



Department of Human Services

**Fiscal Year 2015
Appropriation Hearing
April 2014**



**Pat Quinn, Governor
Michelle R.B. Saddler, Secretary
Robert Brock, Budget Director**



Introduction

➤ Our Mission

To assist our customers to achieve maximum self-sufficiency, independence and health through the provision of seamless, integrated services for individuals, families and communities

- The Department of Human Services is one of Illinois' largest agencies
- Illinois created DHS in 1997, to provide our state's residents with streamlined access to integrated human services
- We Operate:
 - *85 Family Community Resource Centers*
 - *46 Division of Rehabilitation Offices*
 - *7 State Operated Developmental Centers*
 - *7 State Psychiatric Hospitals*
 - *3 Residential Schools*



DHS Fiscal Year 2015 Agency Budget

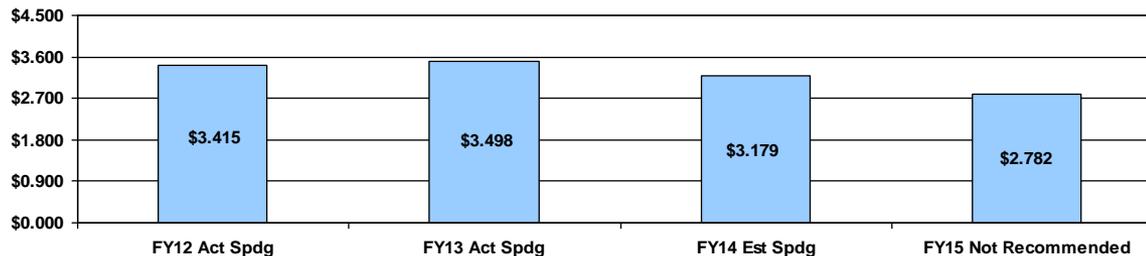
General Revenue Fund – Dollars in billions

FY12 Actual Expenditures: \$3.415B

FY13 Actual Expenditures: \$3.498B

FY14 Estimated Spending: \$3.179B

FY15 Not Recommended: \$2.782B



DHS Fiscal Year 2015

➤ FY15 Not Recommended compared to FY14 Appropriations

| DHS Division | FY14 Approps | FY15 Not Recommended | Not Recommended Comp to FY14 | % Reduction from FY14 | Head Count Reduction |
|--------------------------------|------------------------|------------------------|------------------------------|-----------------------|----------------------|
| Admin & Program Support | \$172,782,900 | \$140,873,000 | (\$31,909,900) | -18.5% | (178.0) |
| Alcoholism and Substance Abuse | \$119,573,800 | \$90,923,800 | (\$28,650,000) | -24.0% | (5.0) |
| Developmental Disabilities | \$1,046,739,700 | \$858,217,000 | (\$188,522,700) | -18.0% | (1,030.0) |
| Family & Community Services | \$939,979,710 | \$907,464,110 | (\$32,515,600) | -3.5% | (1,049.0) |
| Mental Health | \$505,847,800 | \$451,683,200 | (\$54,164,600) | -10.7% | (678.0) |
| Rehabilitation Services | \$394,398,500 | \$332,744,600 | (\$61,653,900) | -15.6% | (188.0) |
| Grand Total | \$3,179,322,410 | \$2,781,905,710 | (\$397,416,700) | -12.5% | (3,128.0) |

DHS Fiscal Year 2015

Alcoholism and Substance Abuse

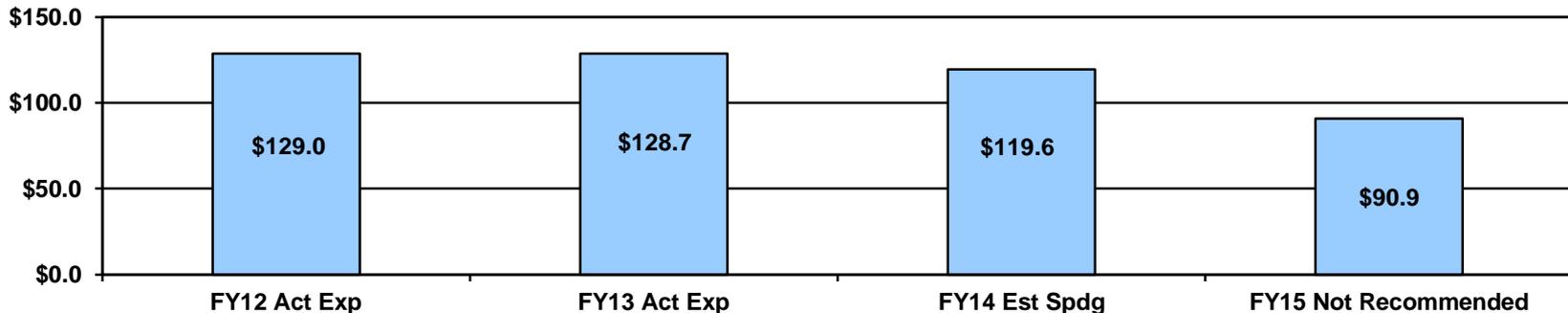
General Revenue Fund – Dollars in millions

FY12 Actual Expenditures = \$129.0M

FY13 Actual Expenditures = \$128.7M

FY14 Estimated Spending = \$119.6M

FY15 Not Recommended = \$90.9M



DHS Fiscal Year 2015

Alcoholism and Substance Abuse

- A reduction of State funding to DHS DASA will result in 15,922 fewer individuals being served, which will result in many of these untreated individuals potentially being housed in Jails, State hospital, crisis center, community hospitals, homeless shelters, or on the streets.
- Reduced funding negatively impacts the ability for DASA providers to provide a fully integrated level of care within the local service networks and will reduce access to youth in need of inpatient, outpatient, and other support services for addiction treatment. Examples of these impacts:
 - 10,000 fewer clients will receive DASA services due to reductions in non Medicaid GRF funding
 - Non Medicaid GRF expenditures are used to meet SAPT block grant State spending (MOE) requirement. GRF reductions will result in a failure to meet this requirement, and a penalty of \$1 in SAPT funding for each \$1 in GRF reduced. This reduction to SAPT funds would result in an additional 5,922 fewer clients receiving addiction treatment services due to this penalty.

DHS Fiscal Year 2015

Alcoholism and Substance Abuse

- The reduction in Medicaid funds will likely result in
 - DHS DASA having to modify the current state plan by removing/changing eligibility requirements for Medicaid billable services
 - Reduction of DASA Medicaid Rates for providers who have not seen a rate increase since SFY 2006
 - 4500 clients impacted.

DHS Fiscal Year 2015

Alcoholism and Substance Abuse

- DCFS clients: These reductions will reduce services to DCFS recipients by an estimated 572 individuals. This may result in fewer family reunifications, fewer youth transitioning out of DCFS custody will receive early intervention and treatment for substance use problems.
- Victims of Domestic Violence : The reductions will reduce services to victims of domestic violence by an estimated 250 individuals.
- Heroin Addiction: A reduction in Services capacity by 750 slots , exacerbating the current increased need for Opioid treatment for heroin users in Illinois.
- Criminal Justice : The reduction will result in 6,000 fewer jail diversions from the criminal justice system, and delays in admissions may delay release dates for incarcerated individuals as a result of reduced access to after release treatment services.

DHS Fiscal Year 2015 Developmental Disabilities

General Revenue Fund – Dollars in billions

FY12 Actual Expenditures = \$1.107B

FY13 Actual Expenditures = \$1.452B (included funding to eliminate payment backlog)

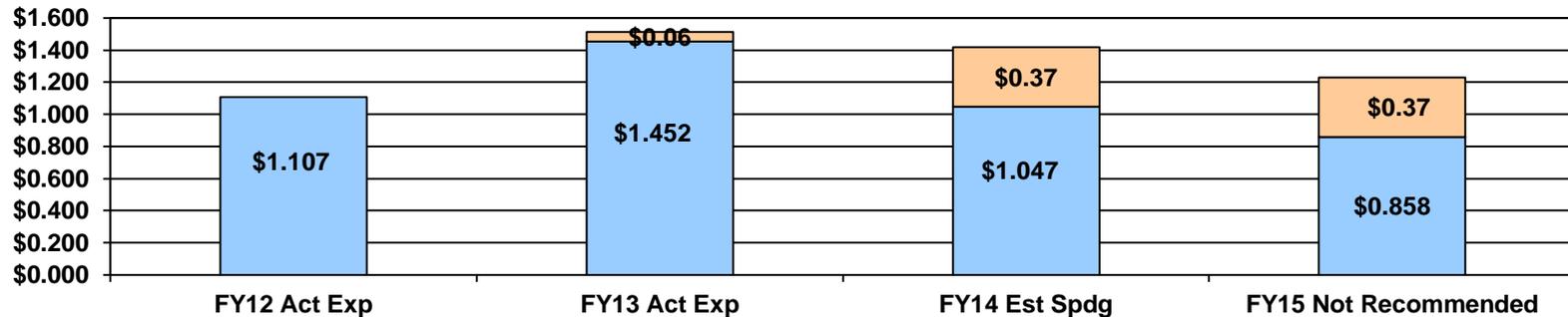
FY14 Estimated Spending = \$1.047B

FY15 Not Recommended = \$.858B

* FY13, \$1.515 including \$63.0M from the Healthcare Provider Relief Fund (HPRF)

* FY14, \$1.417 including \$370.0M from the Healthcare Provider Relief Fund (HPRF)

* FY15, \$1.228B including \$370.0M from the Healthcare Provider Relief Fund (HPRF)



DHS Fiscal Year 2015

Developmental Disabilities

Community and ICF/DD Services

- The Direct Service Personnel funding levels included in DD community service rates are long overdue for needed increases. The proposed budget reductions would eliminate the possibility of these rate increases and require rates paid for DD services to be decreased by more than 20%.
 - Currently, the rates paid for DD community services in Illinois are among the lowest in the nation and are barely adequate in addressing the needs of the DD population. Any reduction in rates will threaten the ability of service providers to provide services.

DHS Fiscal Year 2015

Developmental Disabilities

Ligas Consent Decree

- As a result of the reductions, the State would not be able to serve an additional 500 CILA/HBS consumers and transfer an additional 100 consumers from ICFs/DD to CILA as required under the Ligas Consent Decree.
- 600 CILA consumers transferred during FY 14 would be cut from housing.
- The State would be in jeopardy of being found in contempt of court.

DHS Fiscal Year 2015

Developmental Disabilities

Community and ICF/DD Medicaid Loss

- The reduction of \$130 Million from FY14 funding levels would result in a loss of \$65 Million in Medicaid claiming.
- The drastic reductions would require federal approval of amendments to the Medicaid Waivers. There is a large risk that such reductions in capacity would not receive federal approval and the State would lose claiming of over \$500 Million for all community services, including ICFs/DD.

DHS Fiscal Year 2015

Developmental Disabilities

State Operated Developmental Centers (SODCs)

- The budget reduction would require cutting direct care staff and professional staff (995 from 3,600) and reducing operational resources at the 7 SODCs below levels needed to maintain safe operations.
- The State would be liable for sanctions under the Civil Rights of Institutionalized Persons Act and subject to investigation by the U.S. Department of Justice.
- SODCs would be at almost certain risk for Medicaid decertification, and the State would lose the ability to claim \$180 Million of Medicaid revenue.

DHS Fiscal Year 2015

Developmental Disabilities

Central Operations

- DD program areas that would be impacted include Service Coordination, Service Contracting and Payment, Service Monitoring and Quality Assurance.
- The reduction in the Department's ability to conduct federally required quality assurance activities would put Medicaid claiming for services in jeopardy.
- Two of the three DDD Waivers are currently in the renewal process and will expire on June 20, 2015 without federal approval of the renewal application. Obtaining this approval will require a great deal of administrative resources.

DHS Fiscal Year 2015

Family & Community Services

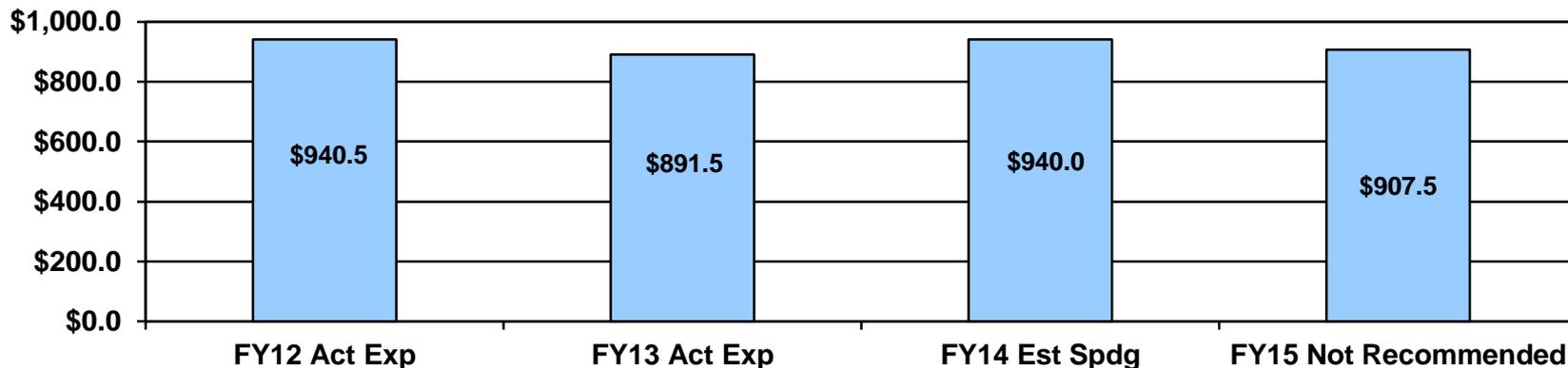
General Revenue Fund – Dollars in billions

FY12 Actual Expenditures = \$940.5M

FY13 Actual Expenditures = \$891.5M

FY14 Estimated Spending = \$940.0M

FY15 Not Recommended = \$907.5M



DHS Fiscal Year 2015

Family & Community Services

- Aid to Aged, Blind and Disabled (AABD) cuts will result in Illinois losing all Medicaid match (\$13B+)
- Cuts to GRF may jeopardize a portion or all federal funding if Maintenance Of Effort (MOE)/match is not met.
 - MCH Block Grant (portion) \$21 Mil.
 - Child Care Development Fund (portion) \$208 Mil.
 - TANF (portion) \$585 Mil.
 - Substance Abuse Prevention and Treatment Block Grant (portion) \$16 Mil.
 - Maternal, Infant, Early Childhood Home Visiting Program (all) \$10 Mil.
- Program cuts jeopardizing the above are:
 - TANF
 - Child Care
 - Refugee Income Assistance
 - Addiction Prevention Related Services
 - Children's Place
 - Infant Mortality/Better Birth Outcomes
 - Early Intervention
 - Employability Development Services
 - SNAP Employment and Training
 - Emergency Food Program
 - Domestic Violence Shelters
 - Parents too Soon
 - Healthy Families
 - Homeless Prevention
 - Youth Programs (Teen REACH)

DHS Fiscal Year 2015

Family & Community Services

- Child Care – 32,849 providers would not be participating in the program; 41,269 children would not be served; 23,000 families would lose access to child care that allows them to work or go to school.
- Immigrant Integration Services – 28,100 clients would not receive services under New American’s Initiative and Welcoming Centers.
- Reductions to the Infant Mortality line would result in approximately 61,000 at risk pregnant woman, losing supports that connect them with necessary pre-natal services. This would result in an increase in Medicaid expenditures and an increase in the infant mortality rate.
- Early Intervention would have to raise eligibility from 30% to 40% which would result in a corresponding decrease in the Early Intervention population by approximately 7,300 children.
- Over 13,600 persons would not receive supportive housing and homeless services. This includes approximately 500 homeless youth. These cuts would result in a significant increase in the homeless population.

DHS Fiscal Year 2015

Family & Community Services

- Over 2.4M clients who visit the food pantries and soup kitchens would not be served and 921,000 lbs. of food will not be distributed.
- Over 244,000 individuals would not receive evidence-based substance abuse prevention services resulting in a corresponding increase in the number of individuals needing more costly substance abuse intervention services.
- Over 18,000 teens would not receive after school program services resulting in fewer youth developing life skills necessary to avoid risk-taking behavior and achieve academic success.
- Juvenile Justice and Redeploy program reductions will result in a greater likelihood of youth being arrested on new charges and/or committed to a juvenile correctional facility. Statistics demonstrate these programs have a great return on investment (every \$1 spent equates to a \$9.06 return) and save the state money.
- A reduction in Domestic Violence Shelters would result in over 13,475 clients not receiving services. This includes approximately 2,440 partner abuse clients also served under this funding source.

DHS Fiscal Year 2015

Family & Community Services

Impact on Family Community Resource Centers (FCRCs)

- Cut of 1,034 headcount in FCRCs would decimate ability to provide SNAP, Cash, and Medical Assistance.
- Would lead to longer lines, delays in providing benefits, residents going without needed care.
- Accuracy and program integrity would be impacted as offices would lack resources to timely review active cases.



DHS Fiscal Year 2015

Family & Community Services

Fourteen Year Caseload Comparison

December 2013

| | FY 2000 | FY2013 | % Change from 2000 | FY2014 YTD | % Change from 2000 | FY 2015 Projected | % Change from 2000 |
|----------------------------------|---------|-----------|--------------------|------------|--------------------|-------------------|--------------------|
| Total Avg Cases and Applications | 794,277 | 1,749,134 | 120% | 1,706,514 | 115% | 2,000,000 | 152% |
| Total Avg On-Board Caseworkers | 3221 | 1891 | -41% | 2363 | - 27% | 1663 | - 48% |
| Average Caseload | 247 | 926 | 275% | 705 | 185% | 1202 | 387% |

DHS Fiscal Year 2015

Family & Community Services

Potential Fiscal Penalties

- Up to \$3 M – penalty payments to customers based on consent degrees mandating timely processing.
- Up to \$29.5 M – reduction in federal TANF block grant if Illinois does not meet required Work Participation Rate.
- Up to \$100 M – withholding of all administrative matching funds for SNAP due to high error rate and/or low timeliness of application processing.

DHS Fiscal Year 2015

Mental Health

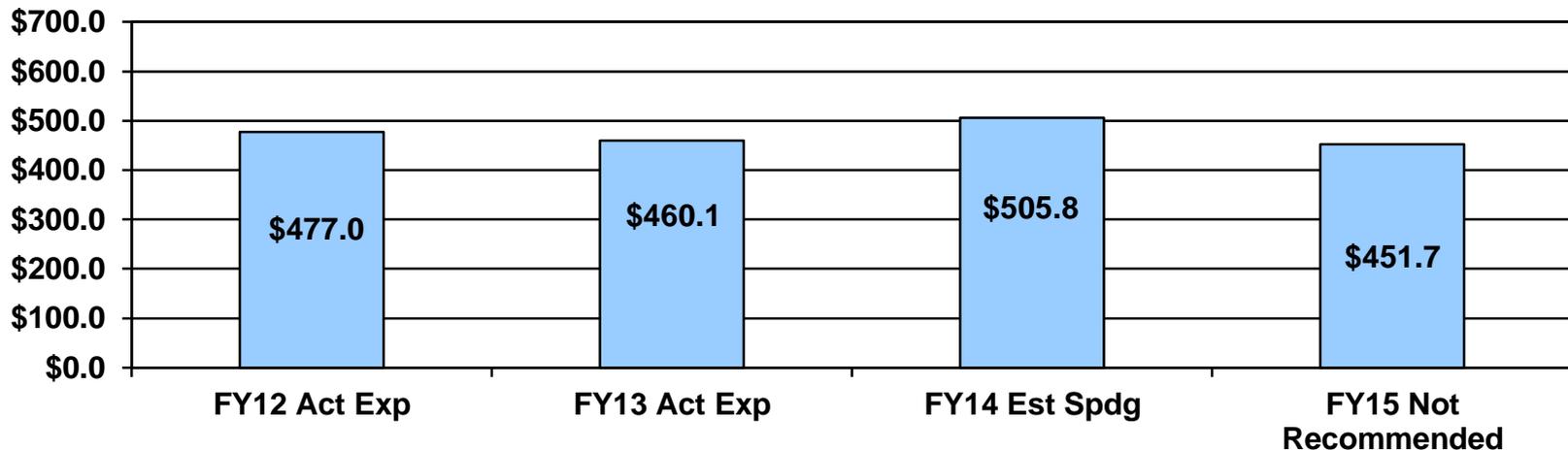
General Revenue Fund – Dollars in millions

FY12 Actual Expenditures = \$477.0M

FY13 Actual Expenditures = \$460.1M

FY14 Estimated Spending = \$505.8M

FY15 Not Recommended = \$451.7M



DHS Fiscal Year 2015

Mental Health

- 140,000 individuals currently receiving publically funded mental health services will have reduced access to psychiatry, therapy/counseling, ACT, emergency medications, etc., which will decrease their ability to maintain stabilization and increase use of Emergency Departments, inpatient hospitalizations, etc.
- It is projected that 35,000 individuals will no longer receive services.

DHS Fiscal Year 2015

Mental Health

Community Services

- The state's mental health crisis system of care will be significantly weakened with fewer staff available to intervene resulting in increased admissions to EDs, hospitals and nursing facilities. It is projected that 10,000 individuals will not receive needed crisis services.
- Significant reduction (840 beds out of current 3500) in the number of Supervised and Crisis Residential treatment beds resulting in an increase in homelessness and admissions to nursing facilities.
- Significant reduction in Permanent Supported Housing program would result in 216 individuals losing rental subsidies putting them at risk of losing their housing.

DHS Fiscal Year 2015 Mental Health

Community Services

- Reduction in the Individual Care Grant program will result in a reduction of services to at least 75 children and prevent the implementation of program enhancements. Failure to meet the requirements of the *R.R. v Kiley* Consent Decree, which mandates that all eligible applicants be funded, could result in federal receivership.
- Reduction in funding for SMHRF Comparable Services will prevent the implementation of a pilot program to divert individuals from institutional level of care and be in conflict with Public Act 098-0104.
- Reduction in GRF funding will also reduce the amount of FFP generated through Medicaid billing.
- Reduction in the current Maintenance of Effort will potentially eliminate \$15.8 million of block grant funds received by DMH.

DHS Fiscal Year 2015 Mental Health

Williams and Colbert Consent Decrees

- Reduction of services to 880 Williams Class Members currently living in the community by the elimination of drop-in centers, Assertive Community Treatment teams, Supported Employment, and housing rental assistance.
- Unable to meet FY15 Consent Decree target numbers of transitioning 400 Williams class members and 220 Colbert class members.
- Failure to meet the tenets of the Consent Decrees would result in federal receivership.
- Targeted loss of 9 DMH staff would significantly hamper the Division's ability to implement the Consent Decrees.

DHS Fiscal Year 2015

Mental Health

State Hospitals

- Reduction in civil capacity at all state operated hospitals resulting in increased burden on community hospitals and increased ER wait times
 - 3,280 admissions to civil beds
- Dramatic reductions in forensic capacity resulting in an increase in the forensic waiting list and placing the State in jeopardy of being found noncompliant with the Forensic Plan of Correction
 - 320 forensic beds would be lost
- The loss of 650 state hospital staff would adversely impact their capacity and safety.
- Significantly decreased staffing ratios would result in increased risk of:
 - Decertification by the Centers for Medicare and Medicaid
 - Loss of accreditation by The Joint Commission
 - Violating the Civil Rights of Institutionalized Persons Act (CRIPA)
 - Department of Justice sanctions

DHS Fiscal Year 2015 Rehabilitation Services

General Revenue Fund – Dollars in Millions

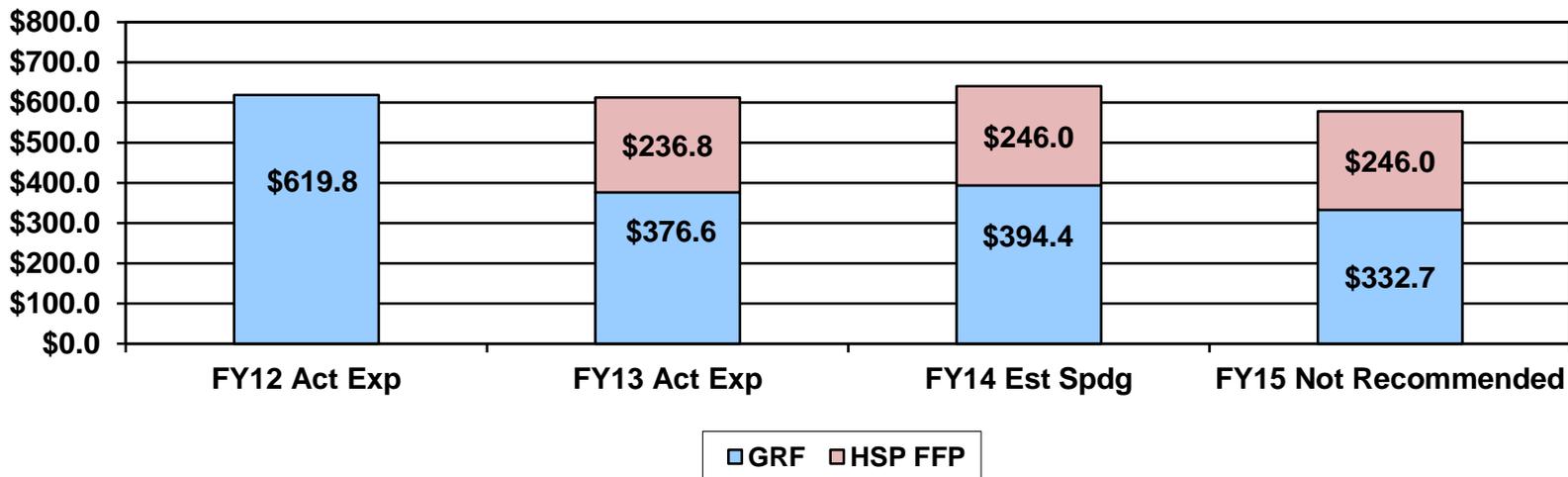
FY12 Actual Expenditures = \$619.8M

FY13 Actual Expenditures = \$613.4M

FY14 Estimated Spending = \$640.4M

FY15 Not Recommended = \$578.7M

**FY13, FY14, and FY15 include funding from the HSP Medicaid Trust Fund*



DHS Fiscal Year 2015 Rehabilitation Services

- The Home Services Program will require a federally approved waiver change to increase the Determination of Need from 29 to at least 43. This will remove 16,400, or 51%, of current customers from service. Local offices will be consolidated and/ or closed resulting in 82 staff being laid off and caseloads more than doubling. Over 20,000 thousand Personal Assistants/Individual Providers and employees of provider agencies will lose jobs.
- Reductions in Independent Living Services for individuals with disabilities will result in severe community staff layoffs and closure of targeted Centers for Independent Living (CILs) across the State. This will impact over 2,000 individuals with disabilities and their families. In addition, federal funding totaling \$300,000 will be forfeited, eliminating services to over 700 older individuals who are blind.

DHS Fiscal Year 2015 Rehabilitation Services

- For the Vocational Rehabilitation and other Employment Related programs, \$9.5 million in federal funds will be forfeited. Over 12,300 individuals with disabilities will not receive on the job training, receive assistance with post-secondary education or other employment related supports. Furthermore, of the total individuals impacted, approximately 1,500 will not be placed in competitive jobs resulting in individuals with disabilities remaining on public benefit rolls. Communities around the State can expect hundreds of job losses in local provider organizations serving individuals with disabilities seeking employment.

DHS Fiscal Year 2015 Rehabilitation Services

- At the Illinois School for the Deaf, Illinois School for the Visually Impaired and Illinois Center for Rehabilitation & Education - Roosevelt, over 300 students and transition age youth will be impacted. The closure and reduction of the residential portion of the schools will be required as would the elimination of extra-curricular activities, consolidation of dorms and services, building closures and significant layoff of over 100 State staff. Some students will be sent back to their home school districts and served at a much higher cost.

DHS Fiscal Year 2015

Admin & Program Support

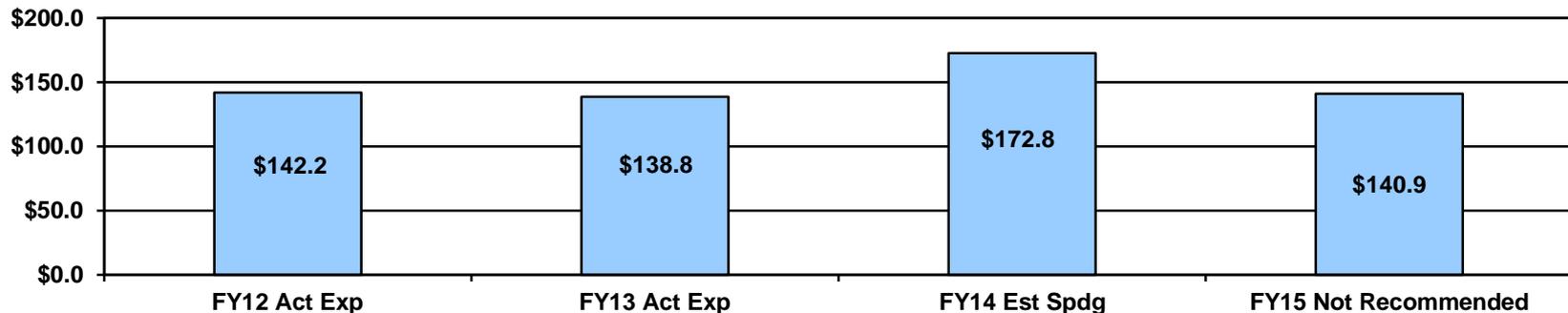
General Revenue Fund – Dollars in millions

FY12 Actual Expenditures = \$142.2M

FY13 Actual Expenditures = \$138.8M

FY14 Estimated Spending = \$172.8M

FY15 Not Recommended = \$140.9M



DHS Fiscal Year 2015

Admin & Program Support

- DHS would not be able to provide necessary support for critical computer systems, technology systems, and data networks.
- DHS would also be unable to adequately comply with numerous Federal and State Reporting requirements, thus putting Federal resources at risk.
- The Office of Inspector General would see a reduction in investigative staff resulting in an increase in average case completion times even further beyond the required times.