



Stabilize funding of state services for people with disabilities

Issue:

- Minnesota State Operated Community Services (MSOCS), which is part of DHS Direct Care and Treatment (DCT), provides residential and vocational support services for people with disabilities in more than 130 locations across Minnesota.
- Payment rates for MSOCS services have not kept up with the growing cost of providing care. Cost drivers include higher personnel costs, a changing client population with more specialized needs that require smaller settings, and a federally mandated change to rate setting implemented in 2014 that has had a significant impact on revenues.
- MSOCS has seen a steady erosion of its cash balance during the past few years, and most recently in fiscal year 2015, required additional funds to close the fiscal year. Projections for fiscal year 2016 show \$14 million in additional funds is needed in both FY 2016 and 2017 to continue operations.
- DHS used existing authority to transfer \$14 million from FY 2017 mental health appropriations to cover the FY 2016 MSOCS shortfall. Those funds need to be restored to maintain DCT mental health services in FY 2017. The FY 2017 MSOCS shortfall also needs to be covered.

Proposal:

- The governor's supplemental budget proposes funding to ensure sufficient operating funds through the end of the 2016-17 biennium.
- A proposal to address longer-term issues, including defining MSOCS safety net role, will be developed for consideration by the 2017 Legislature. This proposal will consider the recommendations of a advisory committee that studied the issue in 2015.

Benefits:

- This will restore the \$14 million in DCT mental health funds that were transferred to cover the FY 2017 MSOCS shortfall.
- This will also fill the \$14 million gap between the cost of operating MSOCS and the revenue generated by the program in FY 2017.
- This funding will ensure that quality services for vulnerable Minnестоans continue to be delivered as longer-term planning takes place.

Number of people affected:

- **Adult foster care** with an average daily census of 357
- Four **crisis residential** sites with a capacity of four beds per site
- 15 **intermediate care facilities** for individuals with intellectual disabilities with an average daily census of 75
- **Vocational services** currently serving 725 individuals in 18 sites and in the community

Related information:

- Governor's Supplemental Budget Proposal, [Minnesota Management & Budget website, http://www.mn.gov/mmb/images/16-17-supplemental-agency-item.pdf](http://www.mn.gov/mmb/images/16-17-supplemental-agency-item.pdf)
- Information about [Direct Care and Treatment on the DHS website, http://mn.gov/dhs/people-we-serve/adults/services/direct-care-treatment/](http://mn.gov/dhs/people-we-serve/adults/services/direct-care-treatment/)

DHS Communications: March 2016