



# Jodi Harpstead, CEO, and Ember Reichgott Junge, vice president, Lutheran Social Service of Minnesota

Civic Caucus, 8301 Creekside Circle #920, Bloomington, MN 55437

*September 30, 2011*

**Present :** Verne Johnson (chair), David Broden, Sallie Kemper, Dan Loritz, Tim McDonald, Jim Olson (phone)

**Welcome and introductions - Jodi Harpstead** is CEO of Lutheran Social Service of Minnesota. She was named to that position in September 2011, after service as Chief Operating Officer. With over 2,300 employees, LSS offers a broad array of community services for people of all ages throughout Minnesota, including housing, youth services, mental health counseling, adoption, financial counseling, senior nutrition, and services for persons with disabilities.

A native of Chicago, Harpstead received a Master of Business Administration degree in Finance and a Bachelor's Degree in Business Administration from Michigan State University in East Lansing before settling in Minnesota.

Prior to joining LSS, Harpstead spent 23 years with Medtronic, Inc. where she held several key positions, including President of Global Marketing and U.S. Sales in the Cardiac Rhythm Management Division. She serves as Vice Chair on the Board of Regents of Augsburg College in Minneapolis and has volunteered in leadership capacities for a variety of other organizations.

**Ember Reichgott Junge** is Vice President and Chief Advancement Officer at Lutheran Social Service. A native of Minnesota, Reichgott Junge received her BA from St. Olaf College, her MBA from the University of St. Thomas and her JD from Duke University.

Reichgott Junge served as a Minnesota State Senator from 1983 to 2000. She served over 20 years as a general counsel for businesses and nonprofits in the Twin Cities through her work with The General Counsel, Ltd. In addition, she formed her own communications company in 2000, advising and training nonprofit clients in communication strategies.

## **B. Discussion -**

The guests opened by describing the scope and reach of Lutheran Social Service, the oldest and largest non-profit in Minnesota. LSS performs human services that span pregnancy counseling to

companionship for the elderly, and half their work is for people with disabilities. The organization serves in all 87 counties in the state, with 75 percent of the work occurring outside of the Twin Cities region. The majority of their revenue comes from contracts with county, state, and federal government.

Harpstead shared her conviction along with Reichgott Junge that as Minnesota's population ages over the coming decades providers will need to redesign their delivery of services.

"The way we've provided services in the last 10 to 20 years will need to be different in the coming 10 to 20 years," Harpstead said. State funds will not keep up with the growth in demand as the population ages and there are fewer people working for each of the people needing services. We need to find ways to reduce cost and improve service.

### **The current model prioritizes risk-aversion over quality of life.**

The current model of services for people with disabilities in Minnesota is complex and outdated , Harpstead said. Money arrives from Medicaid, Social Security, and state funds. Every individual has a case or a care plan. When somebody with disabilities is going to receive services there is a transaction between the state or county and provider. There are often many levels of costly oversight.

It is a compliance-based system, Harpstead said, and is expensive. She contended that today most of the dollars spent on people with disabilities are spent on protection.

"I'm not sure this was designed consciously. Over time the rules and regulations to avoid problems have added up.

"We've also been able to afford it, but changing demographics will continue to drive increases in health care costs, and there will be greater demand for new service models that enhance choice, opportunity, and community integration at lower long-term cost."

### **Instead allow people to choose their own levels and kinds of care.**

The guests said their vision is that people live in community with dignity, safety, and hope. People with disabilities should be allowed to design their own lives, they said, instead of having their lifestyles determined by standardized practices.

LSS is now proposing that the state aggregate the varied funds for services, give the funds to the individual and their trusted partner (for example, a legal guardian), and then enable them to enter a marketplace to buy the services that the individual decides he/she needs and wants. Such a marketplace could be on the Internet -a place with reviews and services for people to assess and choose themselves or with a professional.

The guests argued that such a change would shift services for people with disabilities from a risk-averse to a risk-aware system.

"It's our belief that if individuals can choose their own level of risk, they will make the best decisions for them," Reichgott Junge said.

The position of the social worker would remain central to the process of helping match people to services. Today there is a transaction between county and provider, and the county case manager is part of that. Under the new design LSS proposes there can be a county or private case manager.

Presently there is a consumer-directed option for care that provides some greater flexibility, Reichgott Junge added, but not all counties offer this option.

### **"My Life - My Choices" seeks to improve value.**

To a question about whether the LSS proposed "My Life - My Choices" design could save money, the guests said that it has the potential to-but the LSS plan does not cover how much money should be paid by the state, or what the state should do with any savings.

"If there are savings to the state the state may choose to spend less or spend it elsewhere," Harpstead said. "We don't comment on that with this plan."

Reichgott Junge pointed out that while spending less is a goal with the new plan, another benefit is helping people with disabilities live fuller lives so the dollars spent create far more value.

The guests said LSS is worried about going to the next biennial budget session and having to absorb cuts again to the same unsustainable system, without the structure or incentives for redesigning the services within it.

### **It is not a good trade to prioritize risk-aversion over quality of life.**

Harpstead said the plan doesn't seek to eliminate all risk, but allows people with disabilities more freedom to gauge the risk they wish to accept. As a society we allow 16 years olds to drive with permits and accept the risk as a community. "But people with disabilities can be overprotected."

"Our community right now is trying to prevent 100 percent of the risk. Right now we're asking for people to be allowed to live normal lives. How many of us live 100 percent risk-free lives?"

### **Minnesota should seek federal waivers from regulation while reforming the structure and incentives in state policy.**

"When we spoke here last time we were in the preliminary stages of developing the "My Life, My Choices" proposal," Reichgott Junge said. Now the proposal has been assembled, and worked its way through the legislative process last year with near universal affirmation in the legislature. It was not enacted during the special session.

Harpstead said that the Commissioner of the Department of Human Services is presently petitioning the federal government for waivers that would achieve flexibility from federal rules. This is a comprehensive strategy, she said, and is likely to take 1-3 years.

At the same time she said there is a lot of room for additional freedom in Minnesota policy, and LSS is working to offer new service options to individuals within current state law.

A participant asked what two of the main arguments are against the LSS proposal. The first, Harpstead said, might have been a preference to wait for federal approval of waivers before moving

forward. "We've talked with the commissioner about doing both," Reichgott Junge added-applying for the waiver while moving ahead on reforms in Minnesota. They think both the federally-based and state-based strategies are sound.

A second argument against the proposal involves concern about cost of implementation. DHS has fewer staff to facilitate redesign, though the Commissioner has re-allocated staff to the redesign effort.

During public conversations, Harpstead added, most groups favor the plan. Still there are providers that prefer the current service model and some counties are hesitant to adopt new models as they wonder how changes would affect their role and the people with disabilities who have been under their care.

### **C. Closing**

In closing, Harpstead noted this model can apply to services with older adults. Lutheran Social Service would like to work to apply the model for this additional segment of the population.

Reichgott Junge said they are looking forward to working with legislators and the commissioner in the next legislative session.

"We often find ourselves among people in our community these days with a feeling of no possibility," Harpstead said. "We see 'My Life, My Choices' as an opportunity for people to live in beautiful new ways that cost Minnesota taxpayers less. I think the people of Minnesota are getting through the process of figuring out that we have to change."

Thank you to our speakers for the visit.