Quarterly Report on the Status of Merger

(FY2016 Appropriation Act - Public Act 84 of 2015)

March 31, 2016

Sec. 233. By the end of each fiscal quarter of the current fiscal year, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, and the senate and house policy offices on the status of the merger, executed according to Executive Order No. 2015-4, of the department of community health and the department of human services to create the department of health and human services. The report must indicate changes from the prior report and shall include, but not be limited to, all of the following information:

(a) The impact on client service delivery or access to services, including the restructuring or consolidation of services.

(b) Any cost increases or reductions that resulted from rent or building occupancy changes.

(c) Facilities in use, including any office closures or consolidations, or new office locations, including hoteling stations.

(d) Current status of FTE positions, including the number of FTE positions that were eliminated or added due to duplication of efforts.

(e) Any other efficiencies, costs, or savings associated with the merger.

MDHHS

Michigan Department of Health & Human Services

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Merger Status – Quarterly Report #2

The Michigan Department of Health and Human Services (MDHHS) was created by Executive Order 2015-4 effective April 10, 2015. The reason for the merger of the former departments of Community Health and Human Services was to more effectively and efficiently assure the protection and strengthening of Michigan's families by aligning family and health-related services and administrative functions in state government.

Impact on Client Service Delivery and Access to Services

In the past, the Departments of Community Health and Human Services managed hundreds of unique programs that customers interacted with in a multitude of ways. Through the merger, MDHHS is examining every program to determine how we can deliver services that better achieve positive health and self-sufficiency outcomes for our customers. The combined MDHHS is charged with reforming how we interface with our customers through service delivery and technology innovation which better focuses on customers' needs.

In the first quarterly merger status report, we discussed the vision of Integrated Service Delivery (ISD), an innovative service delivery method focusing on serving people rather than administering programs which includes workforce innovation, modernization of technology systems, and stronger partnerships with communities.

Recently completed Integrated Service Delivery activities include:

- Completion of an Integrated Service Delivery proof of concept to research and begin to test how ISD concepts can be applied within the department and with partners.
- Completion of an analysis which emphasizes opportunities to address systematic barriers by developing a set of policy and technological solutions that support ISD.
- Preparation of a comprehensive business process and technology roadmap informed by proof of concept research to guide our Fiscal Year 2017 procurement, design, and implementation efforts.

During this reporting period, the department has also developed a refined strategy and timeline for ISD implementation.

MDHHS' Integrated Service Delivery strategy includes five major components, each contributing to the overarching vision.

- Integrated Service Delivery Portal
- Person-Centric Services Modules
- Universal Caseload Management
- Call Center Development
- Technology Infrastructure Modernization

Integrated Service Delivery Portal

The Integrated Service Delivery portal, built on top of and across MDHHS' large core systems, will bring a diverse set of supports, services and benefits together in a unified customer experience. The portal will guide customers through a holistic process which assesses needs, connects the customer with supports that address those needs, and develops a plan aimed at improving a customer's overall stability. The portal will link customers with support services provided directly by MDHHS in addition to those offered by other state agencies and community organizations.

Implementation Timeline (contingent upon approval of adequate budget resources):

ISD Portal Planning: Present – June 2016
ISD Portal Procurement: July 2016 – December2016
ISD Portal Initial Development: January 2017 – June 2017
ISD Portal Implementation Pilot: July 2017 – December 2017
ISD Portal Development Refinement: October 2017 – December 2017
ISD Portal Implementation: 2018

The implementation process involves bringing staff and partners online with the portal progressively throughout the year, learning from and refining functionality based on the practical experiences of staff and partners. Full portal implementation is targeted for September 2018.

Person-Centric Services Modules

MDHHS will identify and prioritize services, like a holistic customer application process, to develop as shared modules that can be used by multiple technology systems. Using the same piece of technology in multiple systems will simplify the operations and maintenance of key functionalities in the future and provide more consistent customer experiences. MDHHS has engaged in a comprehensive business process analysis approach to determine which services are most advantageous to develop as shared modules. The results of that process will be complete this spring and recommendations will be ready to guide development in early summer.

Implementation Timeline (contingent upon approval of adequate budget resources):

Health and Human Services Modernization Planning: Present – June 2016
Service Modules Procurement: July 2016 – December2016
Service Modules Development: January 2017 – December 2017

Universal Caseload Management (UCL)

In today's case management approach, a customer's casework is completed by a single local office staff member from start to finish. The single casework "owner" system creates significant barriers to spreading casework equitably across local offices and has led to unsustainable staff workloads.

To improve processing efficiency and ensure more consistent customer service, MDHHS will implement a universal caseload (UCL) management system. Through universal caseload, case tasks will be completed based on assigned case management functions with staff from multiple local offices working together to complete casework. Universal caseload enhances case management efficiency through repetition and task specialization in addition to providing greater flexibility to distribute case management work across the entire MDHHS workforce.

Implementation Timeline (contingent upon approval of adequate budget resources):

UCL Planning: Present – August 2016
UCL Procurement: September 2016 – January 2017
UCL Pre-Implementation: January 2017 – December 2017
UCL Implementation: January 2018 – September 2018

UCL will go live in a staged process by adding one MDHHS Business Service Center region at a time until full statewide scale is reached. This staged, iterative process will allow MDHHS to learn from the implementation process in one region and refine efforts for subsequent areas.

Call Center Development

In today's case management approach, MDHHS customers call a single local office staff member assigned to each customer for a wide variety of case tasks and questions. As caseloads for local office staff have continued to grow, the number of phone calls a staff member receives has significantly outpaced capacity to answer and return calls in a timely manner. As a result, phone calls often go to voicemail and missed connections during attempts to return voicemails consume significant staff time. MDHHS' Integrated Service Delivery and Universal Caseload Management approaches call for a new statewide call center tasked with both providing information and resolving case processing tasks in real time over the phone.

Implementation Timeline (contingent upon approval of adequate budget resources):

Call Center Planning and Two-County Pilot: Present – August 2016
Call Center Procurement: September 2016 – January 2017
Call Center Development: January 2017 – September 2017
Call Center Implementation: October 2017 – September 2018

The call center will go live in a staged process, rolling out by adding one MDHHS Business Service Center region at a time. This iterative process will allow MDHHS to incorporate call center refinement efforts along the way to ensure maximum call center effectiveness prior to reaching statewide scale.

Technology Infrastructure Modernization

As a result of the merger, MDHHS has the opportunity to both consolidate and improve a number of critical technology components. Simultaneous consolidation and modernization efforts are a critical step because the department's ISD strategies rely on this technology infrastructure to achieve systematic integration. To support Integrated Service Delivery, MDHHS will pursue the following technology infrastructure efforts:

- Consolidation of the former DCH and DHS data warehouses into a single warehouse, streamlining the complexity of data access and usability.
- Incorporation of trusted data sources from inside and outside the department, making this data available for MDHHS business processes and systems to use.
- Merging the technology architecture used to facilitate interaction between software applications.
- Consolidation of current communication technologies to streamline information sharing and customer engagement.

Implementation Timeline (contingent upon approval of adequate budget resources):

Health and Human Services Modernization Planning: Present – May 2016
Modernization Procurement and Contractual Amendments: Beginning June 2016
Modernization Implementation: Beginning July 2016

Components of the modernization effort which can be facilitated through current vendors will begin sooner than those which require competitive procurement. The majority of technology infrastructure modernization projects will be completed by June 2017 (in conjunction with the beginning of the ISD portal pilot).

MDHHS' cumulative Integrated Service Delivery strategy will provide significant improvements in efficiency (i.e. return on investment), customer outcomes, and process quality. MDHHS intends to invest these staff time and process efficiency "returns" in higher-value customer support activities.

Anticipated Efficiency Impacts and Process Improvement			
Case Processes	Reduction in erroneous new benefit applications and duplicate processing	Impacts	Improvements in customer self-sufficiency and health outcomes
	Reduced error rates across programs		Decreased local office time spent on resource gathering, maintenance and referrals
	Reduction in basic case status inquiries made to local caseworkers		More equitable workload across MDHHS local offices and field staff
	Improved adherence to standard of promptness across programs		Improvements in staff satisfaction contributing to lower staff turnover
			Enhanced ability for community partners to collaborate with MDHHS in support potential and current customer needs/goals

In addition to Integrated Service Delivery, the department's organizational structure continues to take shape and administrations continue to collaborate to improve business processes and service delivery.

Collaboration across Health and Human Services has been a major benefit of the major. Some concrete examples of this collaboration include:

- Children's Behavioral Action Team
  - Development of collaborative transition plans to support 50 children/youth with serious emotional disturbance, from Hawthorn Center to return home to their families.
  - As of 12/31/15, 24 have received services. Of the 24, 18 have been discharged and 75% have remained completely out of psychiatric inpatient care.

- Pathways to Potential
  - Using Mental Health and Wellness funding, Pathways to Potential partnered with Michigan Rehabilitation Services to place an employment counselor in each Pathways school.
  - MDHHS was also able to use some of that funding to provide an 8 week summer work experience in conjunction with the Department of Natural Resources for Pathways students.

- Homelessness
  - The consolidation of the Housing and Homeless sections previously housed within the former Departments of Community Health and Human Services within the Bureau of Community Services, Population Health and Community Services Administration, has allowed MDHHS to align resources to better meet the needs of individuals experiencing homelessness.
  - The new Division of Housing and Homeless Services works closely with the Medical Services and Behavioral Health and Developmental Disabilities Administrations to ensure the needs of the homeless population are met. They are working to identify how many individuals experiencing homelessness are also Medicaid "super utilizers."

- Increased Access to Home Visitation by Families Involved with Children's Protective Services
  - In collaboration with the Bureau of Family, Maternal, and Child Health within the Population Health and Community Services Administration, the Children's Services Agency is developing a process to facilitate Children's Protective Services staff to directly refer families to evidence-based home visitation programs.
  - It is too early to tell, but it is expected that this will enhance and increase the availability of health and developmental services to parents with children under 3 and assist parents to maintain their children safely in-home without removal to foster care.

- Improved Parenting Skills Training for Families with Children in Foster Care to Enable Reunification
    - The Child Welfare Policy Office worked with the Division of Mental Health Services for Children and Families to expand a pilot program called *Parenting Through Change – Reunification* to families with severely emotionally disabled children who are in foster care, to achieve reunification by teaching evidence-based parenting techniques.
    - In January 2016, the program was expanded from two counties to eight.

Office Closures, Consolidations, or New Office Locations

Near the end of Fiscal Year 2015, MDHHS consolidated targeted local offices throughout the state to achieve required annual budget savings of $2.4 million gross, $1.0 million GF.

The department continues to monitor its lease portfolio to maximize efficiencies through consolidation and co-location with community partners. For this reporting period, there is no additional information to report.

The two Inspector General Administration central offices were merged into a single office in the Heritage building in Okemos, eliminating one office rent in the Grand Tower, and making room for other MDHHS personnel to consolidate within that office building. Several of the department's other central office locations are slated to move during the third quarter of this fiscal year; additional details will be provided in the next merger report.

Current Status of FTE Positions

Pre-Merger FTE Count (pay period ending March 28, 2015)

Department of Community Health:	3,136
Department of Human Services:	10,874
Combined Total:	14,010

MDHHS Post-Merger FTE Count (pay period ending February 13, 2016)

Department of Health and Human Services	13,855
Difference from Pre-Merger FTE Count:	-155
Difference from Quarter One Report:	-55

Some positions in the department were created and some were eliminated as part of the merged agency to streamline services and support the Integrated Service Delivery initiative. The post-merger FTE count has decreased by 155 as of the payroll ending February 13, 2016. The net 155 FTE reduction occurred in Central Office (-3), Juvenile Justice Facilities (-60), and local offices (-95), offset by a 3 FTE increase in state hospitals. In Fiscal Year 2016 strict monitoring of all payroll-related line items is taking place and is being shared on a monthly

basis with the legislature per the boilerplate report required from section 280 in P.A. 84 of 2015.

MDHHS is integrating and implementing a massive amount of merger-related administrative processes and policies, in addition to planning for and beginning to implement a major change in the department's service delivery model, all with existing staff resources.

Other Efficiencies, Costs, or Savings Associated with the Merger

Efficiencies

In January 2016, a **Central Grants Management** Unit was created with existing staff resources. The goal of this unit is to ensure all grant funds are coordinated to meet the department's mission. The process streamlines department approvals and internal communication, assists programs in finding new funding sources, and acts as a liaison between all areas of the department to link similar programs together.

The organizational structure of the **Business Integration Center** (BIC) continues to develop. BIC is the Information Technology and Project Management Administration for MDHHS, established to provide the organizational structure needed to support MDHHS program areas in pursuing new projects. BIC was established using existing staffing resources. Efficiencies are anticipated as BIC works collaboratively with the Department of Technology, Management and Budget to leverage existing technologies to prevent duplication and ensure projects align with the strategic direction of the department, while looking for ways to reduce redundancies and create a better experience for customers. Leveraging federal funding sources for projects and operations is also an area of focus for BIC.

The Aging and Adult Services Agency is undergoing a **Lean Process Improvement Initiative to work on aligning Long-term Supports and Services** with a particular focus on streamlining access to the array of services across programs. This initiative also involves the Medical Services Administration, Michigan Rehabilitation Services, the Behavioral Health and Developmental Disabilities Administration, and other state agency partners such as Licensing and Regulatory Affairs and Military and Veterans Affairs. The initiative will take some time, but the end goal is to eliminate silos and provide a streamlined way to access all services.

Merging the respective legal areas of the former Departments of Community Health and Human Services has resulted in a significant restructuring and consolidation of services that has made the **delivery of legal services** much more efficient and effective. The office has been organized in a meaningful way to reflect the department's organizational structure and client-program needs. Prior to the merger, each legal office had a different database and process for handling litigation support and coordination, responding to subpoenas and Freedom of Information Act requests, providing legal guidance in response to staff requests, coordinating Administrative Rules, etc. The merger allowed the department to choose best practices for each process/function, creating more efficiencies.

A significant overlap has been identified in child welfare and Medicaid health reporting. To address this overlap, MDHHS is working to **increase data warehouse reporting capacity for child welfare**. The goal of this project is to develop a Concept of Operation document to describe how child welfare reporting needs can be met with current available applications such as Connect Care 360.

In the department's **Office of Inspector General** (OIG), field investigators from the Provider and Recipient Enforcement Bureaus now support each other and serve as force multipliers as needed. All OIG fraud hotlines are now routed to one central location for logging in and dissemination. Data analytics efforts are being cross-trained between bureaus and ultimately will be combined under one section, which should create a more robust fraud scenario think-tank.

The merger has enhanced collaboration among staff from the former DCH Pharmacy Services and staff from the former DHS child welfare medical unit to **monitor and provide oversight of psychotropic medication prescribing to foster children**.

Costs and Savings

New short-term costs may include additional work from information technology (IT) contractors to implement the systems that support the Integrated Service Delivery initiative, and from one-time office moving costs.

Examples of potential savings in the long run may include:

- Reduced inpatient hospitalization stays;
- Reduced foster care days of care as the focus on prevention increases;
- Rent or lease cost reductions;
- Information technology and project cost savings resulting from leveraging resources, avoiding duplication of effort, and leveraging of fund sources.

Overall it is too soon to report specific costs or savings associated with the merger. As mentioned above, all additional work is being accomplished with existing staff. Much of the move towards Integrated Service Delivery and other service delivery-related efficiencies is still in the planning stages.