



Testimony before the House Committee on Ways and Means, Human Resources Subcommittee:

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Thank you Chairman Boustany, Ranking Member Doggett, and members of the subcommittee. I appreciate the opportunity to speak with you today about how we can better coordinate our assistance programs to serve families in need. I am Nick Lyon, the director of the Michigan Department of Health and Human Services. I am excited to share with you our direction in Michigan under Governor Snyder's leadership, and am optimistic that if we can work together at every level in government, we can simplify our system so that it better helps people in need, at less expense to our taxpayers.

The problem that we have identified dates back several generations, is that we have attempted to solve problems both at the state and federal level through the creation of new programs, each addressing an important issue, but each with their own set of stakeholders, program requirements, and eligibility standards. Each program looks only at a finite circumstance and does not consider the whole person and what is preventing that person's success. Instead of working with the individual and determining that person's goals, we often are more concerned with programmatic requirements, leading to an overly complex system that is difficult for all of us, state government, policy makers, and our caseworkers to navigate. If it is difficult for us, imagine how it must seem to an individual or family seeking services.

Over time, we have continued to layer program onto program addressing a symptom or a need, but without addressing root causes. This only leads to more bureaucracy, waste, inefficiency, and frustration. Meaningful results can only be achieved when we consider the totality of the person's situation.

Our Vision: The River of Opportunity

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We can reorganize the way government does business from a people point of view – to focus on the person and solve their problems. If someone falls by the wayside – whether it’s from lack of education, an illness, or a difficult life event – we need to get them back into the River of Opportunity as fast as possible so they’re successful. This won’t be about creating new programs. It will be about effective, accountable government that collaborates to provide good service to our customers. ”

Michigan Governor Rick Snyder

Core Principles
People Not Programs
Root Causes Not Symptoms
Maximize Results
Engage the Community
Measure Outcomes

Putting people first, with the goal of helping all Michiganders lead healthier and more productive lives, no matter their stage in life.



Governor Snyder introduced the “River of Opportunity” in his second inaugural address on January 1, 2015. His vision was to reorganize state government to focus on the person, and to design our programs that help address their problems. When an individual or family suffers a setback, we must focus on their needs to get them back onto the River of Opportunity so that they can achieve their potential. Our goal is to move our focus to the root causes. We must also engage the community, since often times the best solutions are not generated by government, but rather by entities located in the community.

This is a paradigm shift. We must move from administering programs to serving people. And we must base our success on measurable outcomes that define success, such as employment training and retention, family permanency, and improved health: reductions in infant mortality, obesity, and chronic diseases.

The Merger: A Starting Point for Transformation



- Separately, the Departments managed hundreds of unique programs that customers interacted with in a multitude of ways
- Through the merger, we're looking at every program we offer to see how we can achieve more person-centric flexibility
- The combined MDHHS is charged with reforming how we interface with our customers through technology and making the service delivery system more focused on the customer's needs

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Governor Snyder operationalized this by consolidating the former Departments of Community Health and Human Services into the Michigan Department of Health and Human Services. The department's annual budget is \$25.1 Billion and employs 14,000 people, with employees in every county of the state. Close to 13,000 employees work in local offices or in our psychiatric hospitals, providing frontline services to our most vulnerable citizens.

The purpose of the consolidation is to transform our health and human services program to better assist people to lead healthier and more productive lives. Our vision is to develop and encourage measurable health, safety and self-sufficiency outcomes that reduce and prevent risks, promote equity, foster healthy habits, and transform the health and human services system to improve the lives of Michigan families. As self-sufficiency takes hold, we will be able to better address the issue of generational poverty, with the goal that children will learn to be successful.

The consolidation is built on the concept that increased collaboration will lead to better outcomes for children and families. I'd like to highlight two programs that demonstrate this and recognize former Michigan Department of Human Services Director Maura Corrigan for her leadership. The first is Pathways to Potential. We pulled caseworkers out of their offices and placed them in schools so they could help identify and address the needs of students and families and help them in a more comprehensive way. We know that children cannot be successful if they are not going to school, and Pathways decreased the truancy rate, on average by 33%.

The second is our work with Employer Resource Networks (ERN'S). These groups of small to mid-sized employers, often in a similar business sector and region, work together on areas such as employee retention and training. They address issues associated with worker absenteeism including transportation obstacles and coordination of child care. The cost to firms of worker absenteeism and worker turnover is high. These ERNs are funded generally by employers, coordinate employer, human services, and stakeholders to assist workers as quickly as possible in resolving issues by having a presence in the workplace.

Contributing employers have realized a 175% return on investment with their contribution dollars through increased worker retention and increased worker productivity. The employees benefit with increased employment, earnings, and stability.

The creation of the Michigan Department of Health and Human Services established a collaborative model for over 300 programs from each of the former departments, most significantly:

- Childrens Services
 - ✓ Foster Care and Adoption
 - ✓ Juvenile Justice
- Physical Health Services including Medicaid
- Behavioral Health and Substance Use Services
- Public Health
- Aging and Adult Services
 - ✓ Home and Community Based Services
 - ✓ Adult Protective Services
 - ✓ Meals on Wheels
- Food Assistance Program (SNAP)
- Family Independence Program (TANF)
- Employment Support
- Rehabilitation Services
- State Emergency Relief

MDHHS Federally Funded Programs

FEDERAL DEPARTMENT	AGENCIES/OFFICES
Health & Human Services (Includes: CMS, CDC, SAMSHA, ACF, SSA, HRSA)	150
U.S. Department of Agriculture	14
Housing and Urban Development	13
Department of Justice	10
Department of Education	18
Department of Labor	1
Department of the Interior	1
Department of Homeland Security	1
Environmental Protection Agency	3
Administration for Families and Children	1
Corporation for National & Community Service	3

Like other states, many of these programs are funded in their entirety or in part by our federal partners. The department receives funding from 223 distinct federal sources, most significantly from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, and the U.S. Housing and Urban Development. This leads to huge complexity and significant program overlap. Often the requirements of each of these programs hinders success on multiple fronts. Policy differences can lead to significant inconsistencies between programs. Information technology systems present similar challenges with complex and competing requirements. The difference in processes can cause confusion and frustration. Navigating these multiple federal programs, each with their distinct set of rules, definitions, and eligibility requirements is difficult for state agencies, caseworkers, and most importantly, the individuals who are seeking services. It also hinders our ability to create a common set of information on individuals and families that could help assess need and ensure program integrity through data analytics. Most importantly, it hinders the family's ability to be successful.

INTEGRATED SERVICE DELIVERY

Services are fragmented for people in need. The River of Opportunity **transforms** service delivery.

Solution

- Convert Caseworkers to Success Coaches
- Modernize IT systems

Outcomes

- Increase number of people meeting success plan objectives
- Increased employment due to coordination of work training



The department is moving forward on an integrated services delivery model. Parceling people into programs with multiple caseworkers confuses our clients and inhibits our ability to move them towards self-sufficiency.

We are implementing our new model in areas of greatest impact in terms of population served. Not surprisingly, and not unique to Michigan we have siloed our programs based upon the federal statutes and fund sources that define them.

Integrated Services Delivery: Where We're Starting

First Areas for Integration (Largest Customer Populations Served)

- Food Assistance Program (SNAP)
- Family Independence Program (TANF)
- Medicaid/MI Child (Medicaid/CHIP)
- Healthy Michigan Plan (Medicaid Expansion)
- State Emergency Relief (Energy, Heat, Utilities, Home Repair, Home Ownership, Relocation, Burial)
- Child Development and Care
- Women, Infants and Children (WIC)

Coming Soon Internally (High Priority Supports)

- Supports for the Aging Population Supports for the Developmentally Disabled Population
- Behavioral Health and Substance Use Programs
- Employment Support Programs

With an integrated services delivery model, a success coach can help navigate clients to their goals. Our vision is an integrated service delivery model where individuals can establish their own goals for success, led by caseworkers serving as success coaches to assess family needs, assist clients in accomplishing their goals through progressive checkpoints, and provide ongoing support to help a family achieve self-sufficiency. Success coaches will have access to client information, and meaningful social work will be enabled through the implementation of caseworker relief, universal caseload management, tiered call centers, and integrated systems with a common portal. Our goal of coordinated access will drive our policy and waiver requests to the federal government for improving services.

New Customer Flow: Integrated Service Delivery



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Process orientation leads to prescriptive and conflicted/competing rules. To address this we are asking our federal agency partners to consider flexibility that helps us meet our goals of improving client outcomes, specifically addressing the need to allocate funding tied not to process but outcomes. Incentivizing positive outcomes by allocating funds in such a way to permit front loading of services and encourage reinvestment when outcomes are achieved.

We have discussed the Governor's vision of the River of Opportunity and our intent to operationalize it through integrated services delivery with several federal agencies and they have been quite supportive of Michigan's approach to transforming our health and human services and have worked with us to identify rules or regulations as potential barriers. It is possible that we could seek support for legislative changes to help reduce the fragmentation of programs, so that we can truly achieve the benefits of an integrated system.

PREVENTIVE SERVICES

Current Model- Focus Reactive

- Services focus on treatment AFTER families are in crisis.
- Focus on reactive intervention is more costly and less effective than prevention.



Foster care home



Improved Model – River of Opportunity

- Focus on Prevention & Early Detection
- Evidence Based Program
- Payment Model Based on Successful Performance



Much of our service delivery system is focused on programs that are reactive. Most often, these services are provided only after a significant disruption in lives has occurred and an individual or family is in crisis. We are focusing our efforts on evidence based programs that are preventive in nature and focus on early interventions that work.

Preventive Services can be valuable in reducing the incidence of chronic disease, behavioral health crises, and placement of children in foster care or adoption. In each of these settings reactive care or interventions are more costly and less effective than prevention.

For example, a family who is identified as “at risk” for abuse and neglect may be eligible for mentoring or training. A community driven program that focuses on parental resilience may give the parents the tools necessary to cope with stressful situations and make the right parental decisions. If that training did not occur, and a parent abused or neglected a child, a costly set of interventions is initiated to ensure that the child is in a safe and secure environment. This involves Children’s Protective Services staff, case investigators, behavioral health providers, judges, and potentially law enforcement. The child might be placed in foster care and could eventually be adopted. By preventing abuse or neglect, we have stopped a traumatic situation for the parents and, most importantly, for the child. While ensuring the safety and security of the child is our utmost responsibility, as a result there is the potential cost savings to the system by preventing the incident in the first place. And while the return on investment is important, these services are valuable in a more significant way.

Our goal is to build a system that is inherently preventive in nature. This includes examining payment models that incentivize success rather than reimburse for services provided. As we develop the metrics for success, we hope to work with our federal partners to ensure that they also see the value in investing a greater share of available resources to preventive interventions.

In order to measure our success, we are working to develop indicators that provide insight into when and how to provide interventions. Many of these are based on the concept of the social determinants of health. We have had discussions with other states that are also exploring implementing these types of metrics.

It is time for us to work in a coordinated manner to place people over programs and incentivize successful outcomes by addressing root causes rather than symptoms. This will require programmatic flexibility from the Federal Government. To achieve our goal of helping our citizens reach their full potential, we need your help in ensuring program efficiencies through support of tiered call centers, integrated service delivery, and real caseworker relief that permits our caseworkers to do what they do best: helping people. We look forward to partnering with you in our shared objective of serving our citizens effectively with compassion and fiscal integrity.

Thank you for this opportunity to share with your our transformative activities. We are all very enthusiastic and optimistic about what we will be able to accomplish with your help for the citizens of Michigan.