

Quarterly Report on Status of Merger

(FY2016 Appropriation Bill - Public Act 84 of 2015)

December 31, 2015

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 of building occupancy charges.*
- (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.*



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Merger Status – Fiscal Year 2016 Quarterly Report #1

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

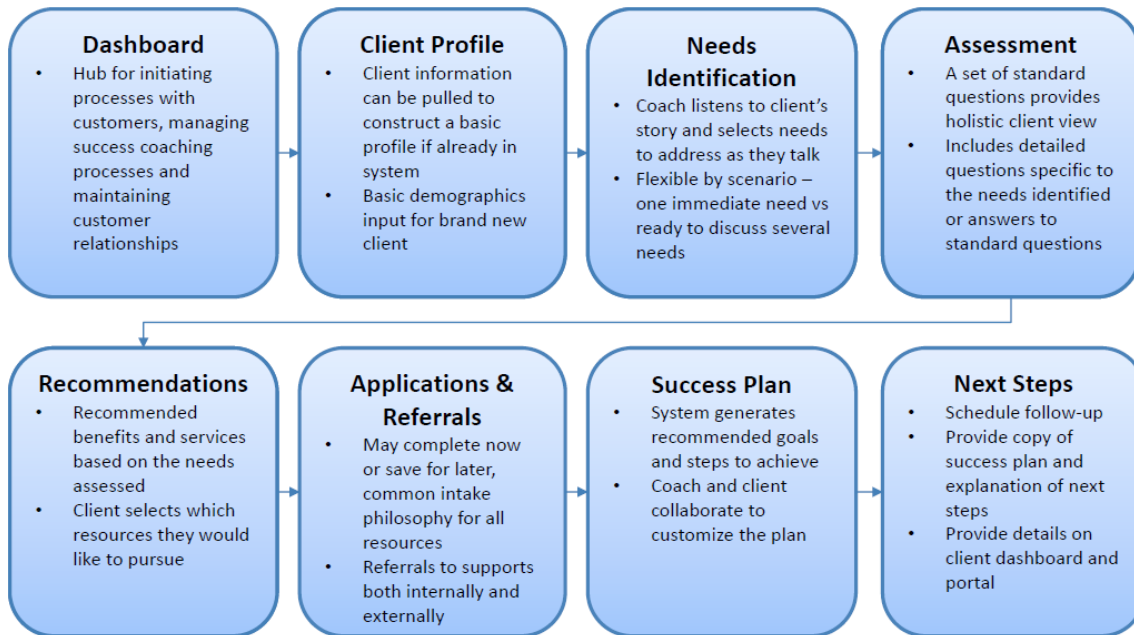
In the past, the Departments of Community Health and Human Services managed hundreds of unique programs that customers interacted with in a multitude of ways. Through the merger, every program is being examined to achieve more person-centric flexibility.

While it is too early to evaluate the impact on client service delivery and access, through Integrated Service Delivery (ISD), MDHHS will tangibly change the way services are delivered by focusing on serving people rather than administering programs. ISD will better deliver services through workforce innovation, modernization of technology systems, and stronger partnerships with communities. ISD successes will be defined by measurable health, safety, and self-sufficiency outcomes.

The key concepts of ISD are:

- **Outcome Orientation:** Assessing and orienting solutions toward root causes rather than symptoms through intentional business process and system design.
- **Customer Empowerment:** Leveraging technology to simplify processes and provide a platform for direct engagement.
- **Cohesive Connection:** Incorporating multiple programs in one virtual location with a consistent customer experience.
- **Improved Customer Experience:** Designing modern interfaces and functionality with a focus on customer preferences and behaviors and developing tools to successfully manage customer connections and deliver high quality service.
- **Analytical Insights:** Tailoring services and approach to ensure the right level of support for a customer's needs.
- **Single Point of Contact:** Using success coaching as the basis of customer interactions with a specific, reliable staff member or partner.
- **Collaboration:** Embracing partners and providers as collaborators in core service delivery.

New Customer Flow: Integrated Service Delivery



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



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As the department strives to create a positive client impact, MDHHS is prioritizing policy and process changes that promote integration among programs where there is high customer overlap. Our first focus of integration is on the largest customer populations served including:

- Food Assistance Program (SNAP)
- Family Independence Program (FIP)
- Medicaid/MiChild (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)

Other high priority supports to follow include:

- Behavioral Health and Substance Abuse Programs
- Employment Support Programs
- Supports for the Aging Population
- Supports for the Developmentally Disabled Population
- Community Partner Programs

In future quarterly reports, more detail will be provided about progress-to-date in continuing to plan for and implement the policy and process changes and transformations described above

Office Closures, Consolidations, or New Office Locations

Near the end of Fiscal Year 2015, MDHHS consolidated targeted local offices throughout the state to achieve required annual budget savings of \$2.4 million gross, \$1.0 million GF/GP (see following pages). The goal was to combine services with local community partners by either co-locating with these entities or locating in close proximity to the community partner(s).

All relocations and closures were completed by October 30, 2015. MDHHS continues to have a presence in every county in the state, but some offices were relocated to other locations within the county.

Local offices are excited about the opportunities that have presented themselves with the movement of their office to the new locations. At a couple of locations, customers have identified how convenient it has been for them to have “one stop shopping.”

Office moves in our central offices will occur later this fiscal year and it is anticipated that some savings in lease costs will be realized in fiscal year 2017.

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:	<u>10,874</u>
Combined Total:	14,010

MDHHS Post-Merger FTE Count (pay period ending December 5, 2015)

Department of Health and Human Services:	13,910
Difference:	-100

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 100 as of the payroll ending December 5, 2015. The net 100 FTE reduction occurred in Central Office (-5), Juvenile Justice Facilities (-57) due to the closure of Maxey, and local offices (-56), offset by an 18 FTE increase in state hospitals. 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.

Other Efficiencies, Costs, or Savings Associated with the Merger

New costs may include additional work from information technology (IT) contractors to implement the systems that support the integrated service delivery initiative. As previously mentioned, we do expect there to be some lease savings in the fiscal year 2017 budget once central office moves have taken

place. Other savings in the long run may also include reduced inpatient hospitalization stays and foster care days of care as the focus on prevention increases.

Overall it is too soon to report specific costs or savings associated with the merger. As mentioned above, all additional work is being accomplished with existing staff. Much of the move towards integrated service delivery is still in the planning stages. We expect more information to be available in future reports.

**MDHHS FY 2016 OFFICE PROJECT
Project Plan and Update
10-19-2015 Update**

Location	Facility City	Allocated Employees	Sq. Ft	Cancellation Clause	Lessor	Annual Savings	Possibilities for Customers to seek assistance	Status Update
COUNTY LOCATIONS								
Alger County	Munising	9	5,556	Executive Old - 60 Day	County of Alger	\$97,285	Community Action Center has been approached and willing to accommodate. Proposed rent will be reduced to \$6,000.00 per year.	10-19-15 - Staff moved to new location on 9/15/15. Close out and turn over of building to county was 9/30/15. New address is 413 Maple St., Munising, MI.
Dickinson County Eliminating 1 floor.	Iron Mountain	22	8,736	Standard - 90 Day	Cable Constructors Inc.	\$39,312	Current location has multiple leases for multiple floors. Customers would have the abilities to go to Community Partners, Public Schools, Local Hospitals, Community Health Locations that have been set up in the County.	10-19-15 - Staff moved to first floor location on 9/30/15. Close out and turn over of basement area to landlord is scheduled for 11/1/15.
Genesee McCree District - Cash Office	Flint	157	40,663	Legislative Restrictive 60 Day	County of Genesee	\$282,084	Customers would be redirected to Clio Road District Office and the State Office Building.	10-19-15 - Staff moved to new location on 9/11/15. Close out and turn over of building to county was 9/29/15. New location is the State Office Building, 125 E. Union St, Flint, Michigan.
Kent Co -Cascade Commons	Grand Rapids	132	34,514	Standard - 90 Day	Cascade Commons LLC	\$414,168	No customers are seen at this location.	10-19-15 - Staff had already relocated at this lease location, close out and turn over of building was 9/29/15.
Montmorency County	Atlanta	12	5,322	Standard - 90 Day	Gary & Pamela McMurphy	\$52,794	Satellite locations - Community Partners, Public Schools, Local Hospitals, Community Health Locations	10-19-15 - Staff moved to new location on 10/16/15. Close out and turn over of building is scheduled for 10/30/15. New location is 13210 M-33 North, Atlanta, Michigan.
Presque Isle County	Rogers City	11	5,003	Standard - 90 Day	John Vogelheim and Neil Vogelheim	\$69,058	Satellite locations - Community Partners, Public Schools, Local Hospitals, Community Health Locations	10-19-15 - Staff will move to new location on 10/23/15. Close out and turn over of building is scheduled for 10/30/15. New location is 164 N. Fourth Street, Rogers City, Michigan.
Wayne - Fort Wayne	Detroit	78	27,120	Standard - 90 Day	DSS #1	\$273,912	Costumers directed to the new building site. New building is due to new bridge being developed at the current location.	10-19-15 - Staff will move to new location on 11/09/15. Close out and turn over of building is scheduled for 11/30/15. New location is 2524 Clark St., Detroit MI. 48209.

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Wayne - Redford ILS	Redford	92	35,976	Executive Legislative 60 day	EJA Redford, LLC	\$271,643	Customers can be re-directed to 3 other district offices - Inkster, Taylor & Greydale. In addition to utilizing community partners - schools, etc.	10-19-15 - Staff vacated this location on 9/16/15. Close out and turn over of building was 9/29/15.
Wayne Glendale/Trumbull	Highland Park	69	27,128	Executive Legislative 60 day	City of Highland Park	\$378,436	Building has been closed for 11 months, customers have been redirected to other districts - Hamtramck & Conner.	10-19-15 - Staff have been relocated to other districts offices for over a year. Building has been cleaned out and turn over of building to City of Highland Park will be 11/30/15.
MRS LOCATIONS								
Genesee County MRS	Flint	12	10,135	Standard - 90 Day	Career Alliance, Inc.	\$111,485	Customers would be redirected to other community partners in Genesee and the State Office Building	10-19-15 - Staff is planning to move to new location on 12/1/15. Close out and turn over of building is scheduled for 12/15/15. New location is the State Office Building, 125 E. Union St, Flint, Michigan.
Isabella County MRS	Mt. Pleasant	3	4,608	Standard - 90 Day	Edward J. & Nancy J. DeGroat	\$65,185	Customer directed to community partners, Michigan Works and DHS office.	10-19-15 - Staff moved to Isabella County MDHHS Office on 8/25/15. Close out and turn over of building is was completed on 9/22/15.
Ottawa County MRS	Holland	8	4,297	Standard - 90 Day	The Huntington National Bank	\$37,455	Customer directed to community partners, Michigan Works and DHS office.	10-19-15 - Staff remain at their current MRS location. MDHHS is working with current landlord to secure space within current Ottawa County location.
Tuscola County MRS	Caro	2	1,200	Standard - 90 Day	Human Development Commission	\$5,700	Customer directed to community partners, Michigan Works and DHS office.	10-19-15 - Move completed. Able to negotiate the cost of the utilities in with the current rental cost.
Wayne County MRS	Detroit	18	6,842	Standard - 90 Day	333 L.P., L.L.C.	\$124,867	Costumers directed to the new building site. New building is due to new bridge being developed at the current location.	10-19-15 - Staff will move to new location on 11/09/15. Close out and turn over of building is scheduled for 11/30/15. New location is 2524 Clark St., Detroit MI. 48209
Wayne County MRS	Detroit	10	11,627	Standard - 90 Day	My Locker Properties, LLC	\$215,681	Costumers directed to the new building site. New building is due to new bridge being developed at the current location.	10-19-15 - Staff will move to new location on 11/09/15. Close out and turn over of building is scheduled for 11/30/15. New location is 2524 Clark St., Detroit MI. 48209
Projected Gross Savings						\$2,439,064		
Projected GF/GP Savings						\$999,692		