

# POLICY DEVELOPMENT

## Fiscal Year 2023 Final Budget

Secretary Rick Geisenberger, Department of Finance Cabinet Secretary  
and DHCC Commissioner



ChooseHealth  
DELAWARE



# Delaware Health Care Commission

## FY 2024 Budget Outlook

Rick Geisenberger, Secretary of Finance

September 1, 2022

# FY 2023 Budget Review – Health

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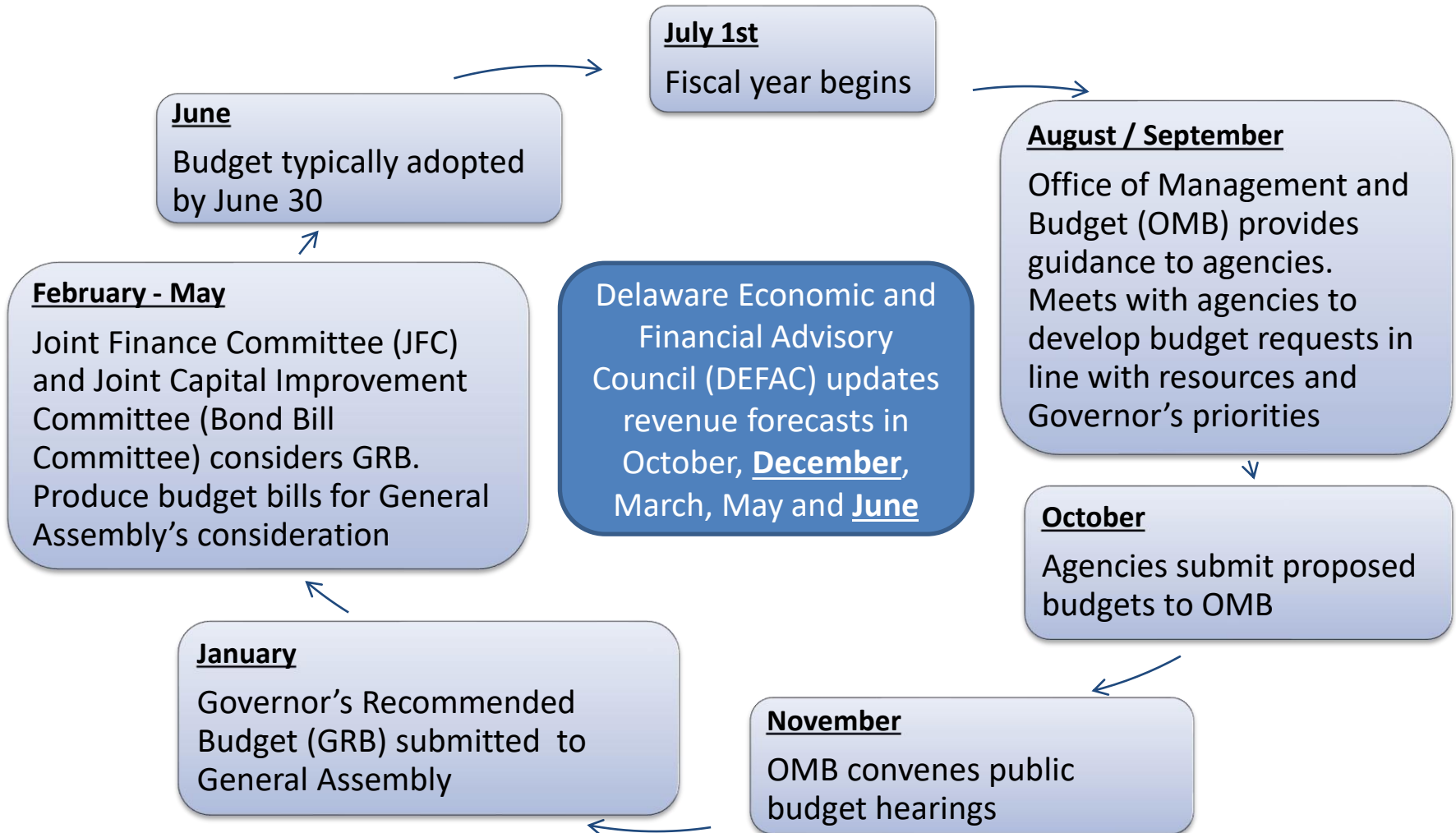
## DHSS General Fund Budget Growth (+5.6%)

- \$22M - Medicaid / Extended post-partum Coverage
- \$20M – Support for childcare providers
- \$20M – Community supports for those with disabilities
- \$1 M – Delaware Healthy Children Insurance Program (CHIP)
- \$1 M – Healthcare provider State Loan Repayment Program (SLRP)

## Other Appropriations

- \$48 M – Retiree Healthcare Trust Fund
- \$21 M – Paid Family Medical Leave implementation
- \$13 M – Student mental health services
- \$29 M – Health-related Capital and Technology Investments

# Delaware Annual Budget Cycle



# FY 2024 Financial Overview

## • General Fund Revenues Remain Structurally Volatile

- FY 17 + 1.7% / + \$68M *Weak corporate income and franchise tax*
- FY 18 + 9.5% / +\$380M *Strong economic growth/RTT & FT tax increases*
- FY 19 + 4.5% / +\$199M *Moderate economic growth & FT increase tail*
- FY 20 - 1.4% / - \$66M *COVID (Lottery/GRT/Excise taxes/Tax Date deferral)*
- FY 21 +19.1% / +\$865M *Tax deferral tail, big cap gains, IPO & realty sales*
- FY 22 +8.2% / +\$440M *13% Gross b4 rebate, Across the board extraordinary growth*
- FY 23 - 0.3% / - \$15M **Forecast** - CIT/RTT/Cap Gains return to earth & CFT flattens
- FY 24 - 0.4% / - \$25M **Forecast** - Corp. franchise drops/other sources stabilize

## • Typical Door Openers

- Medicaid
- Schools - Enrollment growth, special needs and opportunity funding
- Pension plan and debt service
- Required personnel costs (e.g., salary steps/collective bargaining agreements)

# FY 2024 Financial Overview (cont.)

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- Despite low to negative revenue growth, barring a major economic surprise, the State is well positioned to address regular budget demands:
  - Significant one-time spending in FY23 not mandatory in FY24
  - Strong reserves
  - Revenues may outperform due to extraordinary federal/state supports
    - ARPA, Inflation Reduction Act, Student Loan Forgiveness, Large Delaware “bond bills”
  - Revenues may underperform due to the same factors
    - Inflation, rising interest rates, weakened stock market, global instability and the ability of policy makers to engineer a soft landing
  - Advisory budget benchmark index may be higher than has been typical

# Benchmark Index Components

(calculated based on E.O. 21)

## December 2021

FY	Income Deflator	Population	Annual	
2022	1.7%	5.6%	0.6%	<b>4.0%</b>
2021	6.1%	2.6%	0.8%	<b>4.8%</b>
2020	4.1%	1.4%	1.0%	<b>3.2%</b>
<b>Benchmark Index: 4.0%</b>				

## May 2022

FY	Income Deflator	Population	Annual	
2022	3.2%	7.4%	0.6%	<b>5.6%</b>
2021	6.2%	2.6%	0.8%	<b>4.8%</b>
2020	3.8%	1.4%	1.0%	<b>3.1%</b>
<b>Benchmark Index: 4.5%</b>				

## August 2022

**(Will Change !)**

FY	Income Deflator	Population	Annual	
2023	5.0%	8.2%	0.5%	<b>6.9%</b>
2022	4.3%	8.0%	0.6%	<b>6.4%</b>
2021	6.1%	2.6%	0.8%	<b>4.8%</b>
<b>Benchmark Index: 6.0%</b>				

# ARPA Projects – Health

Mitigate COVID-19 spread, improve public health operations, or make transformative investments in health care delivery systems to improve outcomes in communities most impacted by COVID. Comply with ARPA regulations.

1) Maintain fiscal responsibility; 2) not expand the State’s operating budget; 3) ideally mitigate or reduce out-year costs; and 4) leverage local government / private matching sources and existing processes for community investment

- Hospital/Healthcare Facilities/FQHC Relief Funds \$56.0 m
- Covid-19 Testing \$51.6 m
- Hospital for Chronically Ill \$50.0 m
- DE Public Health and DNREC Labs \$42.3 m
- UD Lab at Former McKinly Site \$41.0 m
- Kids Dept. Diagnostic Behavioral Health Center \$16.0 m
- DTCC Allied Health Center of Excellence / CNA Training \$15.3 m
- DSU Center for Health Disparities’ Molecular Diagnostics Lab \$ 7.0 m
- Mental / Behavioral Grant Programs \$ 6.0 m
- DHSS Public Health Data Management System \$ 5.0 m
- Delaware HealthForce – Academy of Medicine \$ 5.0 m
- DHSS Vaccine Booster Call Center \$ 1.1 m



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Questions ?