



# DHHS Merger: Identified Efficiencies and Savings

State of Utah  
Executive Director's Office  
November 30, 2022

To: Social Services Appropriations Subcommittee  
From: Tracy S. Gruber  
Subject: DHHS Merger: Identified efficiencies and savings

## Purpose

The purpose of this report is to meet 2 different legislative requirements from the legislature. Both UCA 26B-1-201.1(6) and Item 80 from HB 2 (2022) have similar reporting requirements:

- (6) *Before November 30 of each year from 2022 through 2025, the department shall report to the Social Services Appropriations Subcommittee:*
- (a) *efficiencies and savings identified by the department as a result of the merger of the transition agencies; and*
  - (b) *programs to which the department recommends reinvesting savings identified under Subsection (6)(a).*

*The Legislature intends that the Department of Health and Human Services present to the Social Services Appropriations Subcommittee by November 30, 2022 on identified efficiencies and savings. The Department shall identify 0.5% of its administrative budget as efficiencies and savings and report, as well as where the Department would recommend reinvesting the identified savings to achieve the Department's intended outcomes.*

## Executive Summary

To ensure Utah has the right structure in place to serve individuals and families as effectively as possible, Governor Spencer J. Cox and the Utah State Legislature passed State Agency Realignment (H.B. 365, 2021) during the 2021 General Session, to merge the Utah Department of Health (UDOH) and the Utah Department of Human Services (DHS) to create the Utah Department of Health and Human Services (DHHS or Department).<sup>1</sup>

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<sup>1</sup> Utah Code §26B-1.

DHHS is meeting the intent of the vision and purpose of the merger, as expressed by the Governor and the Legislature.<sup>2</sup> As discussed throughout the 2021 General Session, this intent included improved outcomes for the public, efficiency for the department and reducing duplication across UDOH and DHS, which included overlap among more than 60% of the individuals served within DHS also served by UDOH.<sup>3</sup> DHHS is accomplishing this intent, and continues to address it, by engaging in focused efforts to ensure the deployment of services throughout the Department is uniform and correlated to a much higher degree; reducing redundancies, breaking down silos, leveraging existing resources, and improving efficiencies; and enhance the quality of, and access to services for all Utahns.

During this time, it was discussed and addressed by the Governor, the Legislature and UDOH and DHS leadership,<sup>4</sup> that the goals surrounding consolidation center on the opportunity for improving the delivery of services with any savings created through efficiencies to be reinvested in improving and increasing access to services.<sup>5</sup>

Despite the brief time since the July 1, 2022 effective date, DHHS has already identified a number of operational and programmatic efficiencies while acknowledging that the job is far from done. Increasing efficiency is not a one time effort, rather a continual pursuit of excellence and DHHS leadership is committed to this ongoing process. Preliminary recommendations include reinvestments in the newly formed Division of Customer Experience (DCE) and to increase intake capacity within the Division of Child and Family Services (DCFS).

For the purposes of this report, and in line with the Committee's intent language, this report will serve to fulfill the requirements of both § 26B-1-201.1(6) of the Utah Code and Item 80 of HB 2 (2022). The report will focus on presenting only the efficiencies that resulted in savings.

## **Methodology for Cost Savings**

The Social Services Appropriations Subcommittee instructed DHHS during the 2022 General Session to identify 0.5% of its administrative budget as efficiencies and savings. The resulting calculation was \$181,200 of state funds. After the annual budget submission, the calculation was updated to \$257,500 of state funds. Federal grants are the largest portion of DHHS funding, with specific requirements to administer the federal programs. The 0.5% calculation was limited to state funding for the administrative budgets.

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<sup>2</sup>2021 General Session hearings and debates in which the intent of the 2021 legislation was discussed, debated and adopted, [3/3/21 Senate Floor Debate](#), [3/2/21 Senate Hearing Committee](#), [Social Services Realignment Transition Plan December 1, 2021](#), [State Releases Transition Plan for the merger of Utah Departments of Health & Human Services by July 1, 2022](#)

<sup>3</sup> H.B. 365, 2021 Utah Legislature 2021 General Session. (Utah 2021). <https://le.utah.gov/~2021/bills/static/HB0365.html>

<sup>4</sup> 2021 General Session hearings and debates in which the intent of the 2021 legislation was discussed, debated and adopted, [3/3/21 Senate Floor Debate](#), [3/2/21 Senate Hearing Committee](#); [2/25/21 House HHS Hearing](#), [FAQ: Utah social services consolidation | Governor Spencer I. Cox](#)

<sup>5</sup> 2021 General Session hearings in which the intent of the 2021 legislation was discussed, debated and adopted, [2/25/21 House HHS Hearing](#), Governor Cox's FAQ on the merger in which the intent is discussed [FAQ: Utah social services consolidation | Governor Spencer I. Cox](#)

The \$257,500 was determined through identification of administrative type programs (appropriation units) in the DHHS line items. The calculation included program budgeted costs such as personnel, travel, contracts, and technology. Some program budgets were adjusted to account for activities, such as division services for case management or vital records. The Executive Director's Office, Finance & Administration, Internal Audit, and Admin Hearings are examples of programs identified as administration. The updated calculation includes Integrated Healthcare and Long-Term Services & Supports administration programs, as well as amounts from Community Health & Well-Being.

## **Efficiency Savings**

DHHS has identified cost savings through gained efficiencies in a number of areas including facilities, fleet management, and staffing. In accordance with the goals and intent expressed by the Governor's Office, members of the Social Services Appropriations Subcommittee, and former leadership from both the UDOH and DHS throughout the 2021 and 2022 legislative sessions, the staffing efficiencies identified are not a consequence of direct cuts to staff but rather efficiencies found in consolidating vacated positions.<sup>6</sup>

## **Facilities**

Since the merger, DHHS has identified \$90,573 in savings through an initial review of its facilities. This review will continue in the coming years as telework evolves, leases expire and state-owned office space is returned to the Department of Government Operations (DGO) for redistribution to address other state needs.

- DHHS Office of Administrative Services is reviewing office and cubicle space usage across all facilities to gain a better understanding of space utilization as it continues to encourage and promote teleworking amongst DHHS staff. Utilizing this data, DHHS will consolidate workers' use space more efficiently. This data will also be used to measure the amount of state-owned office space DHHS is able to return to DGO, Division of Facilities and Construction Management (DFCM). DHHS is also utilizing the data to determine its use of leased office space which will result in reducing square footage and terminated leases that are no longer needed.
- As part of the merger, DHHS relocated three operating units in the Healthcare Administration Section, including the Division of Aging and Adult Services(DAAS)to its Cannon Building. This move allowed for DAAS to move staff from a second state building into the Cannon Building, allowing DHHS to vacate a location in FY25 which will result in \$37,905 in annual General Fund savings.
- As part of the merger, the Utah Medical Education Council (UMEC) was moved to DHHS. Upon reviewing the executed lease agreement for UMEC, it was determined that UMEC, as

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<sup>6</sup> Ibid.

Lessee, reserved the right to terminate early. DHHS exercised the right to terminate early and as a result, it generated \$52,699 in annual General Fund savings.

## **Fleet**

Similar to the review of facilities, DHHS is engaged in a process to review its fleet. At this point, DHHS has identified \$8,355 in General Fund savings.

- DHHS, Office of Administrative Services is conducting an internal fleet utilization review to ensure DHHS fleet cars are being effectively utilized. This review includes determining relocating cars in the fleet that are under utilized or even idle and locating them to facilities where additional fleet is needed. This review will result in fleet cars being returned to DGO, including underutilized vehicles that are a part of the Wheels lease. These leased vehicles are more expensive than state owned vehicles.
- Upon review, DHHS is returning six vehicles that are all Wheels leased resulting in \$21,424 in total annual savings, \$8,355 of which is General Fund savings. Administrative Services is also working with fleet contacts across DHHS organizational units that own their own fleet to ensure all DHHS cars are available across the department, as well as other state agencies in effort to better utilize current fleet vehicles. DHHS is also promoting use of its electric and hybrid vehicles for better fuel economy.

## **Staffing**

As emphasized by the Governor and the Legislature, the efficiencies and savings emerging from the newly established Department of Health and Human Services is not intended to result in layoffs and terminations, although there may be a reduction in staff through attrition.<sup>7</sup> The dedicated, highly-skilled, and experienced staff at DHHS are central to the success of meeting the vision of ensuring all Utahns have fair and equitable opportunities to live safe and healthy lives.

The work of merging these two large organizations has only just begun and DHHS is focused on identifying increased efficiencies across its staff. The DHHS Executive Director's Office established a new, internal HR Committee to carefully evaluate reclassifications, hires and backfilling of vacancies to ensure staff is leveraged to achieve the outcomes identified by the Department.<sup>8</sup> This effort has thus far generated \$319,000 in General Fund savings.

- The Alzheimer's Disease and Related Dementias Program, previously located in the UDOH, Division of Disease Control and Prevention, Bureau of Health Promotion, had two full-time employees (FTEs) associated with the program. In anticipation of the merger, the program was moved to DAAS due to the extensive operational support available in DAAS, including finance, budget and administrative staff support. This move allowed the Alzheimer's

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<sup>7</sup> Ibid.

<sup>8</sup> See Performance Measures for the Utah Department of Health and Human Services, <https://dhhs.utah.gov/about/>.

program to eliminate 0.75 FTE resulting in savings of approximately \$69,000 annually from the General Fund.

- The Division of Finance and Administration (DFA) includes 70 employees responsible for operational functions that include finance, contracts and procurement, administrative services and budget. The merger allowed DFA to evaluate applicable responsibilities that could be absorbed by existing staff. This evaluation resulted in a reduction of five FTEs within DFA that were available for reassignment to meet DHHS organizational priorities. These reductions resulted in annual savings of \$500,000, with \$250,000 in savings from the General Fund. The FTE reduction occurred without the need to lay off staff due to managing vacancies. Two administrative positions were eliminated due to consolidating three support FTEs into one position. Two facility support positions were eliminated and the duties absorbed with existing staff. A fifth position was no longer needed for technology support. The staff reductions within DFA were absorbed and will not be backfilled.

### **Department of Workforce Services MEQC**

As directed in [House Bill 365 \(2021\)](#) lines 417-418, DHHS moved the Medicaid Eligibility Quality Control (MEQC) function and its funding to the Department of Workforce Services (DWS) as part of the merger. MEQC is a federally required function that independently reviews the accuracy of Medicaid eligibility decisions. Before the merger, UDOH used 4.0 FTE to perform these reviews. DWS located this function in its internal audit office and determined it would use its Performance Review Team to conduct some of these reviews. As a result of these changes, DWS is able to reduce the number of staff for this function by 1.0 FTE. This efficiency will produce an estimated \$26,730 in ongoing General Fund savings in DWS's budget beginning SFY24. DWS recommends these ongoing savings be submitted as a potential budget reduction item; to be considered and evaluated for funding prioritization by the Social Services Appropriations Committee in the 2023 General Session.

### **Reinvestment Recommendations**

With over 6,000 employees and more than 60 operational units DHHS leadership has identified many areas within the department in need of more resources. In exploring options for reinvestment recommendations of the identified savings, leadership kept a focused lens on the vision of the department and the intent of the merger. While consolidation has exposed some pay disparities among staff with similar roles and DHHS is actively working to address this issue moving forward with internal solutions, we are not recommending reinvestment of identified savings for this purpose at this time. Recommendations include investments in the Division of Customer Experience (DCE) and the Division of Child and Family Services (DCFS).

First, in order to provide a more seamless experience for the customers we serve we recommend some reinvestment to go to the new Division of Customer Experience. As previously reported, in collaboration with members of the Legislature, the public and the Governor's Office, DHHS

included within its organizational structure the new Division of Customer Experience (DCE), placing Utah citizens at the center of the merged department.<sup>9</sup> Once fully operationalized, this new division will be responsible for creating opportunities to measure, monitor, and improve services that are first points of contact for customer concerns. The Division's primary function is to ensure DHHS customers know who to contact for services, they receive the services they need, and there is a clear pathway to identify and address concerns from the public. This division is also responsible for DHHS employee development, emphasizing the importance of employee skills and training in meeting the needs of the public. The creation of this Division was approved by this Committee and other stakeholders during the transition planning phase. In accordance with that direction and approval, DHHS recommends that \$125,000 be reinvested into DCE. This investment will help implement customer experience best practices and improvement opportunities within the department which will increase positive customer outcomes.

Second, in examining some of the deeper end services DHHS provides we also recommend some reinvestment to enhance the capacity of our DCFS Intake staff. In September of 2022 intake wait times averaged just over 5 minutes, during business hours wait time averages are closer to 10 minutes, and recently a few wait times have exceeded 40 minutes. Additionally, there were 1,240 abandoned calls in September. Due to the increase in overall calls, online referrals take approximately 10 days to process. In order to address these concerns, we recommend one additional child protective services intake worker, supported with \$98,000 state funds obtained from efficiency savings.

Third, we recommend \$124,000 be invested in a Spanish medical translator education specialist as part of the Public Affairs and Education Office. A person with limited English proficiency is confronted by extensive barriers when seeking government services or using resources. Around 15% of our state's population is Hispanic/Latino and has a critical need to have materials in Spanish. Failure to do so could decrease health equity and health opportunities for hundreds of thousands of Utahns.

Finally, in line with the goals articulated by Social Services Appropriations, DHHS reallocated the savings realized in DAAS in the Alzheimer's program to the statewide Area Agencies on Aging, increasing funding to those agencies for Alzheimer's programs in the local communities.

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<sup>9</sup> DHHS organizational chart, <https://dhhs.utah.gov/about/>.

**Table 1**

Table 1 provides a breakdown of the efficiency savings reported and the reinvestment recommendations included in this report.

<b>Table 1</b>		
<b>DHHS Efficiency Savings</b>		
	General Fund Savings	FTEs
Relocated three operating units in the Healthcare Administration Section (Building)	\$37,904	
UMEC Building	\$52,669	
<b>Subtotal - Combined Building Savings</b>	<b>\$90,573</b>	
<b>Subtotal - Fleet Savings</b>	<b>\$8,355</b>	
5 FTEs from Finance	\$250,000	-5
1 FTE from Alzheimer's Program	\$69,000	-1
<b>Subtotal - Combined Staff Savings</b>	<b>\$319,000</b>	
<b>Total</b>	<b>\$417,928</b>	
<b>Total minus the Alzheimer's program funding distributed to local authorities</b>	<b>\$348,928</b>	
<b>DHHS Reinvestment Recommendations</b>		
DCE Investment	\$125,000	
DCFS Child Protective Services Intake FTE	\$98,000	1
PIO Spanish Translator FTE	\$124,000	1
<b>Combined Reinvestment Recommendations</b>	<b>\$347,000</b>	
<b>DWS Efficiency Savings</b>		
MEQC	\$26,730	-1