



Background Studies for MDH-Regulated Providers

Carol Backstrom | Assistant Commissioner for Health Systems

Senate Human Services Committee

February 19, 2024

What are Background Studies?

- Background studies safeguard children, vulnerable adults, and those who receive health care and human services throughout Minnesota
- Volunteers, employees, or caretakers who have direct contact or access to vulnerable adults and children in their role must have a Department of Human Services (DHS) background study that complies with state and federal requirements
- Background studies determine whether a person has committed an act that would disqualify them from being employed or providing services
- A background study is more than a check—it requires a thorough review of information from multiple sources and includes ongoing monitoring

MDH and Background Studies

- DHS conducts background studies for more than 65 provider types, including for more than 37,000 individuals
 - DHS conducts background studies on behalf of MDH, Department of Corrections, the MNDOT, MNsure, MDE, the Judicial Branch, the supreme Court, counties, and the tribes
- 11 MDH-licensed provider types have historically had background studies subsidized, including employees from nursing homes, assisted living facilities, home care, and hospitals
- For years, MDH had an interagency agreement (IAA) with DHS that covered costs of MDH-licensed providers (historically \$127,000/month)
 - MDH had been the only state agency that paid the background study fees for the providers it regulates
 - In 2022, DHS Background Studies received 507,512 applications for studies; 241,426 (48%) were for MDH-licensed provider types

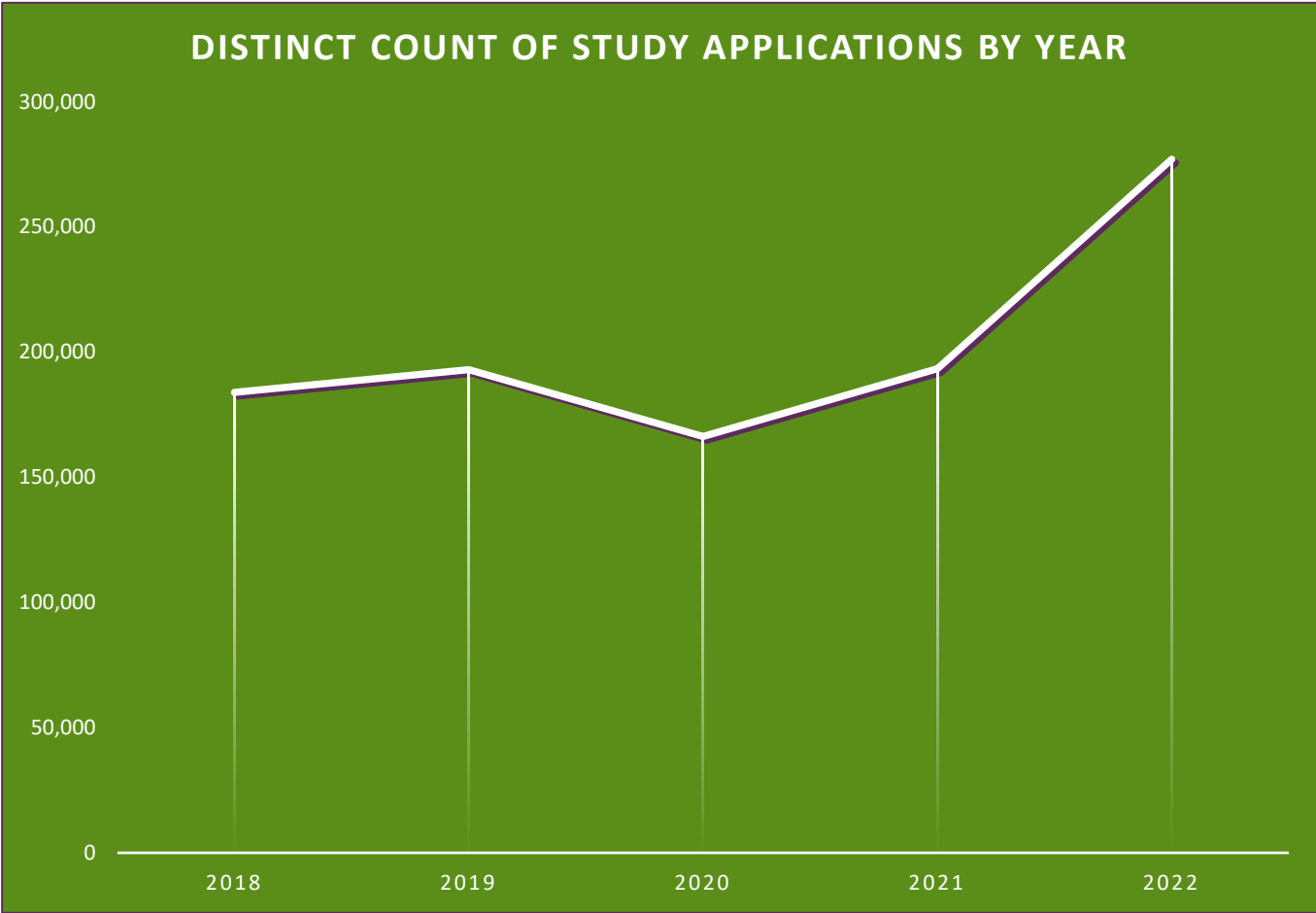
2021 Legislative Changes

- The 2005 legislatively-established fee of \$20 per study was not keeping up with actual costs
- In 2021, after extensive discussions with providers, the legislature increased the fee to \$42 per study, and by another two dollars to \$44 in 2023
 - DHS sought the legislative fee increase to pay for actual costs of operations and to ensure its compliance with state and federal requirements
 - The statutory changes in 2021 also created the obligation for providers, licensees, and other professions regulated by MDH to pay DHS directly for studies
- The statutory changes in 2021 also created the obligation for providers, licensees, and other professions regulated by MDH to pay DHS directly for studies
- Despite legislative language for direct payment, MDH continued to pay for background studies; no changes were made to the MDH IAA following the 2021 legislative changes

- **2021:** MDH still had a contract and adequate special revenue funding for background studies for MDH-regulated providers that ran through December 2022
- **2022:** At the end of 2022, MDH extended contract for one year in anticipation of transitioning BGS costs to providers; started planning with DHS a transition to providers paying DHS directly

Increase in Studies Since 2018

- Increased annual volume of studies submitted by all MDH providers (CY 2018-2022).
- Slight decrease in CY 2020 reflects the transition to emergency studies which began Apr. 6, 2020, in response to the COVID-19 pandemic.



- **2023:** MDH requested and received increased funding from the legislature as part of regular budget request to cover anticipated increased number and costs of BGS through FY2024
 - Over course of calendar year 2023, BGS costs increased to an average of \$575,000 per month
- MDH immediately identified that the requested funding was insufficient and requested additional GF funding at the end of the 2023 session to cover special revenue cost overruns from the general fund to cover special revenue fund cost overruns

- DHS prepared NETStudy 2.0 system to accept direct payment from MDH-licensed providers
- MDH sent a GovDelivery Advisory to its providers in October 2023 to announce the decision to transition providers to paying for background studies directly effective February 1, 2024
- A new, 5-year IAA took effect on February 1, 2024
- No money is exchanged in the new IAA

Thank You!