

**The Nonprofit Capitol Exchange  
January 22, 2010  
Guest Speaker: Commissioner Brenda Harvey**

**Notes from the Session**

The notes that follow are paraphrased from the fairly quickly moving dialog.

Tom Davis, CEO Skills, Inc. & MANP board president, opened the morning with brief comments. He thanked Preti Flaherty for co-hosting the session with the Maine Association of Nonprofits and welcomed the Commissioner. Mr. Davis then noted that all of us in the room have a common goal and that is to make communities in Maine stronger. He then introduced Charles Dingman, Partner with Preti Flaherty.

Mr. Dingman praised Commissioner Harvey noting that she has always been committed to Maine's residents meeting their fullest potential and with these terrible financial constraints, she has shown that her intelligence is only matched by her compassion.

Commissioner Harvey began her remarks by noting that we are at a point in time when we all must work together to assure that Maine's most vulnerable receive the care they need. She went on to say that her entire tenure as Commissioner of the Department of Health and Human Services has been about paring back the system and at this point, we need to be sure the most vulnerable are cared for. She made the following observations:

- DHHS funding is a reflection of the poor economy
- Maine is a poor, rural state and our costs for care per person are outliers among other states
- Our population is changing. It has the highest elder population, and the most disabled, making more people eligible for services than ever, while our budget is shrinking.
- Among our biggest challenges are long wait lists for some services.
- In some service areas, some individuals get a lot of services, while others may get none. We need to re-assess how people access services, and be sure that those truly needing core services get them.
- Last year 120,000 more individuals were served with 300 fewer state DHHS employees.
- The DHHS budget is over \$3 billion, but only about 1/3 of it is general fund (state) money – most is federally matched. Thus, when we are forced to look for cuts, we have far fewer state dollars to cut than most people understand. Additionally, when we cut \$1 of state funds we often also lose about \$3 in federal match.
- The state portion of the DHHS budget has been declining for years (see Commissioner's slides). DHHS is using less Maine taxpayer dollars to serve more people.

Commissioner Harvey spoke about the merger of the Department of Human Services (DHS) and the Department of Behavioral & Developmental Services (BDS). She was highly skeptical that it would work and was very concerned about the merger. She worked in BDS at the time. However, over time, she has come to appreciate the wisdom of the merger in that efficiencies have been found and systems have been better integrated and coordinated to improve services to Maine citizens. She then made these comments about cost drivers:

- The myth of generations of welfare recipients in families is just not true. The length of time people stay on public assistance is very short (an average of less than 2 years) and “families on welfare for generations” is an exception not the rule. Temporary Assistance for Needy Families (TANF) is not a large cost driver.
- Maine has been committed to giving more low-income people access to health care. This is a good thing resulting in Maine having lower numbers of uninsured than other states. It also brings federal dollars into the state by way of federal match of state general funds, and the full brunt of the expense of providing insurance is not born by Maine taxpayers.
- Federal stimulus money (ARRA) is coming into Maine reducing the size of the proposed budget cuts (see the Commissioner's slides). Commissioner Harvey is very concerned about what is going to happen when the stimulus money goes away because she sees that happening long before the economy turns around.
- Residential/Housing services (PNMIs) are a big cost driver and the Commissioner wondered out loud whether or not the state should be in the business of housing so many individuals. (Clarification: PNMIs are designed to house people with special needs, and should only be used for people with “medically necessary” services – the standard required by the federal government for use of federal funds. We may not be able to afford to use DHHS funds for other housing for individuals not needing treatment services.)

At this point, the Commissioner spoke about a potential philosophy shift. Perhaps the state needs to only focus on core services and families and communities need to start providing more of the care to vulnerable residents. She held up the Educare project in Waterville as an example of a great public/private partnership that provides excellent early childhood services in a way that brings more creative resources to the table. With the shrinking tax base and the unwillingness of the people to support a rich array of services, we must use our limited funds to pay for direct services and less for administration. Maybe this will mean fewer nonprofits, fewer CEOs.

The Commissioner then turned her attention to the department, noting that there are pockets of service areas within DHHS where we do measure quality well and places that we don't. We need to continue to institutionalize quality and outcome-based contracts and begin to eliminate contracts with poor performing providers.

In closing the Commissioner offered that we must recognize that we have to cut costs, as we do not have sufficient resources to sustain the present system. While the legislature understands the concept of investing now, will save more later, it does not help them balance the budget immediately. In the past people didn't assume that the government was the solution to all their problems. Perhaps we need to go back to the days when we tried to take care of each other in our communities. We have to keep our eyes open for those who may fall through the cracks. We must actively work to sustain and enrich the partnership between ‘the state’ and the not-for-profit community.

We then moved to the Question & Answer Session.

#### **Question & Answer Session:**

**Q1** - What vehicles exist so that the provider community, stakeholders, and the department can have productive conversations about creating a better future?

**A1** - There are pockets all over the state where these conversations are happening. These conversations can start with community leaders coming together and inviting DHHS to the table. It is critical that

communities decide what they need and want, but the state will have to set the standards for whatever services are purchased with state funds.

**Q2** - Did you say that there need to be fewer nonprofits? It seems like this comment flies in the face of the ongoing decentralizing movement.

**A2** - There are efficiencies to be found, both in the nonprofit community and in state contracting. There are opportunities for providers to share back office functions for example. Also we may actually be paying two agencies to provide the same service to the same people. There are many agencies within our department that have done the work necessary to ensure efficient contracting, but there are others that still need to do that work.

**Q3** - You said that despite all the past budget cuts, the world has not come crashing down. What happens on June 30th when a whole class of autistic kids graduate? How are we going to support all these families?

**A3** - Are we going to have to have victims because of this budget in order for the public to support our social services? No one wants this to be the case. We need to look at our philosophy of how we provide services to families. We currently care for folks in the most home like environment. Can we keep doing this?

It is sad that those autistic graduates will lose many of the gains that being in school has provided, if there are no services for them. The conversation we need to have is, within existing resources, how do we minimize the impact on them, but creatively.

**Q4** - Do you think this budget will result in litigation?

**A4** - We have been told that the 10% across the board cuts are being looked at by some community providers as a possible cause for litigation.

**Q5** - Would the department host a future's planning meeting with the provider community to help plan for change over the next 6 months, next 12 months, etc. rather than feeling like we have to change quickly on our own.

**A5** - Elder services is doing a good job at long-term planning, but how do we get legislators, given term limits and the perpetual election season, to buy into long-term strategies? When long-term plan goes before the legislature, the Commissioner hopes that the provider community will show up to support the plan. Unfortunately, there is no bridge between now and whatever the future brings. We are very open to working with service areas on planning based on our financial realities, and the long term care model could be applied to other areas.

**Q6** - How can people plug in on the short term to help prepare for the impact of this budget?

**A6** - Please read the information that the department is reporting to the legislature and study it. DHHS would welcome your input on the information. It won't be helpful if the feedback is just that our information is wrong. Please point out what is wrong about it and why. The budget debate as it relates to DHHS will probably last through the months of February and March. It is also not helpful to continue to give reasons to not cut one area, and look someplace else. Even legislators are asking people to name the "other" areas, or sources of revenue, if you believe there are some.

**Q7** - There is considerable pressure on MaineCare enrollment and the federal government is providing some relief. Do you see a crash ahead?

**A7** - Yes. If the government supports the enhanced FMAP (increased match due to ARRA) for the next 6 months, that will help. We need to ask our US congressional delegation to support the extension of these funds. In FY 2012 & 2013 will the economy have recovered enough to support the system? The Commissioner does not think so.

The Commissioner closed her remarks by commenting that in her role with DHHS, it has been her desire to leave the place better than she found it. In this climate, it has been a challenge, but she very much believes the department is better managed, has more financial transparency, and systems in place to assist the next Administration with the difficult tasks they will face.

Board President, Tom Davis, thanked everyone for coming and for the good discussion.