Quarterly Report on the Status of Merger
(FY2016 Appropriation Bill - Public Act 84 of 2015)

September 30, 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

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Merger Status – Quarterly Report #4

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.

Integrated Service Delivery
In the first three quarterly merger status reports, 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.

MDHHS has now completed the Phase 1 program charter and high level requirements and the project is continuing to move forward.
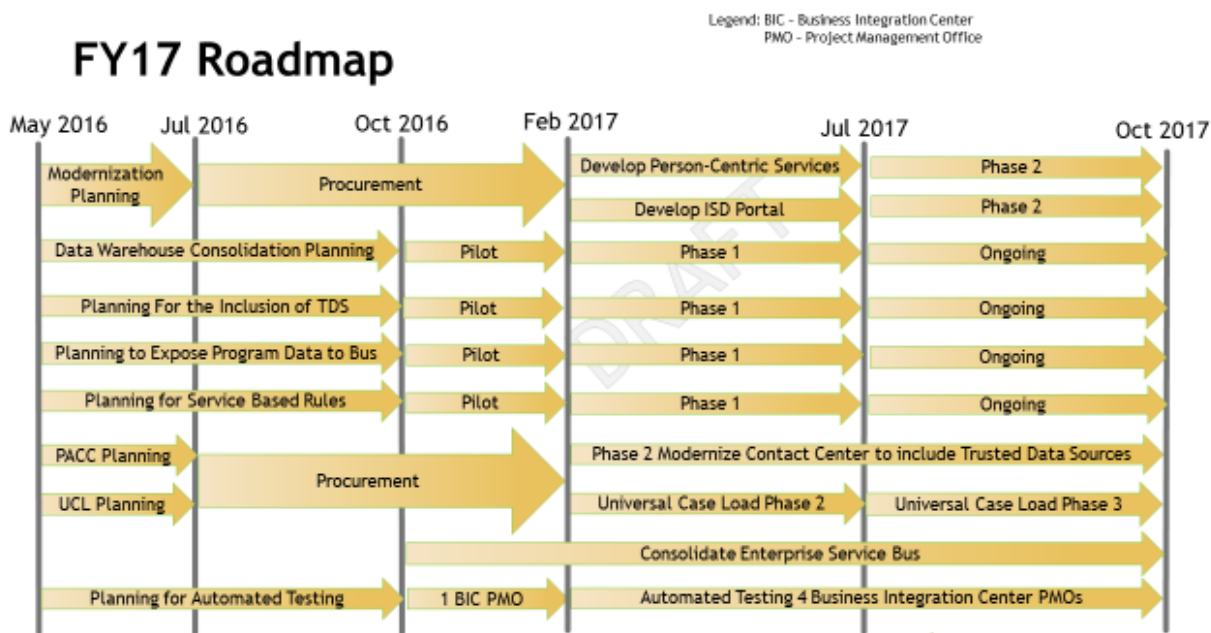
<u>Business Integration Center</u>

The creation of the new Business Integration Center (BIC) as part of the merger is providing the organizational structure to better align projects across the Department and with our DTMB partners. This is expected to result in:

- Reduction of redundancies in system development
- Greater leveraging of funding sources, particularly federal funding
- Consistent approach to project delivery throughout the Department
- Aligning projects with the strategic priorities of the Department
- Greater opportunity to pursue person-centric service delivery

The Business Integration Center provides the opportunity to see requests for projects at the front end so that MDHHS can leverage resources they already have and avoid duplication of effort. Establishing the Business Integration Center has already allowed the Department to realize the following efficiencies:

- ROI - Increased Data Warehouse Reporting Capacity for Child Welfare - There is a significant overlap in child welfare health reporting and Medicaid. The goal of this project is to develop a Concept of Operation document to describe how the Child Welfare reporting needs can be met with current available applications such as CareConnect 360 which is Michigan's online, claims-based electronic health record system.

- ROI - MiSACWIS Master Person Index (MPI) - Provides a uniform approach to searches conducted by workers using Department applications for information on a client.

- ROI - Psychotropic Medication Monitoring for Children in Foster Care Project - Makes psychotropic drug information that is stored in the Community Health segment of the Department of Health and Human Services Data Warehouse available to MiSACWIS for a given individual based upon Medicaid Beneficiary ID.

- Funding Sources Management – Organized the management of funding sources, including Advance Planning Documents (APD's), Grants, IT Investment Fund (ITIF), etc., under one area. This group will understand and provide recommendations for funding opportunities that will benefit the budget process. **Cost Savings/Avoidance:** Many opportunities exist with this organization to utilize our available monies holistically across the MDHHS portfolio of projects

- APD Process – The BIC is now tracking the progress and updates of all APDs using a dashboard view of status. This new process ensures MDHHS isn't duplicating work amongst the APDs and ensures better alignment with our federal partners. **Cost Savings/Avoidance:** It also allows us to leverage federal funding opportunities across all of HHS.

<u>Emergency Management Coordination</u>

Prior to the merger, the Health and Human Services needs of Michigan's citizens affected by a disaster were performed separately. MDCH facilitated the health and medical care components, while MDHS arranged for needs such as food, clothing, and shelter. Although both worked well together, efforts for both health and human services were coordinated separately without a thorough understanding of each other's resources and capabilities. The merger has improved the ability to collaboratively address the needs of all citizens throughout the planning, response, and recovery phases of an emergency. The

Department's Emergency Management Coordinators continue to support and cross-train one another to allow for seamless integration of services. In doing so, the Department is able to successfully direct the public to appropriate resources for both health and human services needs more effectively and efficiently, thus simplifying the process and jointly accounting for all needs for care.

Examples of recent successful collaborations include: Responder Safety and Health Planning, Flint Recovery Efforts, Repatriation Planning, organizing of an HIV Outbreak Response Workshop, Disaster Reassignment of Staff, shared resources such as personal protective equipment caches, support for Human Services from the Community Health Emergency Coordination Center, joint risk communications, and much more.

Cross-Agency Collaboration

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

- **Strategic Alignment Team**
  - A critical component of the combined MDHHS organization is the establishment of a structure to apply our shared vision consistently to all the work of the department. To this end, Director Lyon formed the MDHSS Strategic Alignment Team.
  - The Strategic Alignment Team focuses on service integration across MDHHS, strengthening internal coordination, managing organizational change, providing consistent accountability and ensuring executive engagement.
  - Over the last quarter the supporting leaders of the Strategic Alignment Team have begun meeting monthly and discussing key initiatives and projects happening across the Department.
  - A catalogue of important work happening across the Administrations has been created and shared internally.
  - MDHHS has established metrics on more than 150 internal scorecards to ensure the department is meeting the needs of all Michigan residents.

- **Increased Access to Home Visitation by Families Involved with Children's Protective Services**
  - In collaboration with the Bureau of Family, Maternal, and Child Health, the Children's Services Agency developed a process to facilitate Children's Protective Services staff to directly refer families to evidence-based home visitation.
  - MDHHS local offices have been educated on the home visitation process and are collaborating with the local providers to increase support for families.

- **Institutional Review Board (IRB)**
  - The Institutional Review Board (IRB), which existed on the Community Health side and not on the Human Services side, has started to evaluate areas

> (particularly research products and grants) from the former DHS that currently are paying outside entities for IRB review.
> - Moving the reviews internal, to be conducted by the Department's already-existing system, will allow the Department to avoid having to continue to pay outside entities to do the review.

Office Relocations and Consolidations

The department continues to monitor its lease portfolio to maximize efficiencies through consolidation and co-location with community partners. Currently we are reviewing lease agreements and space needs for multiple county offices to consider these opportunities. The department is continuing its effort to consolidate our central office locations, for example Aging and Adult Services Agency will be relocating in the South Grand Building, therefore, eliminating the lease at its current location.

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 August 27, 2016)

Department of Health and Human Services   13,933

Difference from Pre-Merger FTE Count:	-77
Difference from Quarter Three Report:	-15.5

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 77 as of the payroll ending August 27, 2016. There has been a decrease of 15.5 in the FTE compared to the 3rd quarter. The Central Office FTE count used for this report includes Michigan Rehabilitation Services (MRS) vocational rehabilitation counselors and disability determination examiners which are more properly classified as Field staff given that the work originates from local county offices. 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.

<u>Other Efficiencies, Costs, or Savings Associated with the Merger</u>

<u>Efficiencies</u>

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 CareConnect 360. Allowing child welfare staff responsible for care and supervision of foster children access to CareConnect 360, has improved health care coordination for children in foster care. CareConnect 360 has improved documentation of health information into MiSACWIS, especially as it relates to reporting on deliverables for the Implementation, Sustainability and Exit Plan in the areas of psychotropic medication and medical and dental exams.

The MDHHS Communications Office has received feedback and taken questions from department employees about the new publications approval process. As a result, they recently met with Forms and Mail Management to streamline the approval process for publications and the way they work with Forms and Mail Management on the printing and mailing of approved documents. As a result of this meeting, MDHHS is working to ensure Forms and Mail Management is looped into the publication process for publication number, and mailing and printing as needed.

The Legal Affairs Administration has made progress on creating the new Compliance Office that will report to the Chief Deputy. The Office will be composed of a mix of employees from both former DCH and former DHS. The combining of processes and utilization of best practices will certainly result in better efficiency and cost-savings over time.

<u>Costs and Savings</u>

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. Much of the move towards Integrated Service Delivery and other service delivery-related efficiencies is still in the planning stages.