

Department of Health and Social Services

Office of the Secretary



**Josette Manning, Esq.
Cabinet Secretary**

**Joint Finance Committee Hearing
Fiscal Year 2026 Budget**

February 25, 2025

Good morning, Representative Williams, Senator Paradee, members of the Joint Finance Committee, and members of the public.

I am Josette Manning, Cabinet Secretary for the Department of Health and Social Services (DHSS). With me today are Deputy Secretaries Dava Newnam and Lisa Schieffert, Director of Health Care Reform Steven Costantino, and other members of our leadership team.

Thank you for the opportunity to speak with you today and present our accomplishments and Fiscal Year (FY) 2026 Governor's Recommended Budget (GRB).

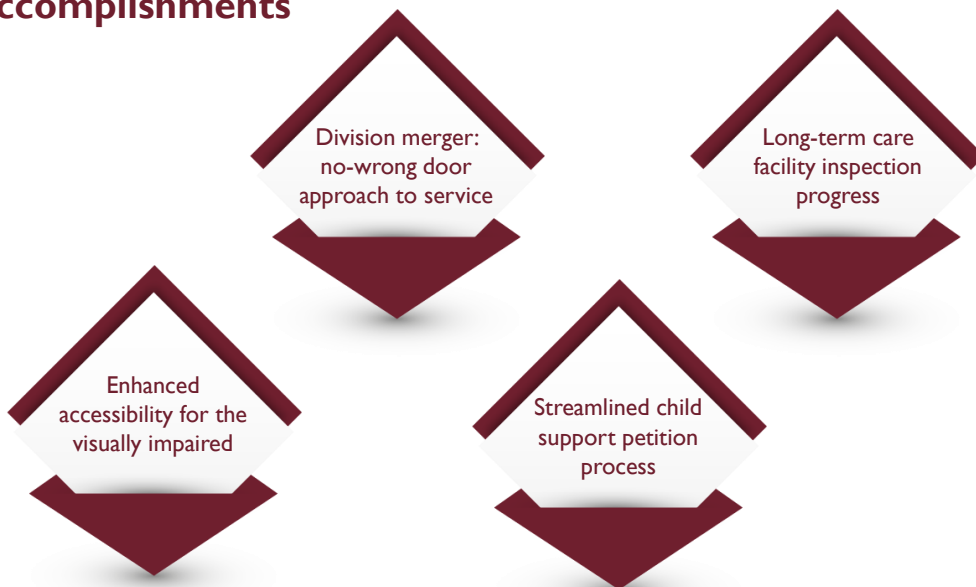
Department Overview



The mission of the Department of Health & Social Services (DHSS) is to improve the quality of life for Delaware's citizens by promoting health and well-being, fostering self-sufficiency, and protecting vulnerable populations. Each of the 10 divisions within DHSS provides essential services to meet our mission. The Department has more than 4,000 full-time employees, and a total budget of more than \$5 billion dollars.

Today, I will provide you with a brief overview of the Department's GRB and some performance highlights. Over the next two days, you will hear directly from our division leaders about their specific accomplishments and plans for the future.

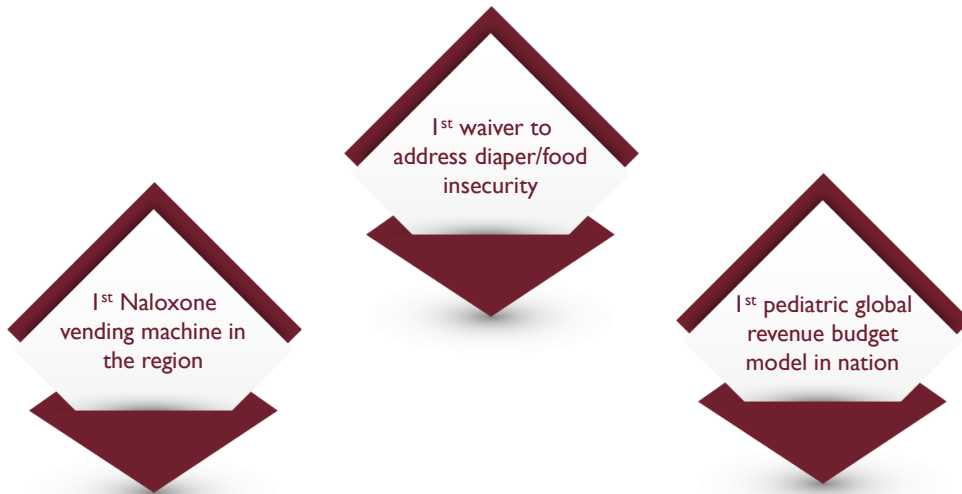
Accomplishments



Over the past year, DHSS has seen many successes, and I'd like to highlight a few for you today.

- In July, we merged the Division of State Service Centers within the Division of Social Services -- a pivotal step in streamlining service delivery. By consolidating resources, improving customer service and productivity, reducing wait times, and providing more staff support at our State Service Centers, the new Division of Social Services will enhance efficiency and improve service delivery to Delaware residents.
- Next, I'm pleased to report the progress we have made on inspections of our State's long-term care facilities. The Department must conduct an inspection of each long-term care facility not later than 15 months after the last day of the previous inspection. Last year at this time, we had 21 facilities that had not had a survey in a year. Currently, there is no backlog for surveys. The number of open complaints in nursing homes has decreased by 45% from this time last year, from 803 to 445. Open complaints in assisted living facilities have decreased by 77%, from 812 to 184.
- The Division for the Visually Impaired has completed training for public and private partners, such as the Department of Transportation, senior centers, rehabilitation providers, and police cadets, on ways to foster accessibility and inclusivity for the visually impaired community.
- And our Division of Child Support Services concluded a successful pilot program this past year of a three-step process to streamline new child support petitions statewide.

Accomplishments – DHSS Firsts



Among our accomplishments this year are some significant “firsts” that I am pleased to spotlight:

- Delaware earned extensive national media coverage last year for being among the first in the nation to focus on a healthier start for new moms. An 1115 Waiver approval from the Centers for Medicare & Medicaid Services (CMS) extends a State Medicaid pilot program offering 12 weeks of free diapers and wipes, as well as home-delivered meals during the critical postpartum period. It also allows the State to support participation in evidence-based outpatient treatment programs for pregnant or postpartum mothers diagnosed with stimulant or opioid use disorders.
- Another first, in November, we cut the ribbon on five vending machines strategically located throughout the state to provide free, confidential, 24-hour access to Naloxone and Xylazine test strips through a partnership with Brandywine Counseling. These machines - the first in our region - also carry wound and personal care products, as well as at-home tests for pregnancy, HIV, and Hepatitis C and B.
- And finally, we entered into an agreement with Nemours Children’s Health to create the first pediatric global budget model in the United States. This sustainable payment model incentivizes providers to improve quality and operate more efficiently, achieving better health outcomes while simultaneously bending the cost curve in pediatric health care for our state.

Vacancies

As of 1/23/2025	Total FTEs		Percentage
	Authorized	Vacant	
OSEC	591.1	98	16.57%
DCSS	183	14	7.65%
DHCQ	70	10	14.28%
DDDS	409.2	107	26.14%
DMMA	200.5	26	12.96%
DPH	812.8	129*	15.87%
DSS	502.7	49	9.75%
DSAMH	575.1	149	25.90%
DSAAPD	608.7	185	30.40%
DVI	65	11	16.92%
Totals	4,018.1	778	19.36%

*45 of DPH BPs will be deactivated by end of February

- DHSS has 778 vacancies for a vacancy rate of 19%. The highest rates are in the divisions that operate our residential facilities. The ability to adequately staff our facilities and increase staffing levels when necessary is essential to maintaining flexibility to meet the growing need for residential services. As our population continues to grow, particularly our aging population, we can expect the censuses in our facilities to also increase.
- The work that we have done and continue to do to address vacancies is working. Reclassifying positions to meet the actual current needs of DHSS improves our capacity to serve today's constituents. During my time as Cabinet Secretary, we have submitted approximately 170 reclassifications, and are currently working on another 34. This was critically necessary because while our work has changed significantly over the years, our positions were stagnant and therefore ill-fitted to meet our needs, resulting in significant vacancies and more work being spread among fewer staff.
- While we are making progress, it is important to note that today DHSS has 829 fewer Full-Time-Equivalent authorized positions than we did in 2005. Even if fully staffed, we would have a 17.5% smaller workforce than we did 20 years ago, despite thousands more Delawareans with increasingly complex needs relying on DHSS for life-impacting services. It is extremely important that we have the right positions to accomplish the work efficiently and effectively, which is why we are engaged in the reclassification process. In addition to our reclasses, we were able to decommission over 100 COVID positions over the last year.
- For our hard-to-fill positions, we have improved retention and recruitment through Nursing licensure slotting and negotiated increases; and increased our filled rates through Fiscal and Social Worker maintenance reviews.
- Thank you to the Office of Management and Budget and Department of Human Resources

for their support and commitment to right-sizing our workforce.

Performance Measures

Performance Measure Name	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Governor's Recommended
% of Managed Care Organization (MCO) spending in value-based purchasing arrangement	60	70	70
# of annual all drug overdose deaths	527	501	476
% of tobacco use by Delawareans 18 years and older	20.9	18	17.5
Number of clients served by DSAMH contracted addiction treatment providers	22,658	24,924	27,416
% of Temporary Assistance for Needy Families (TANF) participation rate in work training programs	16.3	17	20



I'll now highlight a number of Performance Measures for you today which note our projected improvement based on our submissions to the FY 2026 Governor's Recommended Budget. Each of these metrics is a comparison to actual performance in FY 2024.

- First, a 17% improvement in Managed Care Organization (MCO) spending in value-based purchasing agreements. This rewards the value of care to improve outcomes for patients. The new pediatric global budget agreement, which incentivizes improved population health management for children receiving care through Nemours, will help us achieve this metric.
- Next, a 10% decrease in annual all-drug overdose deaths. Prevention efforts include surveillance of non-fatal drug overdoses from emergency visit, emergency medical services, and law enforcement data, as well as naloxone distribution, academic detailing, and the use of post-overdose response teams, peer navigators, and industry-specific employee education programs.
- We project a 16% decrease in tobacco use by Delawareans 18 years of age and older. Tobacco prevention outcome for the upcoming Fiscal Year includes increased awareness and enrollment in Delaware Quitline services, and increased participation in community mini-grant programs.
- We also expect to achieve a 21% increase in the number of clients served by DSAMH-contracted addiction treatment providers. This measure is expected to help DSAMH ensure we are contracting with enough providers to meet the needs of Delawareans for the client's access to care.
- And finally, on this slide, we project a 23% increase in the Temporary Assistance for Needy Families (TANF) participation rate in work training programs, which is the main performance measure for TANF. We are currently working with the Department of Labor to Request for Proposal (RFP) the employment and training contracts.

The list continues on the next slide, please...

Performance Measures Continued

Performance Measure Name	Fiscal Year 2024 Actual	Fiscal Year 2025 Budget	Fiscal Year 2026 Governor's Recommended
# of state service center client visits	615,162	676,678	744,345
# of customers served by vocational rehabilitation	224	228	233
# of customers served by independent living and older blind programs	373	384	396
% of paternity establishment	87.4	90	90
Healthy Aging program participation	1,350	2,025	3,038



The Governor's Recommended Budget allows us to project:

- A 21% increase in the number of State Service Center client visits. In the coming year, the Division of Social Services will explore extended hours at select service centers in each county to accommodate more working Delawareans.
- A 4% increase in the number of customers served by Vocational Rehabilitation. DVI Vocational Rehabilitation is prepared to provide services such as career exploration, college preparation and tuition, skills training, benefits counseling, job placement, on-the-job support, assistive technology, and employer coordination/training to help with understanding how to support employees who are blind.
- A 6% increase in the number of customers served by independent living and older blind programs. DVI intends to identify new referrals by expanded outreach and community engagement efforts. Additionally, DVI is analyzing budgetary needs to sustain the Independent Living program and ensure seniors with visual impairments are afforded the services needed to maintain independence and age in place.
- A 3% increase in paternity establishment in the State's child support caseload, taking us to 90%. The Division of Child Support Services plans to excel in this metric by promoting the benefits of establishing paternity, working with parents, and ensuring accurate data entry and collection efforts.
- And, finally, a notable 125% increase in the number of participants in the Healthy Aging Program. DSAAPD will partner with state agencies and community organizations, while leveraging current partnerships, to expand access to healthy aging programs throughout the state.

FY 2026 Governor's Recommended Budget

(\$ in Thousands)

	GF	ASF	NSF	Total
FTEs	2,919.2	82.1	955.8	3,957.1
Dollars (\$)	\$1,756,255.4	\$175,837.5	\$3,332,945.9	\$5,265,038.8

An increase of 3.0%



Budget Definitions:

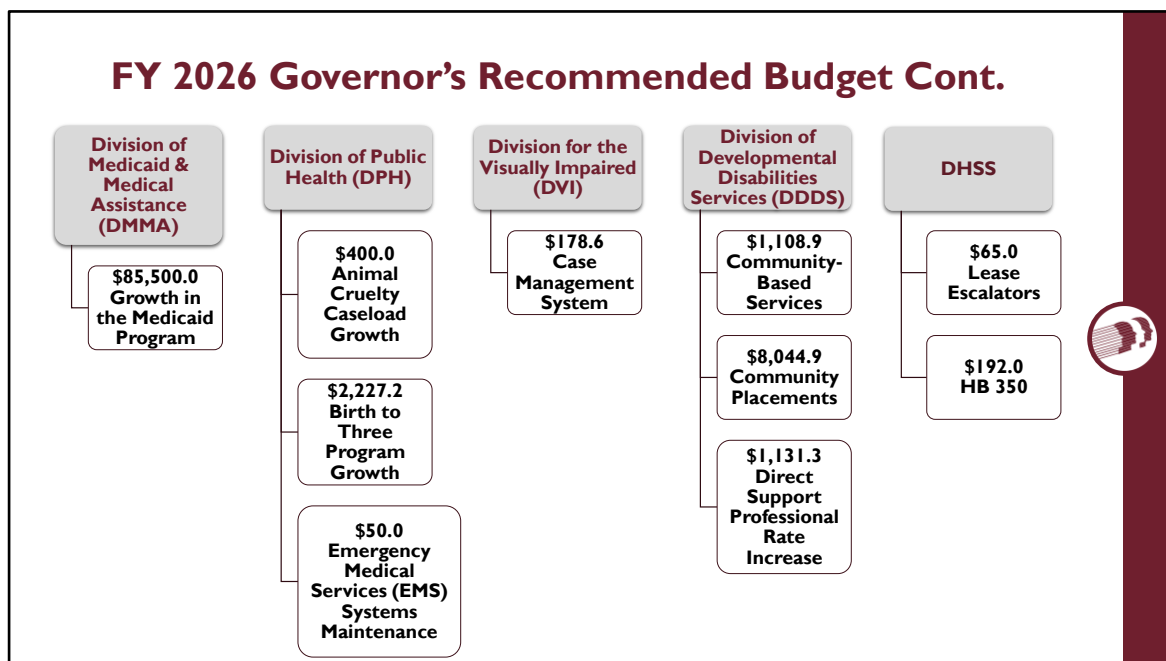
- GF – General Funds
- ASF – Appropriated Special Funds
- NSF – Non-Appropriated Special Funds
- FTEs – Full Time Equivalent Positions

This slide shows the budget included in the FY 2026 Governor's Recommended Budget (GRB).

Our Department's FY 2026 GRB is:

- \$1,756,255.4 [One Billion, Seven Hundred Fifty-Six Million, Two Hundred Fifty-Five Thousand, Four Hundred dollars] in General Funds (GF)
- \$175, 837.5 [One Hundred Seventy-Five Million, Eight Hundred Thirty-Seven Thousand, Five Hundred dollars] in Appropriated Special Funds (ASF)
- \$3,332,945.9 [Three Billion, Three Hundred Thirty-Two Million, Nine Hundred Forty-Five Thousand, Nine Hundred dollars] in Non-Appropriated Special Funds (NSF)
- For a total of \$5,265,038.8 [Five Billion, Two Hundred Sixty-Five Million, Thirty-Eight Thousand, Eight Hundred dollars].

FY 2026 Governor's Recommended Budget Cont.



The funding included in the FY 2026 GRB includes the following Door Openers:

The Division of Medicaid and Medical Assistance (DMMA)

- \$85,500.0 [Eighty-Five Million, Five Hundred Thousand dollars] to support growth in the Medicaid program.

The Division of Public Health (DPH)

- \$400.0 [Four Hundred Thousand dollars] for animal cruelty caseload growth.
- \$2,227.2 [Two Million, Two Hundred Twenty-Seven Thousand, Two Hundred dollars] for Birth to Three program growth.
- \$50.0 [Fifty Thousand dollars] for Emergency Medical Services (EMS) Systems Maintenance.

The Division for the Visually Impaired (DVI)

- \$178.6 [One Hundred Seventy-Eight Thousand, Six Hundred dollars] for the Case Management System.

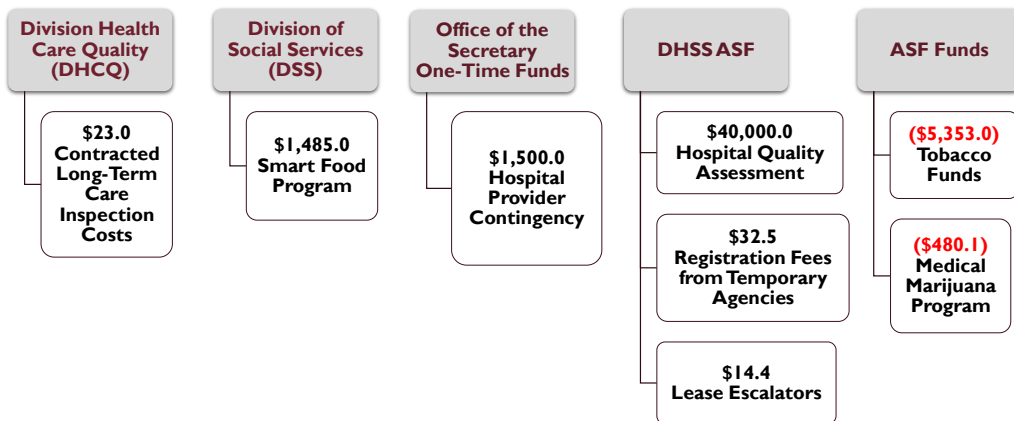
Division of Developmental Disabilities Services (DDDS)

- \$1,108.9 [One Million, One Hundred Eight Thousand, Nine Hundred dollars] to address the growth in students and graduates with Intellectual and Developmental Disabilities (IDD)/Developmental Disabilities (DD) in need of community-based services including Targeted Case Management.
- \$8,044.9 [Eight Million, Forty-Four Thousand, Nine Hundred dollars] for community placements.
- \$1,131.3 [One Million, One Hundred Thirty-One Thousand, Three Hundred dollars] for ongoing support of a Direct Support Professional rate increase in FY 2025.

DHSS

- \$65.0 [Sixty-Five Thousand dollars] for Department lease escalators.
- \$192.0 [One Hundred Ninety-Two Thousand dollars] for HB 350.

FY 2026 Governor's Recommended Budget Cont.



The funding included in the FY 2026 GRB also includes the following:

The Division of Health Care Quality (DHCQ)

- \$23.0 [Twenty-Three Thousand dollars] to support the increase in contracted long-term care inspection costs.

The Division of Social Services

- \$1,485.0 [One Million, Four Hundred Eighty-Five Thousand dollars] for the Smart Food Program.

One-Time Funds for Office of the Secretary

- \$1,500.0 [One Million, Five Hundred Thousand dollars] for Hospital Provider Contingency operational costs.

DHSS ASF Spending Authority

- \$40,000.0 [Forty Million] for the Hospital Quality Assessment
- \$32.5 [Thirty-two Thousand] for Registration Fees from Temporary Agencies
- \$14.4 [Fourteen Thousand, Four Hundred] for Department Lease Escalators.
- A decrease of (\$5,353.0) [Five Million, Three Hundred Fifty-Three Thousand] in Department Tobacco funds per the recommendations of the Health Fund Advisory Committee to be more in alignment with the purpose of the funds.

- A decrease of (\$480.1) [Four Hundred Eighty Thousand, One Hundred} for reallocation of the Medical Marijuana Program to the Department of Homeland Security.

Looking Ahead



- We continue to look for innovative ways to collaborate internally within our divisions, and to leverage partnerships with state agencies and community stakeholders to improve service delivery. We're working hard to streamline programs that help our constituents access critical services, such as those to address food insecurity, housing, behavioral health needs and the rising cost of utilities and child care. As I mentioned earlier, to increase access to services, we are extending hours of operation at select State Service Centers.
- To further increase access to services, including health care, we will use DPH and DSAMH mobile units to meet people where they are and expanding the services provided by those units.
- Recognizing the economic burden of the rising costs of health care on Delawareans, we are driving targeted initiatives to improve the quality of health care delivery. We look forward to working with the Diamond State Hospital Cost Review Board to create transparency around costs and spending and with Nemours on our global budget.
- I would be remiss to not acknowledge the uncertainty in the federal landscape. We are closely monitoring and preparing for potential changes and cuts that could significantly impact critical services for Delawareans ranging from Medicaid to vaccinations. DHSS stands ready to advocate at the federal level and to work with the Governor, the General

Assembly, sister agencies, and stakeholders on solutions to disruptions.

Meyer Administration Values

INTEGRITY

Actions speak louder than words - actions build trust. We will lead with transparency and accountability to ensure every decision serves the public good.

EFFICIENCY

Government should work smarter, not harder. We will eliminate waste, streamline services, and prioritize execution over excuses.

COLLABORATION

Lasting change requires teamwork. We will break down silos, build strong partnerships, and deliver solutions that work.

Before I conclude, I'd like to take this opportunity to acknowledge and express my appreciation for our Department's many valued community partners and providers for their continued support and collaboration throughout the year. And I especially wish to recognize and thank my colleagues at DHSS. Every day, these dedicated individuals who are the face and heart of DHSS show up to provide critical services to members of our community. They are the unsung heroes of state government, making the vital work of this Department possible. I cannot say enough about Team DHSS' commitment to serving our community and it is my privilege to serve with them.

Thank you for your time. I'm happy to answer any questions.