

D26A07
Department of Aging

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$22,799	\$22,699	\$20,417	-\$2,282	-10.1%
Adjusted General Fund	\$22,799	\$22,699	\$20,417	-\$2,282	-10.1%
Special Fund	465	363	364	2	0.5%
Adjusted Special Fund	\$465	\$363	\$364	\$2	0.5%
Federal Fund	30,964	31,257	27,848	-3,409	-10.9%
Adjusted Federal Fund	\$30,964	\$31,257	\$27,848	-\$3,409	-10.9%
Reimbursable Fund	744	4,888	4,000	-888	-18.2%
Adjusted Reimbursable Fund	\$744	\$4,888	\$4,000	-\$888	-18.2%
Adjusted Grand Total	\$54,972	\$59,207	\$52,629	-\$6,578	-11.1%

- The fiscal 2013 allowance for the Maryland Department of Aging (MDOA) is \$6.6 million less than the current year working appropriation. The majority of this decrease (\$5.4 million) represents a consolidation of funding for the Older Adults Medicaid Waiver into the Department of Health and Mental Hygiene and not a reduction in overall spending. An apparent reduction of \$651,000 for the Money Follows the Person program in fact still allows a 315% increase for this program over the actual amount spent in fiscal 2011. It is unlikely that the full appropriation for Money Follows the Person in the current year will be expended. Adjusting for these two items, the fiscal 2013 budget is just \$486,000 less than the current year working appropriation, a reduction of 0.9%.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>
Regular Positions	54.70	55.70	55.70	0.00
Contractual FTEs	<u>18.70</u>	<u>18.70</u>	<u>18.70</u>	<u>0.00</u>
Total Personnel	73.40	74.40	74.40	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.91	5.22%
Positions and Percentage Vacant as of 12/31/11	3.00	5.39%

- The number of regular positions and contractual full-time equivalents remain unchanged between the current year and the allowance.
- Turnover in the allowance is budgeted at 5.22% which will require MDOA to maintain the equivalent of 2.9 positions vacant for the entire year. As of December 31, 2011, the department had 3.0 vacant positions.

Analysis in Brief

Major Trends

Maintaining Seniors in the Community: The total number of seniors served in the community fell in fiscal 2011, but small increases are projected for the current year and for fiscal 2013.

Percent of Seniors in Need of Services Who Receive Services: Both the proportion of seniors in need of services who will receive services and the funding for community-based services are projected to remain essentially unchanged from fiscal 2012 to 2013.

Issues

Maryland Ranks Near Middle on Long-term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers: A recent report ranking states' performance in providing long-term services and supports places Maryland twenty-fourth overall.

Recommended Actions

1. Concur with Governor's allowance.

D26A07 – Department of Aging

D26A07
Department of Aging

Operating Budget Analysis

Program Description

The Maryland Department of Aging (MDOA) has the responsibility for administering community-based long-term care programs and services for older Marylanders, evaluating services they need, and determining the extent to which public and private programs meet those needs. The department also administers the State Aging and Disability Resource Center Program (ADRC) known as Maryland Access Point (MAP). The ADRC program is a national initiative to realign long-term care information and access resources into a single point of entry system. The department administers the MAP program through collaborative partnerships with State and local aging and disability agencies and stakeholders. With input from the local Area Agencies on Aging (AAA), seniors and caregivers, the Maryland Department of Disabilities, and other sister agencies, the department establishes priorities for meeting the needs of older Marylanders and advocates for frail and vulnerable seniors and for expansion of the MAP program. The department promotes healthy lifestyles for older Marylanders, *e.g.*, good nutrition, exercise, employment, and volunteerism so that they remain active and engaged in their communities. The key goals of the department are:

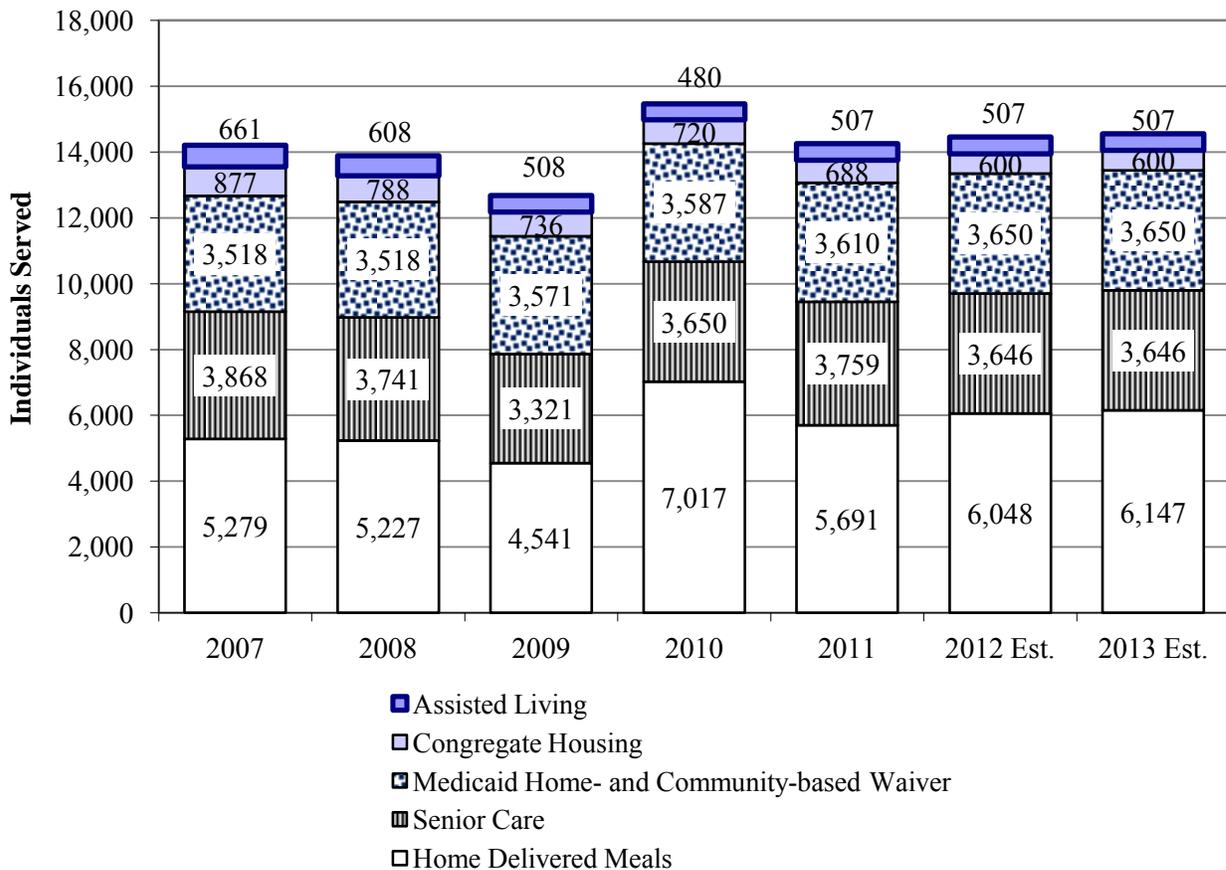
- to enable older Marylanders to remain in their homes with a high quality of life for as long as possible;
- to ensure the rights of older Marylanders and prevent their abuse, neglect, and exploitation; and
- to empower older Marylanders to stay active and healthy.

Performance Analysis: Managing for Results

Maintaining Seniors in the Community

Exhibit 1 shows the performance data for MDOA's goal to enable seniors to be maintained in the most appropriate and safest living arrangements within the community for as long as possible. The total number of seniors receiving community-based support services through MDOA decreased from fiscal 2007 through 2009 but increased by nearly 22% in fiscal 2010 due primarily to federal stimulus spending for Home Delivered Meals. The number of seniors served in fiscal 2011 decreased by 7.8% but is projected to increase slightly in both fiscal 2012 and 2013.

**Exhibit 1
Maintaining Seniors in the Community
Fiscal 2007-2013**

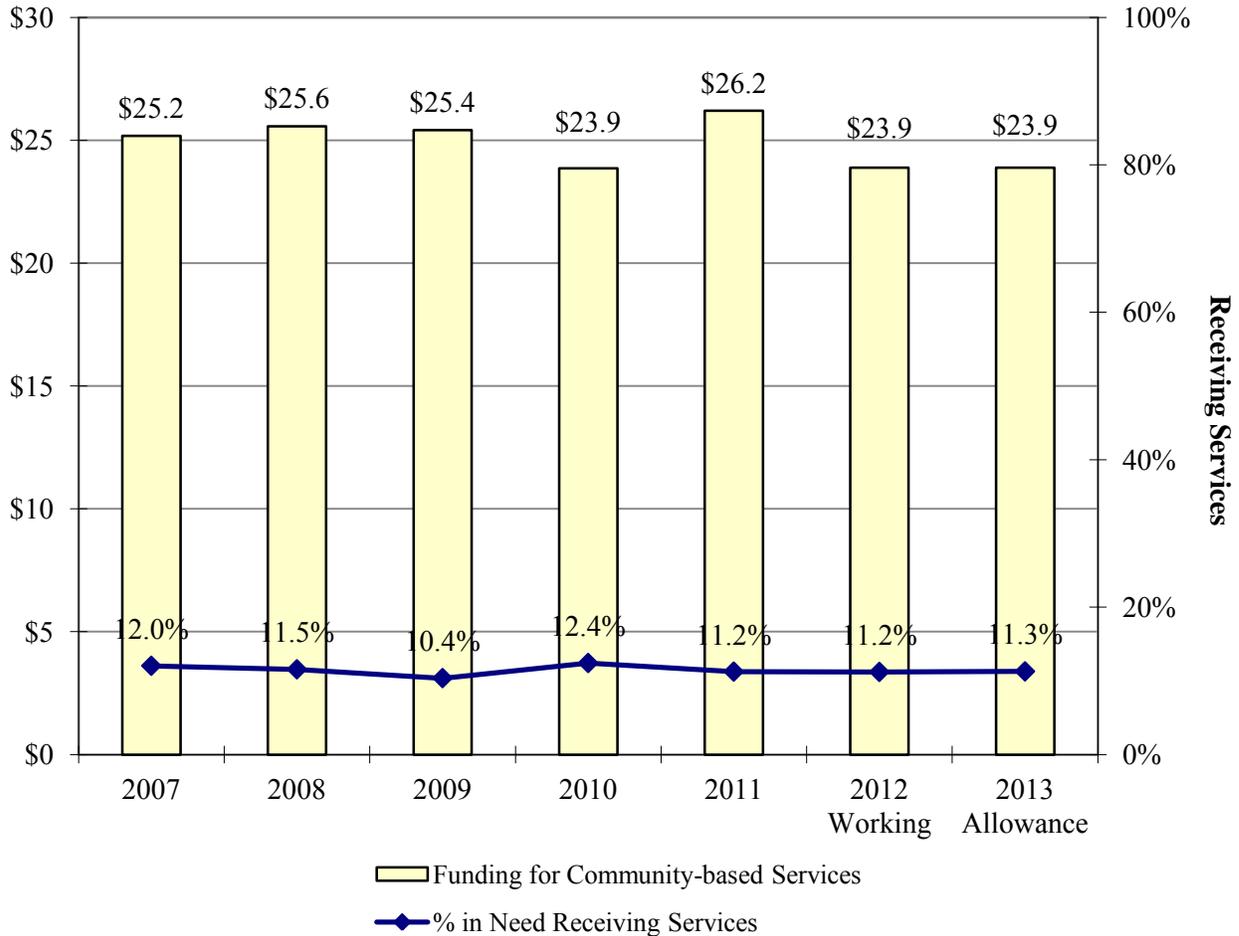


Source: Maryland Department of Aging

Exhibit 2 shows the funding for the community-based services juxtaposed with the percentage of seniors in need of those services that are receiving or projected to receive those services for fiscal 2007 through 2013. Funding for community-based services has varied from a low of \$23.9 million in fiscal 2010 and 2012 to a high of \$26.2 million in the 2011. These figures do not include funding for the Older American Medicaid Waiver which is now funded in the Department of Health and Mental Hygiene (DHMH).

The percentage of seniors in need of services that received services has varied between 11.2 and 12.4% during this period, with an average of 11.4%.

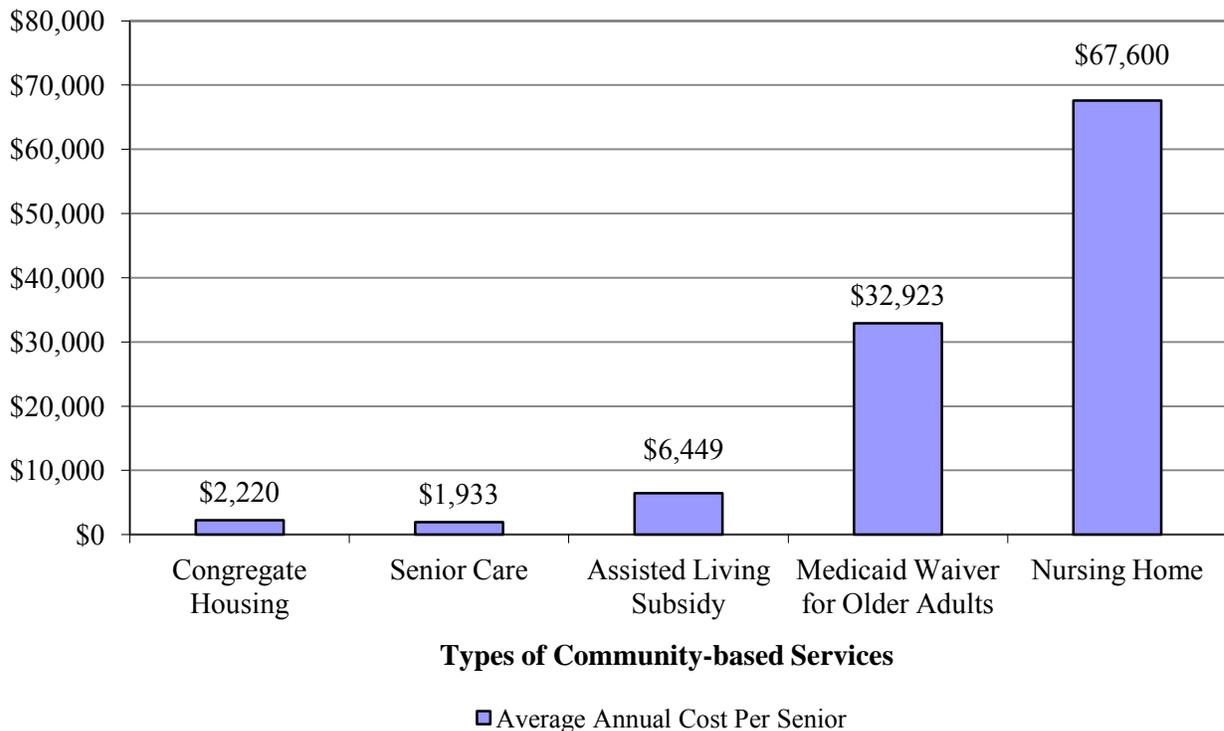
Exhibit 2
Funding with Percent of Need Fulfilled
Fiscal 2007-2013
(\$ in Millions)



Source: Maryland Department of Aging

Community-based services are considered to be a cost-effective investment for the State because many of the people who receive community-based services would require nursing home services if the community-based services were not available. As shown in **Exhibit 3**, the cost for nursing homes is more than double the cost of the Medicaid Home- and Community-based Waiver for Older Adults (Medicaid Waiver for Older Adults), which is the most expensive community-based service provided by MDOA. The Medicaid Waiver for Older Adults allows services, such as personal care, home-delivered meals, and accessibility adaptations, to be provided to eligible persons in their own homes rather than in a nursing facility.

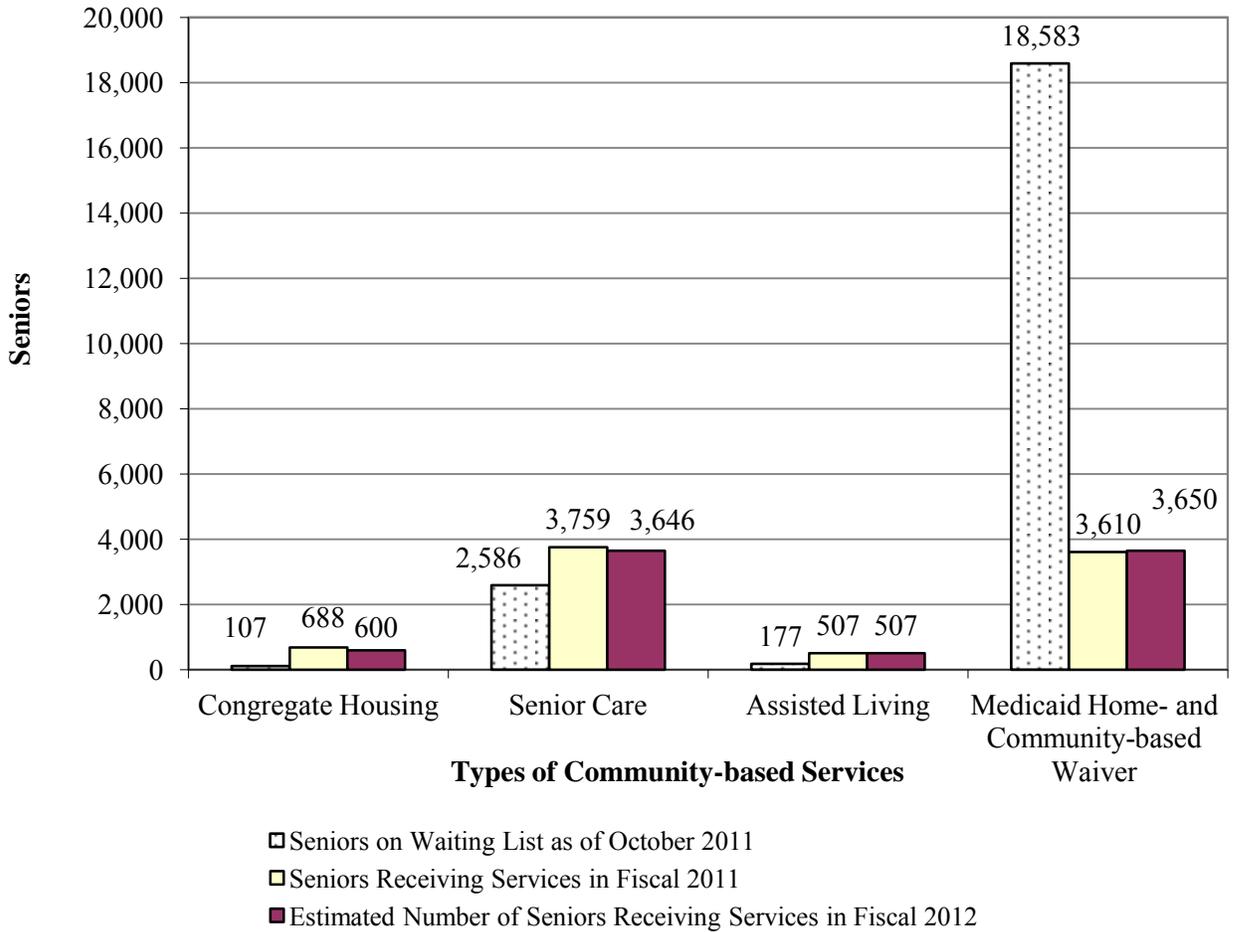
Exhibit 3
Cost of Community-based Services Versus Nursing Home Care
Fiscal 2011



Source: Maryland Department of Aging; Department of Legislative Services

Exhibit 4 shows the number of individuals on the waiting list as of October 2011 juxtaposed with the number of individuals served in fiscal 2011 and receiving services in fiscal 2012 for each of the four community-based services. The Medicaid Waiver for Older Adults is capped at 2,900 slots at any one point in time which explains the large waiting list. Of the remaining programs, as a percent of the people estimated to be served in fiscal 2012, the Senior Care waiting list is the largest at 71%, followed by the Assisted Living program at 35%, and the Congregate Housing program at 18%. The fiscal 2013 allowance for MDOA includes \$1.5 million for Congregate Housing, \$7.2 million for Senior Care, and \$3.0 million for Assisted Living, the same level of funding as in the current year. The allowance for DHMH includes funding for an additional 300 Older Adults Waiver slots.

**Exhibit 4
Seniors Served Versus the Waiting List
Fiscal 2011-2012**



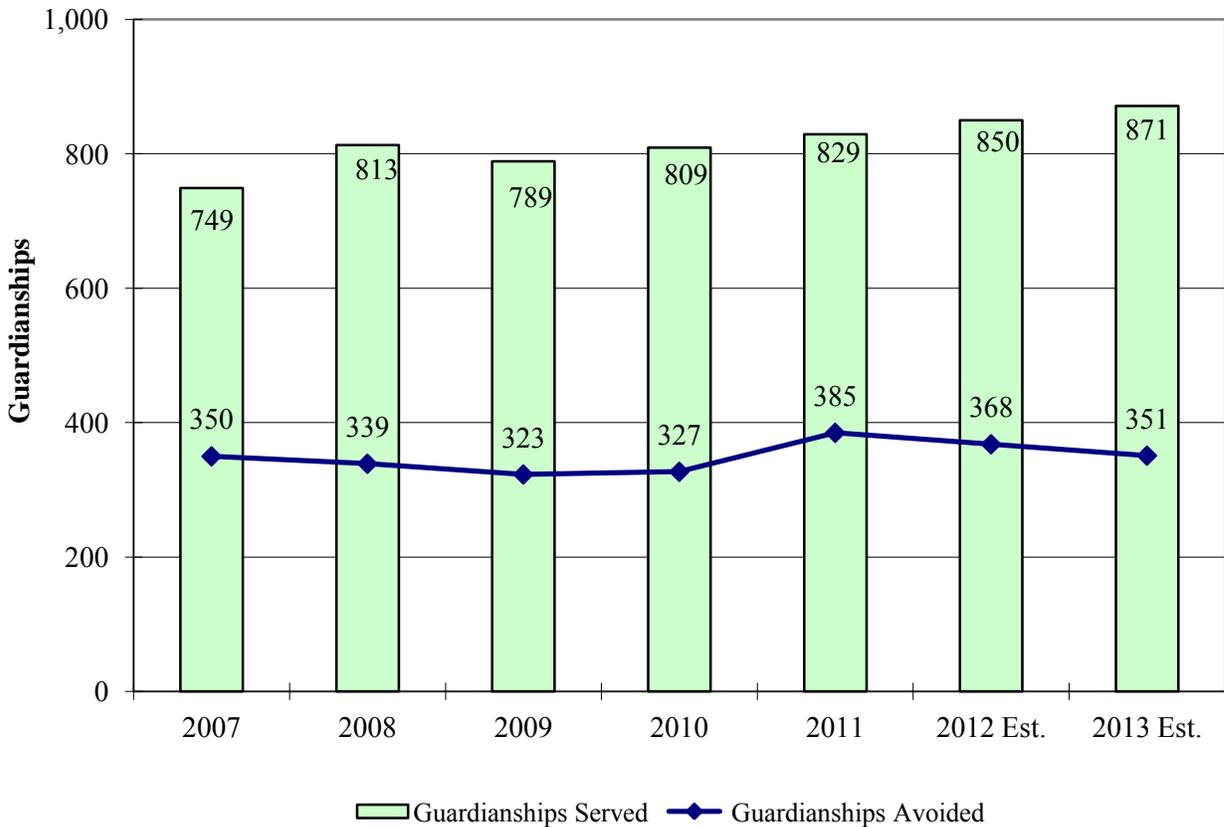
Source: Maryland Department of Aging

Public Guardianship Activities

In the absence of a suitable guardian, MDOA or the local AAA may be appointed as a public guardian for persons age 65 and older who have been declared by the courts to be incapable of making their own decisions. Guardians may be required to determine appropriate living arrangements, oversee the provision of services, or consent to medical treatment for persons under their guardianship.

Exhibit 5 shows that both the number of guardianships served and the number of guardianships avoided increased in fiscal 2011. Guardianships served are projected to increase in fiscal 2012 and 2013, while guardianships avoided are expected to decline during this period. In order to avoid guardianship cases, MDOA works with the local Department of Social Services, hospital discharge staff, and other petitioners to find family members or other interested people who would be willing to be the guardians.

Exhibit 5
Public Guardianship Activities
Fiscal 2007-2013

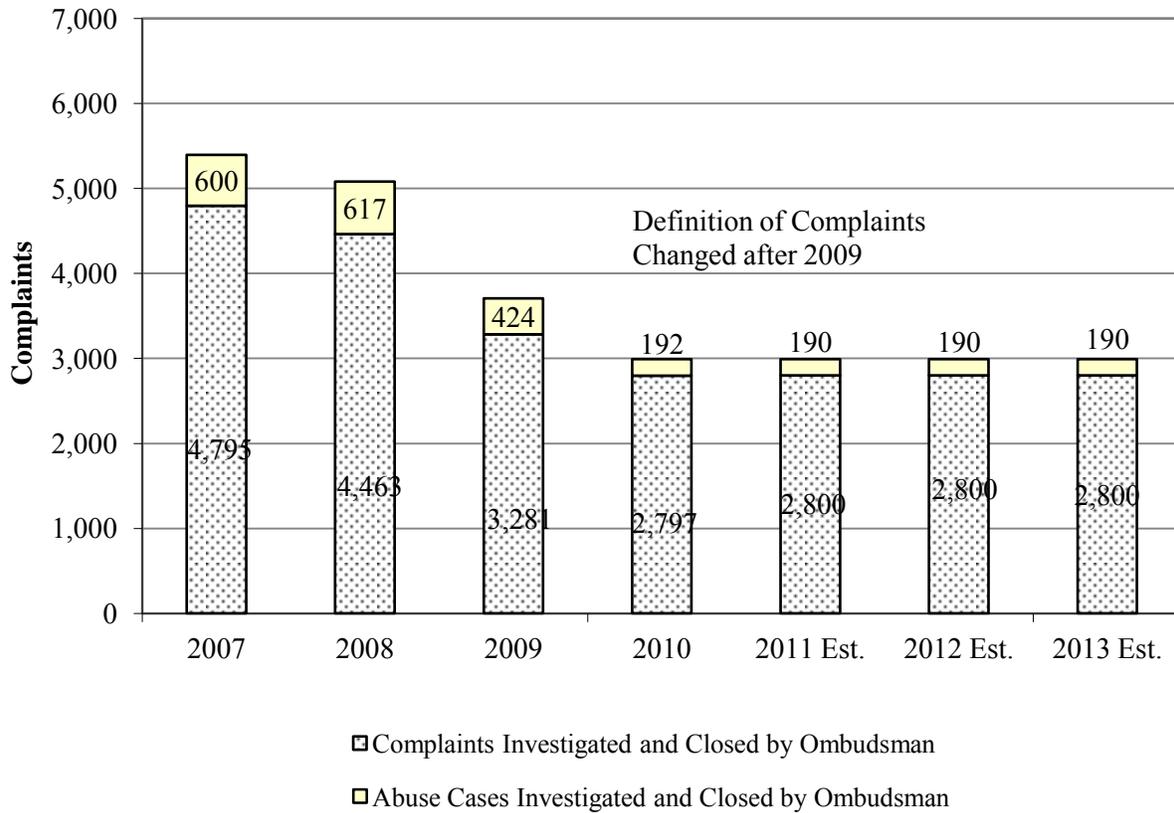


Source: Maryland Department of Aging

Ensuring Seniors Are Treated with Dignity

Exhibit 6 shows MDOA’s efforts at achieving its goal to ensure that seniors are treated with dignity and protected against abuse, exploitation, and consumer fraud. The exhibit shows the total number of abuse cases and complaints investigated and closed by ombudsmen. Beginning in 2010, the definition of complaint no longer includes responses to reports made by nursing facilities. The number of abuse cases investigated and closed is expected to remain stable.

Exhibit 6
Investigations Closed
Fiscal 2007-2013



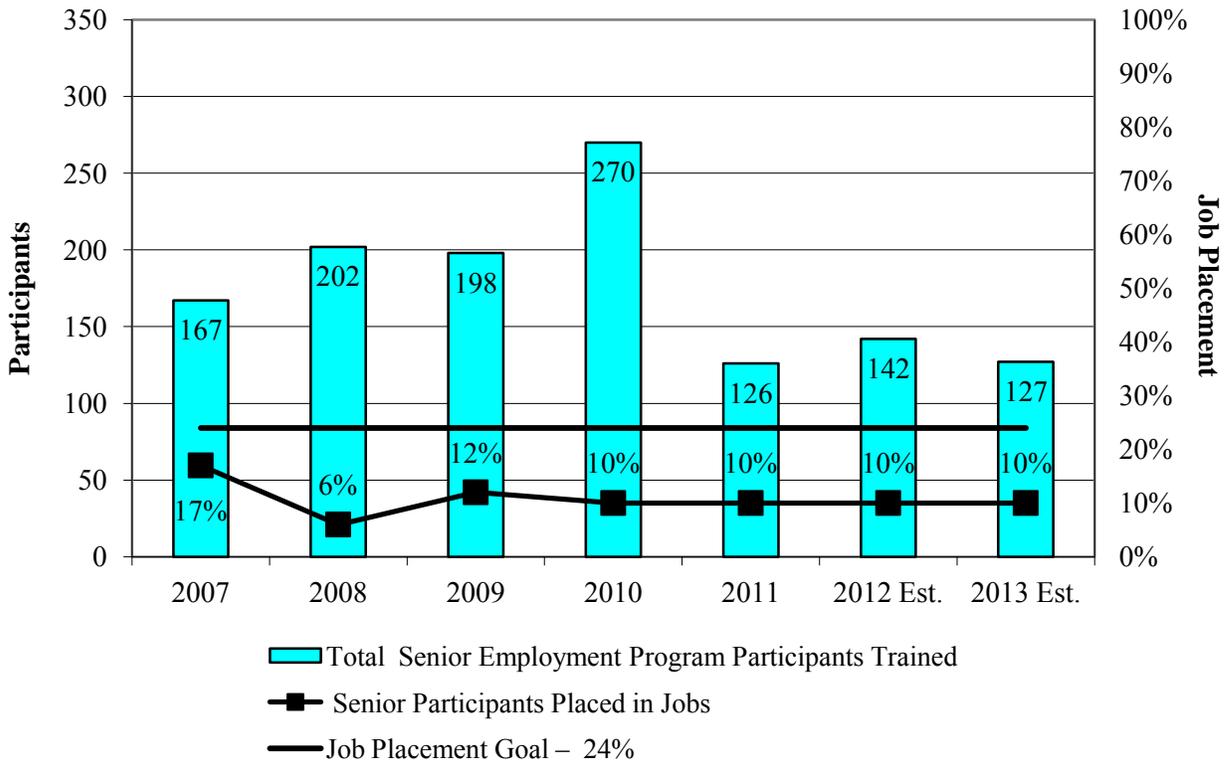
Source: Maryland Department of Aging

Employment and Training for Seniors

MDOA provides training and employment to eligible older workers through participating nonprofit organizations and government entities that provide community services. Participants update and enhance their skills through training provided by the nonprofit organization or the government entity. During the training period, seniors receive minimum wage for 20 hours of work per week that is funded by the U.S. Department of Labor. Then, some participants are placed in regular positions and paid the market wage. The fiscal 2013 allowance includes \$1.4 million in federal funding for senior employment training.

Exhibit 7 shows the number of seniors trained through the program each year and the percentage of those trained that are placed in a job. The large increase in the number of participants trained in fiscal 2010 was due to the additional training funding provided through the American Recovery and Reinvestment Act of 2009.

Exhibit 7
Employment and Training for Seniors
Fiscal 2007-2013



Source: Maryland Department of Aging

Proposed Budget

The fiscal 2013 allowance for MDOA is \$6.6 million less than the current year working appropriation. The majority of this decrease (\$5.4 million) represents a consolidation of funding for the Older Adults Medicaid Waiver into DHMH and not a reduction in overall spending. An apparent reduction of \$651,000 for the Money Follows the Person program, in fact, still allows a 315% increase for this program over the actual amount spent in fiscal 2011. It is unlikely that the full appropriation for Money Follows the Person in the current year will be expended. Adjusting for these two items, the fiscal 2013 budget is just \$486,000 less than the current year working appropriation, a reduction of 0.9%.

As shown in **Exhibit 8**, personnel expenses for MDOA decrease by \$300,000 with the largest reductions occurring in the Senior Employment Program enrollee wages followed by the removal of the one-time employee bonuses. Small reductions are also made to grants going to the AAA for the Resource Center, Ombudsman, and Vulnerable Adults Programs as cost cutting measures.

Exhibit 8
Proposed Budget
Department of Aging
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2012 Working Appropriation	\$22,699	\$363	\$31,257	\$4,888	\$59,207
2013 Allowance	<u>20,417</u>	<u>364</u>	<u>27,848</u>	<u>4,000</u>	<u>52,629</u>
Amount Change	-\$2,282	\$2	-\$3,409	-\$888	-\$6,578
Percent Change	-10.1%	0.5%	-10.9%	-18.2%	-11.1%
Contingent Reduction	\$0	\$0	\$0	\$0	\$0
Adjusted Change	-\$2,282	\$2	-\$3,409	-\$888	-\$6,578
Adjusted Percent Change	-10.1%	0.5%	-10.9%	-18.2%	-11.1%

D26A07 – Department of Aging

Where It Goes:

Personnel Expenses

Retirement contributions	\$47
Workers' compensation premium assessment	9
Employee and retiree health insurance.....	-13
Turnover adjustments.....	-15
Annualize voluntary separation program reductions.....	-57
Remove one-time employee bonuses.....	-96
Senior Employment Program enrollee wages (federal fund reduction)	-175

Administration

Rent	5
In-state routine travel	5
Contractual position funding.....	-55

Cost Allocations

Statewide personnel system allocation.....	25
Retirement administrative fee	7
Office of Administrative Hearings allocation	7
Attorney General administrative fee	6
Department of Information Technology information technology services allocation	2
Department of Budget and Management-paid communications.....	-6

Program Grants to Area Agencies on Aging

Resource Center Program (Maryland Access Point).....	-36
Ombudsman and Vulnerable Adults programs	-135
Money Follows the Person reimbursable funds closer to actual spending experience	-651
Transfer Medicaid Waiver for Older Adults to the Department of Health and Mental Hygiene	-5,441

Other Changes	-11
Total	-\$6,578

Note: Numbers may not sum to total due to rounding.

Issues

1. Maryland Ranks Near Middle on Long-term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers

In September 2011, the AARP Foundation, the Commonwealth Fund, and the SCAN Foundation released a report which ranks states' performance in providing long-term services and supports (LTSS). The report, entitled *Raising Expectations: A State Scorecard on Long-Term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers*, ranks states on four areas or dimensions of state LTSS systems using 25 indicators. The dimensional rankings were then used to compile an overall ranking of state LTSS system performance. Maryland was ranked twenty-fourth overall.

The report describes the four dimensions and indicators as follows:

- **Affordability and Access** includes the relative affordability of private-pay LTSS, the proportion of individuals with private long-term care insurance, the reach of the Medicaid safety net and the Medicaid LTSS safety net to people with disabilities who have modest incomes, and the ease of navigating the LTSS system;
- **Choice of Setting and Provider** includes the balance between institutional services and home- and community-based services, the extent of participant direction, and the facilitation of consumer choice in publicly funded LTSS programs. It also measures the supply and availability of alternatives to nursing homes;
- **Quality of Life and Quality of Care** includes level of support, life satisfaction, and employment of people with disabilities living in the community, and indicators of quality in nursing homes and in home health services; and
- **Support for Family Caregivers** includes level of support reported by caregivers, legal and system supports provided by the states, and the extent to which registered nurses are able to delegate health maintenance tasks to nonfamily members, which can significantly ease burdens on family caregivers.

In the dimension rankings, Maryland was scored third on Affordability and Access, twenty-eighth on Choice of Setting and Provider, thirty-third on Quality of Life and Quality of Care, and thirty-fourth on Support for Family Caregivers. For the individual indicator rankings, Maryland was in the top or second quartile on 15 of the 25 indicators. However, Maryland was ranked near the bottom on 5 indicators as shown in **Exhibit 9**.

Exhibit 9
LTSS Indicators for Which Maryland Ranked in Bottom Quartile

<u>Indicator</u>	<u>Dimension</u>	<u>Maryland Rank</u>
Percent of Medicaid and State-Funded LTSS Spending for Older People and Adults with Physical Disabilities Going to HCBS	Choice of Setting and Provider	45
Home Health and Personal Care Aides per 1,000 Population Age 65+	Choice of Setting and Provider	43
Percent of Adults Age 18+ with Disabilities in the Community Satisfied or Very Satisfied with Life	Quality of Life and Quality of Care	45
Percent of High Risk Nursing Home Residents with Pressure Sores	Quality of Life and Quality of Care	44
Legal and System Supports for Caregivers (Composite Indicator, Scale 0–12)	Support for Family Caregivers	39

LTSS: long-term services and supports
HCBS: home- and community-based services

Source: AARP Foundation, *et al.*, *Raising Expectations: A State Scorecard on Long-Term Services and Supports for Older Adults, People with Physical Disabilities, and Family Caregivers*, September 2011

Maryland and the other states are grappling with many issues related to long-term care. The fiscal 2013 allowance includes funding for an additional 300 Older Adults Waiver slots and 180 additional Living at Home Waiver slots. These rankings provide a basis for comparing how well or poorly states are doing in key areas. **The department should comment on the Maryland rankings contained in the AARP Foundation report and brief the committee on what efforts are being made to improve long-term care access and quality in Maryland.**

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Aging (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$23,059	\$483	\$29,142	\$2,142	\$54,826
Deficiency Appropriation	-140	13	1,822	0	1,695
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	-119	-31	0	-1,398	-1,549
Actual Expenditures	\$22,799	\$465	\$30,964	\$744	\$54,972
Fiscal 2012					
Legislative Appropriation	\$22,619	\$360	\$31,244	\$4,888	\$59,111
Budget Amendments	80	2	13	0	96
Working Appropriation	\$22,699	\$363	\$31,257	\$4,888	\$59,207

Note: Numbers may not sum to total due to rounding.

Fiscal 2011

The fiscal 2011 budget for MDOA closed out \$146,268 higher than the legislative appropriation. Deficiency appropriations added a net \$1.7 million, with this increase mostly offset by end-of-year reversions and cancellations totaling \$1.5 million.

General funds decreased by \$259,355. A deficiency appropriation withdrew \$140,000 originally budgeted for grants, which were subsequently cancelled. At the end of the year, \$119,355 resulting from greater than budgeted turnover reverted to the general fund.

Special funds decreased by a net \$18,254. A deficiency appropriation added \$13,074 received as a grant from a foundation. This increase was offset by a cancellation of \$31,328 due to greater than budgeted turnover.

Federal funds increased by \$1,821,911 through a deficiency appropriation. This funding represented various grants that exceeded the estimates upon which the original budget was based.

Reimbursable funds decreased by \$1,398,034 through a year-end cancellation of funding received from DHMH due to delays in implementing the Money Follows the Person program.

Fiscal 2012

The fiscal 2012 working appropriation for MDOA is \$95,696 higher than the legislative appropriation and reflects funds added by budget amendment for the one-time \$750 employee bonuses.

**Object/Fund Difference Report
Department of Aging**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	54.70	55.70	55.70	0.00	0%
02 Contractual	18.70	18.70	18.70	0.00	0%
Total Positions	73.40	74.40	74.40	0.00	0%
Objects					
01 Salaries and Wages	\$ 5,492,719	\$ 5,991,333	\$ 5,691,045	-\$ 300,288	-5.0%
02 Technical and Spec. Fees	419,299	700,387	645,256	-55,131	-7.9%
03 Communication	56,855	74,886	71,428	-3,458	-4.6%
04 Travel	57,606	38,877	43,377	4,500	11.6%
07 Motor Vehicles	5,483	7,410	7,410	0	0%
08 Contractual Services	379,320	1,774,814	315,510	-1,459,304	-82.2%
09 Supplies and Materials	53,437	36,178	36,281	103	0.3%
10 Equipment – Replacement	27,402	9,946	8,952	-994	-10.0%
12 Grants, Subsidies, and Contributions	48,297,071	50,341,817	45,573,396	-4,768,421	-9.5%
13 Fixed Charges	180,277	229,001	234,205	5,204	2.3%
14 Land and Structures	2,500	2,500	2,500	0	0%
Total Objects	\$ 54,971,969	\$ 59,207,149	\$ 52,629,360	-\$ 6,577,789	-11.1%
Funds					
01 General Fund	\$ 22,799,173	\$ 22,699,097	\$ 20,417,023	-\$ 2,282,074	-10.1%
03 Special Fund	464,778	362,666	364,498	1,832	0.5%
05 Federal Fund	30,963,594	31,256,987	27,847,839	-3,409,148	-10.9%
09 Reimbursable Fund	744,424	4,888,399	4,000,000	-888,399	-18.2%
Total Funds	\$ 54,971,969	\$ 59,207,149	\$ 52,629,360	-\$ 6,577,789	-11.1%

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary
Department of Aging**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 General Administration	\$ 54,555,699	\$ 58,707,149	\$ 52,129,360	-\$ 6,577,789	-11.2%
02 Senior Centers Operating Fund	416,270	500,000	500,000	0	0%
Total Expenditures	\$ 54,971,969	\$ 59,207,149	\$ 52,629,360	-\$ 6,577,789	-11.1%
General Fund	\$ 22,799,173	\$ 22,699,097	\$ 20,417,023	-\$ 2,282,074	-10.1%
Special Fund	464,778	362,666	364,498	1,832	0.5%
Federal Fund	30,963,594	31,256,987	27,847,839	-3,409,148	-10.9%
Total Appropriations	\$ 54,227,545	\$ 54,318,750	\$ 48,629,360	-\$ 5,689,390	-10.5%
Reimbursable Fund	\$ 744,424	\$ 4,888,399	\$ 4,000,000	-\$ 888,399	-18.2%
Total Funds	\$ 54,971,969	\$ 59,207,149	\$ 52,629,360	-\$ 6,577,789	-11.1%

Note: The fiscal 2012 appropriation does not include deficiencies.