

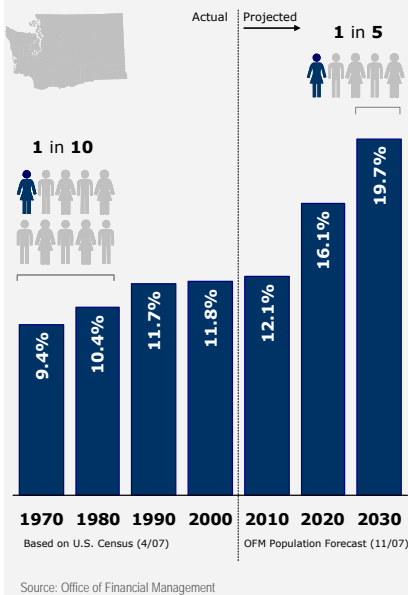
# Chapter 3 • Appraisal of External Environment

## Quick Facts

*Impacts of economic downturn on DSHS spending...*

- Although policy changes have a dominant affect on the **General Assistance caseload**, a higher unemployment rate seems to correlate with higher caseload growth rates over time.
- Eligibility for **long-term care services** is tied to Medicaid eligibility. The elderly make up the majority of the long-term care caseload. They are sensitive to changes in asset income, and the loss of a home might push them into Medicaid-funded long-term care.

The percentage of adults age 65 and over is expected to reach 1 in 5 by 2030



## POTENTIAL CHANGES IN ECONOMY THAT CAN AFFECT CLIENTS' NEEDS

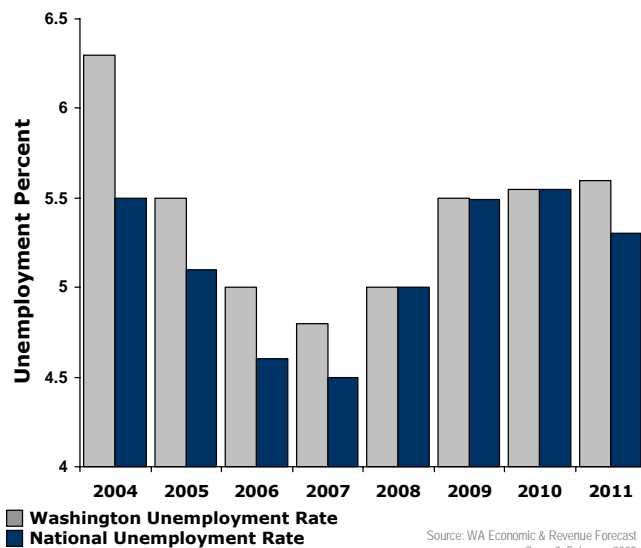
At the national level, recent economic news indicates an **economic slowdown** centered on the housing and financial markets and spreading to manufacturing, construction, and retail trade.

**Employment growth has slowed** since the summer of 2007, but there was still modest job growth in construction, manufacturing (driven by aerospace hiring), and retail trade.

It is possible that weakness in the national economy will cause significant future slowing in Washington's economy. In some sense, all state entitlement programs could see **higher caseloads and service use** because of a worsening economy.

Research at the national level suggests that a rise in the unemployment rate leads to a **rise in the uninsured**<sup>2</sup>. This rise in unemployment and the loss of jobs would expand the number of Washington residents eligible for Medicaid. Medicaid individuals are the low-income elderly, permanently disabled, children and families.

## State and National Unemployment Trend



<sup>2</sup> Kaiser Family Foundation, January 2002, "Rising Unemployment and the Uninsured." The analysis shows that every percentage point rise in the unemployment rate leads to an increase of about 1.2 million in the number of people uninsured.

## Appraisal of External Environment – Trends in Customer Characteristics

### TRENDS IN DEMOGRAPHICS AND CUSTOMER CHARACTERISTICS

The populations served by DSHS are growing and their needs are becoming more complex. Funding for government services may not keep up with demand.

**Seniors, adults and children with disabilities, chronic illness and functional disabilities** rely on long-term care and support services.

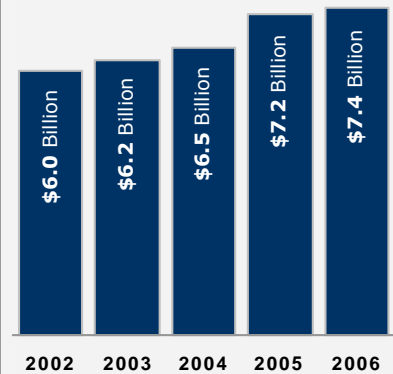
- ▲ Advances in medical technology result in **people with significant disabilities** living longer.
- ▲ The Office of Financial Management projects 32 percent growth in the **aging population** and 7.7 percent in the **developmentally disabled population** between 2008 and 2015.
- ▲ In three years, the first of 78 million baby boomers—people born between 1946 and 1964—will begin their retirement years. Kicking off a decades-long **expansion in the number of elderly people** living in America, this threatens to overwhelm the long-term care infrastructure and financing.

**Children and families** rely heavily on cash, food, medical, and other supports from DSHS.

- ▲ According to the US Census Bureau, in 2006, 13 percent of Washington families with children under the age of 18 had **incomes below the federal poverty level**. In single-parent families with a female head-of-household, the percentage rises to 33 percent and to 40 percent for single-parent families with children under five years old.
- ▲ **Homeless individuals** make up almost 24 percent of the General Assistance caseload, up from 15 percent since 2001.
- ▲ Increasing numbers of new **refugee and immigrant populations** are arriving from East Africa, Eastern Europe, and Russia. Many have low levels of education and limited English proficiency which present significant barriers to self-sufficiency.
- ▲ Social and economic factors such as an unstable economy, unemployment, and substance abuse contribute to **parental stressors** and may impact parents' ability to safely care for their children.

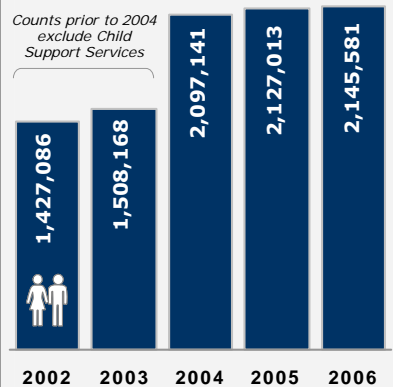
#### Expenditure Trend

Total direct client expenditures for social and health services



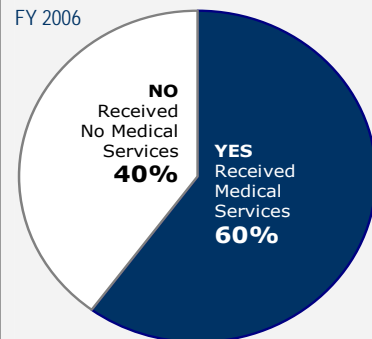
#### Social and Health Services Total Client Trend

Counts prior to 2004 exclude Child Support Services



#### Percent of DSHS Clients Who Received Medical Services with and without other services

FY 2006



Source: DSHS Client Services Database

## Appraisal of External Environment – Links to Major Partners

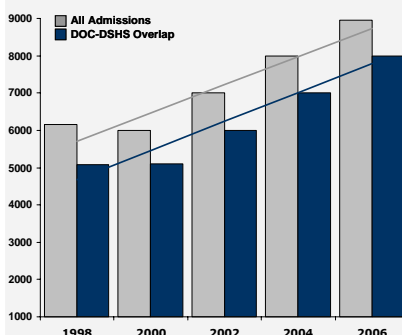
### Quick Facts

*A look at families who have an incarcerated parent...*

- ▲ Nationally, one in 32 adults in the U.S. is under correctional supervision.
- ▲ An estimated 1.5 million children have an incarcerated parent.
- ▲ Children with incarcerated parents have higher risks of depression, drug use, delinquency, and future incarceration.
- ▲ As many as one in three families with open child welfare cases have a parent who has been arrested.
- ▲ Disproportionate rates of minorities are incarcerated.
- ▲ One quarter of the mothers who are incarcerated are prescribed medication to address mental illness.
- ▲ Over half of the mothers who are incarcerated have a history of physical or sexual abuse.
- ▲ Incarcerated parents report low levels of education and job skills.

In Washington, the families of incarcerated parents often have DSHS histories, and use services while the parents are confined and when returning to their communities and families. An estimated 30,000 children in this state have parents in prison.

Overlap Between Corrections Admissions and DSHS Clients



Source: Cuddeback et al, 2008

### ACTIVITY LINKS TO MAJOR PARTNERS

DSHS **shares information** and **invites critical thinking** on major social issues affecting society today. DSHS program representatives work together with others who have common concerns to evaluate issues and develop strategies that **address persistent social challenges**.

DSHS is partnering to work on issues ranging from improving the child welfare and juvenile justice systems to increasing housing options to prevent homelessness. This may include adjusting policies, programs, and practices, and providing more effective services.

Attention to the problems faced by the children and **families of incarcerated parents** has grown as a major social issue over the last few years, nationally and in Washington. These families may have problems with substance abuse and mental illness, a family history of child abuse and neglect, live with economic hardship and homelessness, and lack education and job skills—all areas where DSHS can help. DSHS is working with **cross-systems partnerships** to address the needs of this population. The departments of Corrections, Economic Security, Veterans Affairs, and Community, Trade and Economic Development are major partners. The Mental Health Transformation initiative and the Family Policy Council are conducting projects that address the needs of this population.

In the area of **health care**, DSHS is working on collaborative activities designed to increase the quality of care, improve Washington's health outcomes, and achieve some level of cost containment in order to continue serving an increasing number of clients.

DSHS works with 29 federally recognized **Tribes**, the Indian Policy Advisory Committee, and tribal organizations to help reduce health and welfare disparities among the Indian population and **ensure members have access** to food, financial assistance, and other social services to which they are entitled.

In partnership with the state Board of Health and others, DSHS continues to help guide the state towards a public health approach to mental illness that promotes **mental health**, intervenes early, and addresses the devastating impacts of mental illness.

DSHS is changing its approach and partnership with employers to increase opportunities and successful employment for **individuals with disabilities**.

### STAKEHOLDER INPUT

DSHS uses a variety of **workgroups, advisory boards, councils and committees** to hear from groups and individuals that are or might be affected by its actions and success. From young adults out of the child welfare system to special interest and consumer groups, DSHS programs solicit input about what it takes to be a high-performing organization that provides excellent services.

With funding and direction from the legislature, DSHS began a major planning process with input from local and national experts, consumers, family members, and tribal governments for **a comprehensive transformation of the public mental health system**. The focus of this initiative is to expand community housing options, ensure adults and children receive appropriate care, review the state's involuntary commitment law, integrate best practices into existing benefit packages, and improve employment options.

DSHS held 101 town hall meetings and analyzed 39 county plans in an unprecedented review of stakeholder input to benefit **individuals with chemical addictions** and their families, and those in high-risk environments. The Citizens Advisory Council on Alcoholism and Drug Addiction formed a joint committee to recommend strategies based on this input.

In response to an invitation to participate in strategic planning for **aging and adult services**, almost 50 stakeholder groups made more than 500 comments for DSHS to consider.

Six statewide meetings attracted over 100 individuals to provide input to the goals and priorities for **vocational rehabilitation services**.

DSHS **surveyed 1,222 clients** who received services in fiscal year 2007. They were asked about satisfaction and recommendations for change. Most clients **expressed satisfaction** with DSHS services and interactions with employees. Clients who complained often reported experiencing difficult access, service cuts, problems with staff, no available providers, or unmet needs. The client survey is posted on the Internet at <http://www.dshs.wa.gov/rda/>.

#### Client Survey Quick Facts

2007 Client Survey

The 81 percent completion rate is extraordinarily high. DSHS clients are often transient and difficult to locate. Of the clients who could be contacted, 92 percent completed the survey.

*Most DSHS clients are satisfied with both services and staff...*

- ▲ 90 percent of clients say programs are helpful and DSHS does **good work** – *improved since 2001*.
- ▲ More than 85 percent of clients are satisfied with staff **listening and explaining** – *improved since both 2001 and 2005*.
- ▲ Satisfaction with staff **courtesy, respect, and understanding** – *improved since 2001*. Only 6 percent gave negative answers to any of the staff-related questions.

*Some situations and encounters cause individuals to be less satisfied...*

- ▲ A new question about phone contact showed that one out of five clients find it **difficult to reach a live person** when they need to – one out of three in programs providing income assistance and child support.
- ▲ New diversity questions found many more clients concerned with discourteous or **unfair treatment based on client circumstance** (like poverty, addiction, or being a single parent) than were concerned with treatment based on race, gender, or age.
- ▲ Only 71 percent of clients say they **know what program services are available** – *down from 2001 and 2005*.
- ▲ Nearly one-third made suggestions for improving **processes and access to services**.

## Appraisal of External Environment – Challenges and Opportunities

### Quick Facts

- ▲ **Medicaid** is a state-federal program that provides primarily medical assistance and long-term care to low-income populations, while **Medicare** is a federal medical assistance program open to most U.S. residents when they are 65.
- ▲ Washington's Medicaid program spent **more than \$6 billion** during fiscal year 2007.
- ▲ Medicaid is **administered primarily** by the Department of Social and Health Services.

### Medicaid Audit

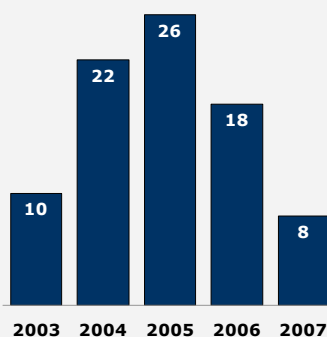
State Auditor's Office

*Due to the **size and complexity** of the Medicaid program, coupled with **frequent changes in federal law**, it is not surprising that audits have identified issues with Medicaid.*

*In fiscal year 2006, there were **18 identified issues** significant enough to report as audit findings; in 2007, **less than half** that number.*

*The most significant factors contributing to the reduction in findings are a **better understanding** by all parties of roles and responsibilities and **ongoing dialogue** with federal partners.*

Medicaid Findings by Fiscal Year



Source: Office of the State Auditor

### FUTURE CHALLENGES AND OPPORTUNITIES

The DSHS Executive Leadership Team completed a SWOT<sup>3</sup> analysis of the agency's strengths, opportunities, weaknesses and threats for strategy development.

The most important **strengths and opportunities**:

- ▲ More children with **access to medical care** through state-financed health programs
- ▲ National leader in the **employment rate** for persons with developmental disabilities, and **long-term care** one of the best programs in the nation
- ▲ **Staff and client safety** is important to the Governor and to the agency
- ▲ Clients and families want **long-term care** needs met in less costly home and community settings
- ▲ **New resources** in the last biennium, including staff for planning, performance, and accountability
- ▲ **New information technology systems and advances** to inform decision-making

The most important **weaknesses and threats**:

- ▲ **High caseload to staffing ratios** that increase liability and impact timely investigations, quality case management and services
- ▲ Difficulty with retaining employees and insufficient focus on **succession planning and staff recruitment**
- ▲ Increasing **internal audit findings**, complaints, and continued **litigation exposure** that show risk to client and staff safety, threaten programs and finances, and damage public perception
- ▲ Changing **federal and state rules**, directives, and court requirements that impact service delivery, budget, and operations
- ▲ **Overrepresentation of minority children** and youth in the child welfare and juvenile justice systems
- ▲ Increasing **economic uncertainty** and growing demand for **long-term care** as baby boomers age

In addition, continuing themes in client surveys about **customer service and process improvement** remind DSHS of the importance of these issues and the need to fine-tune efforts. The surveys also reveal that DSHS leadership faces the **challenge of balancing** the goal of streamlined, standardized service with some clients' needs for intensive, individualized service.

<sup>3</sup> SWOT = Strengths, Weaknesses, Opportunities, and Threats

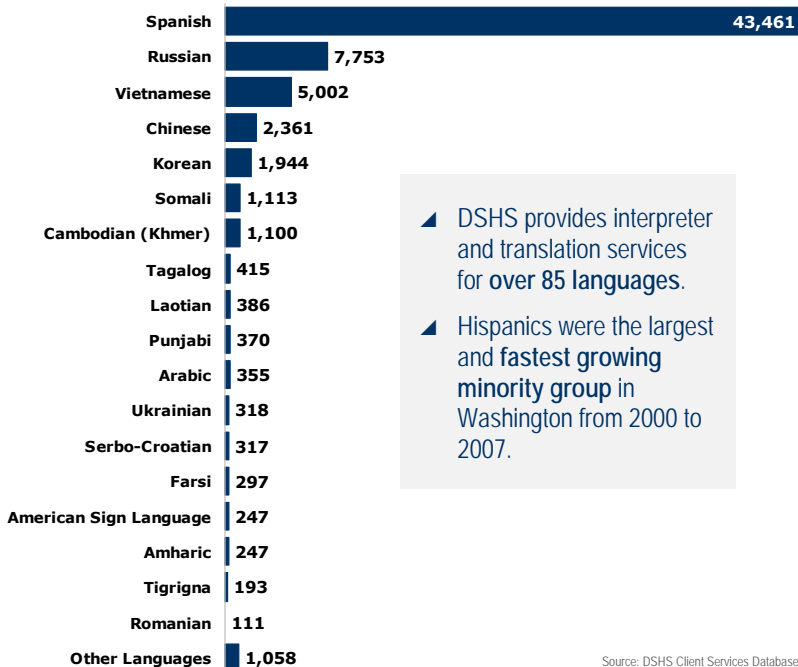
## Appraisal of External Environment – Challenges and Opportunities

### Addressing Special Needs

Racial disproportionality **crosses all public services**, including drug treatment, corrections, traffic fatalities, and juvenile justice. The state legislature directed DSHS to explore the existence of, extent and causes of **racial disproportionality in the child welfare system**. A statewide advisory committee found that overrepresentation of minority children is **prevalent across the state**, especially for Native American and African American children. The next phase is to **develop a remediation plan** that includes recommendations for administrative and legislative actions to improve long-term outcomes for children of color.

DSHS is part of a larger effort to **reduce the homeless population** in Washington by 50 percent by July 2015. DSHS is working with housing partners and state agencies on projects to identify mutual clients who have the most immediate need for housing—families, youth, the elderly, people affected by mental illness or substance abuse or who have developmental disabilities. Planning continues with local housing and service providers to develop short and long term housing options and services to prevent homelessness.

### Languages Spoken by Clients Needing Interpreters



▲ DSHS provides interpreter and translation services for over 85 languages.

▲ Hispanics were the largest and fastest growing minority group in Washington from 2000 to 2007.

Source: DSHS Client Services Database

### Quick Facts

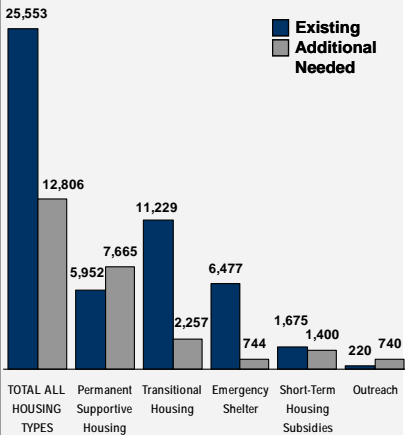
- ▲ Minority children are more likely to be referred to child protective services:
  - Indian children are almost three times more likely.
  - African American children almost twice as likely.
  - Hispanic children nearly one and a half times more likely.

#### Minority children...

- ▲ Enter the foster care system more frequently
- ▲ Stay in care longer
- ▲ Generally have poorer outcomes *...than white children.*

### Homeless Housing Inventory

Bed Equivalencies



Source: Washington State's 2007 Homeless Plan

- ▲ 22,045 people were reported homeless statewide during a count the week of January 2007, an increase of 2 percent over the 2006 count.
- ▲ About 72 percent of those counted were living in emergency shelters or transitional housing.
- ▲ The rest—6,094 people—were unsheltered and living in places not meant for human habitation.