addressing some issues that go back 10-20 years. Governor Walz hired me to clean this up and move forward with processes we can all count on.

Modern Tools

- AND DHS hired or trained their first Lean Six Sigma Quality Control Green and Black Belts – a proven approach to tight controls - in 2011.
- Examples of their track record:
 - Turning around Direct Care and Treatment
 - Childcare Investigation Process
 - Vulnerable Adult Process at the Office of Health Facility Complaints
 - Current MNCare Re-enrollment Process

DHS Payment Issues Raised in 2019

Issue	Date Issue Started	Overspending/ Refunding	Who Reported the Issue to the Legislature
Overpayments for Tribal MAT	2014	\$29 million	Press
Settle-up for IMD Overpayments	2016	State: \$61.8 million Counties: \$8.8 million	DHS in 2016/ Resurfaced by Press in 2019
Deceased Beneficiaries	2014	\$3.7 million	DHS Commissioner
MinnesotaCare Premium Refunds	2016	\$1.8 million	DHS Commissioner
Cash Assistance "Overrecovery"	2016	\$727,000	DHS Commissioner
16A/16C Reports	19??	0	DHS Commissioner
Title IV-E Funds	1-Jul-19	\$624,000 1st qtr.	DHS Commissioner
TOTAL		\$106.5 million	

Sunlight is the best disinfectant

- I want to thank every employee, manager, and auditor who found these issues.
- Each one is a trail marker pointing to another process control step that will prevent future problems.
- We will not suppress or retaliate against anyone inside DHS who comes forward pointing to problems, and we intend to have a culture where people feel encouraged to surface problems.
- I have been calling legislative leaders and the press myself to model DHS behavior of ownership and accountability for problems.

Every Dime Matters!

We have reported inappropriate payments this year. The decisions made by the Department of Human Services over many years that led to these inappropriate payments were not trustworthy decisions.

I am deeply sorry to our community partners, such as tribes and counties, as well as individual Minnesotans who were affected by these decisions.

The Total Picture

DHS is not:

- “In a free fall”
- “In crisis”
- “In total chaos”

Total from Issues Reported in 2019

\$ 106.5 Million over 6 years

Total DHS Payments

96.1 Billion over 6 years

= .1% of total payments

AND, we are going after the .1%, because every dime matters!

Does the Federal Govt Ever Pay Us Back?

Recent Errors for which DHS has to re-pay the
the federal government \$ 103.3 Million

Recent Items for which the federal government
has had to re-pay DHS \$ 94 Million

- Multi-year clean-up of SIRS \$ 10 Million
- Settlement of the BHP lawsuit \$ 84 Million

Payment Process Improvement

- DHS “Operation Swiss Watch” Kicks off tomorrow
- DHS “Operation Stop Gap” In place now
- RFP out now to bring in an outside Process Control expert to see if we are missing anything.
- We intend to add additional experts to the Department.

Centralizing Financial Controls

- In October 2019, the Procurement Division moved under the CFO. This area facilitates over \$650 million in spending and manages over \$500 million in assets.
- In October 2019, the financial team within the Healthcare Administration, our largest business area, was restructured to consolidate the financial responsibilities into one position which now reports up through the CFO.
- Our Financial Operations Division is also proposing additional resources, but already hums like a Swiss watch.

Compliance Department Risk Assessment

Initial conversations with Department Senior Leaders uncovered the two biggest long-term risks:

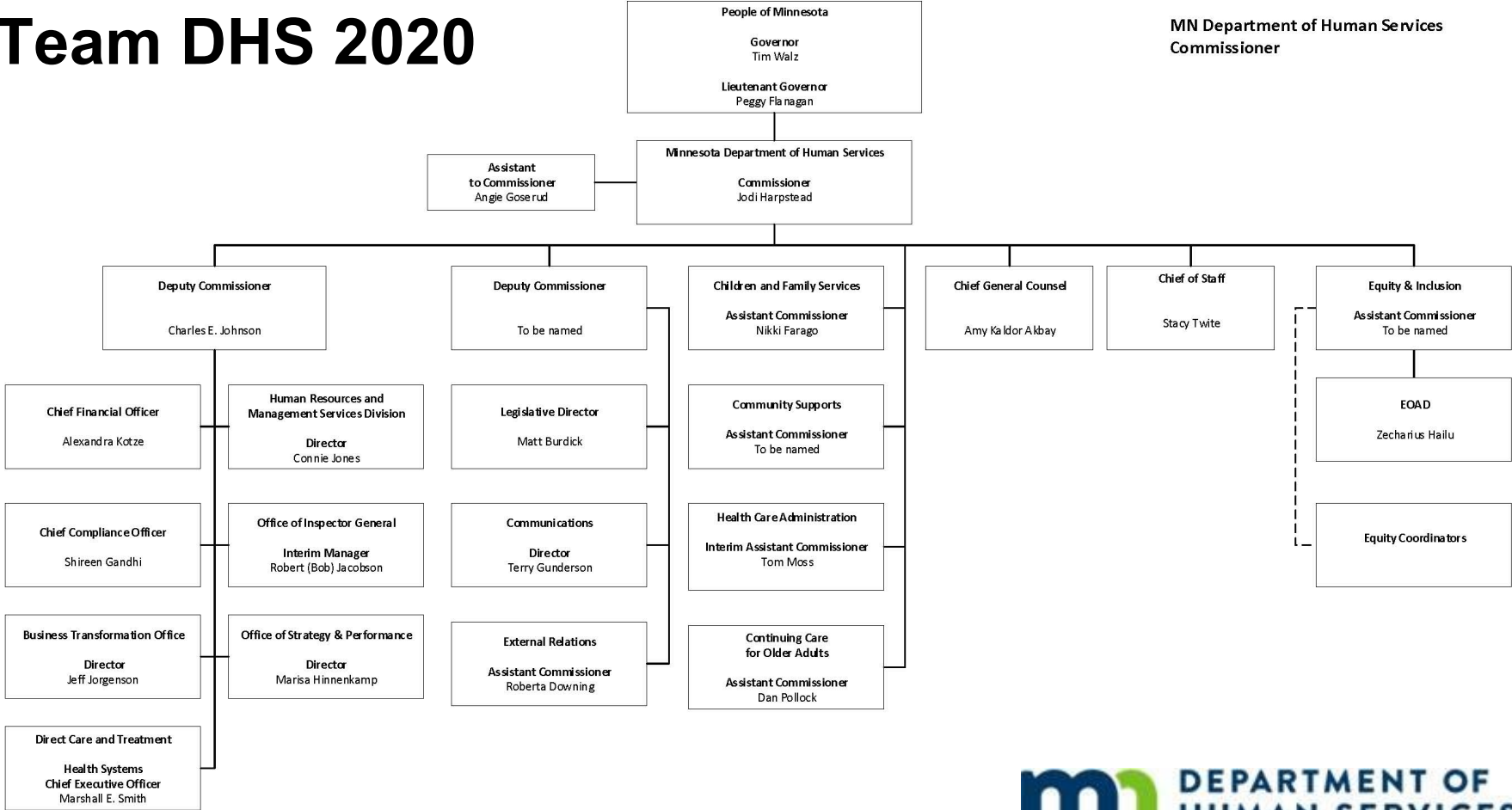
- Needed System Upgrades
- Updating Process and Procedure Manuals

What can the Legislature do?

- Support additional green/black belts, compliance, financial control experts, IT systems.
- Consider proposed legislation to ensure “federal compliance” and “program integrity” – help us with the unexciting work of good government processes.
- Factor process integrity into legislation
 - De-regulation of child care/PCA vs. tight controls
 - Everything starts on July 1
 - Time to stand-up new services/payments.

Team DHS 2020

MN Department of Human Services
Commissioner



New DHS Leadership Team

- We have cast a wide net looking for leadership talent and diversity
 - We have added 3 positions and eliminated 3.
 - At least 3 of 9 open positions will be filled with people of color.
- Four circles:
 - Assistant Commissioners of Service Administrations
 - Agency-Wide Administration and Controls
 - Communications and Relations
 - Equity
- Structure reflects our commitments to better health, fuller life, lower cost, equity, and process control.

Sample Draft Three-Year Biggest Possibilities

Marshall Smith, Direct Care and Treatment

- Achieve the readiness criteria for the Malcolm Baldrige Award.

Lisa Bayley, Children and Family Services

- Capture and organize the statewide commitment to big picture reform of our child welfare system.

Tom Moss, Interim Healthcare Administration

- Establish Integrated Health Partnerships 2.0.

Jodi Harpstead, Commissioner

- 50% of all senior managers will achieve their Biggest Possibilities.

Supporting Employees/Building Culture

- A strong management team – mix of veterans and fresh ideas
- Employee Vision Statement
- Collaborative Safety Model
- Tough on process, supportive and encouraging to people.

Relationships, Relationships, Relationships

- Deputy Commissioner for Communications and Relations
 - Legislature, Counties, Tribes, Federal Government, Communities, Media
- Re-building a County/Tribal Advisory Board at DHS.
- Serving over 1 million Minnesotans and spending billions in taxpayer money, we have a particular obligation to excel at listening and communicating.
- Developing new flexibility around discussing issues with key partners instead of surprising them with new information.

Innovation – Better Health, Fuller Lives, Lower Costs - In that Order

- Minnesota already a national leader in new models:
 - Integrated Health Partnerships
 - Accountable Care Organizations
 - Incorporation of Social Determinants of Health
 - Certified Community Behavioral Health Clinics
 - “Two-Generation Support” Approaches

- One Result:
 - Average managed care capitation rates increased 8.3%/yr 2000-2010
 - Average managed care capitation rates decreased 5.7%/yr 2011-2016

New Procurement Plan

No Medicaid healthcare contracting in 2020

- All current contracts will stay in place – no disruption of coverage.
- Consumers of healthcare have access and plans have good rates.
- Gives us a chance to discuss what Minnesotans want.
- Gives new Assistant Commissioner for Healthcare and Medicaid Director a chance to get their feet under them.
- Gives DHS a chance to launch new process control effort.

New Procurement Plan

- Rural children and family healthcare – RFP in 2021 to start in 2022.
- Senior and coordination services – RFP in 2021 to start in 2022.
- Metro children and family healthcare – RFP in 2022 to start in 2023.

Lessons from 2019

- Most of the payment issues we are addressing now did not happen in 2019 – they went viral in 2019. And we've put stop gaps in place in 2019.
- Confluence of DHS resignations and media coverage of tribal overpayments in the summer kicked off a frenzy that has led to a view of DHS as a Department in serious disarray.
- The resulting outcry caused pressure on employee relationships in the Department, making it harder to get the good work done, not to mention our Biggest Possibilities.

Lessons from 2019

- Democracy isn't easy – when we run billions of dollars of taxpayer money and every Minnesotan has an opinion about how that should be spent, we quickly become the Department everyone loves to criticize.
- Fair enough. We can live with that.
- I would ask Minnesotans to look at the Department's overall results, read the stories of the lives supported with their tax dollars through DHS's work, and make a fair judgment of the total picture.

Visit to Dorothy Day Place in our Neighborhood

- Tour last week of the Catholic Charities Saint Paul Opportunity Center on Dorothy Day Place, and listening to the need for additional emergency housing supports for our neighbors lacking shelter.
- As new DHS internal control measures go into effect, and new leaders come on board, I intend to spend more of my time and energy on what I came to DHS to do – better health, fuller lives, and lower cost for all Minnesotans and moving the needle on racial equity.

Break Up the Department?

The Governor and I have been talking throughout my first 90 days about how the Department should be structured and whether restructuring the Department would improve efficiency, accountability, and delivery of services.

The Governor will be making an announcement in the coming days on this matter.

DHS Commissioner's Advisory Panel 2020

Charge

To review progress and advise the Commissioner on restoring the trustworthiness of the Department, including:

- Process controls
- Organization structure
- Management team development
- Department culture

DHS Commissioner's Advisory Panel

Co-Chairs: Bill George, former Medtronic CEO
TBA

Members: Four Legislative Chairs of Health and Human Services
Committees
Two-Three Other Community Leaders

Proud to be the Commissioner of DHS!

- The people of the Department came to DHS to support their neighbors in living in community and achieving their highest potential. We are attracting strong candidates for our open positions who are honored to be asked to join us.
- I ask for your support as we work to:
 - Strengthen our process controls.
 - Build a strong team with new members.
 - Strengthen our relationships with partners and community.
 - Continue our innovation in health and human service delivery.

Proud to be a Minnesotan!

- In every sector in which I've worked, we all come home from national conferences thrilled to be working in Minnesota.
- I have learned that Minnesotans uniquely believe:
 - We have an obligation to care for our neighbors.
 - If we apply ourselves, we can make things right.
- Minnesotans love and excel at the art of democracy.
- Bring on the conversation!

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