

**M00M**  
**Developmental Disabilities Administration**  
Maryland Department of Health

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 17</u></b> <b><u>Actual</u></b>	<b><u>FY 18</u></b> <b><u>Working</u></b>	<b><u>FY 19</u></b> <b><u>Allowance</u></b>	<b><u>FY 18-19</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$600,125	\$649,837	\$679,317	\$29,481	4.5%
Adjustments	0	-192	-14,133	-13,940	
<b>Adjusted General Fund</b>	<b>\$600,125</b>	<b>\$649,644</b>	<b>\$665,184</b>	<b>\$15,540</b>	<b>2.4%</b>
Special Fund	2,634	5,785	6,080	295	5.1%
<b>Adjusted Special Fund</b>	<b>\$2,634</b>	<b>\$5,785</b>	<b>\$6,080</b>	<b>\$295</b>	<b>5.1%</b>
Federal Fund	490,778	505,833	576,860	71,027	14.0%
Adjustments	0	-90	-13,257	-13,167	
<b>Adjusted Federal Fund</b>	<b>\$490,778</b>	<b>\$505,743</b>	<b>\$563,602</b>	<b>\$57,860</b>	<b>11.4%</b>
Reimbursable Fund	30	30	30	0	
<b>Adjusted Reimbursable Fund</b>	<b>\$30</b>	<b>\$30</b>	<b>\$30</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$1,093,567</b>	<b>\$1,161,201</b>	<b>\$1,234,896</b>	<b>\$73,695</b>	<b>6.3%</b>

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The proposed budget contains two general fund deficiency appropriations for a mid-year bed expansion at the Potomac Center in fiscal 2018. A deficiency of \$361,958 provides funds for operational costs, and a deficiency of \$130,555 provides required funds for positions transferred into the facility.

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

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***Analysis of the FY 2019 Maryland Executive Budget, 2018***

*M00M – MDH – Developmental Disabilities Administration*

- The proposed budget contains a general fund reduction of \$14,638,439 and a federal fund reduction of \$13,295,433 contingent on the enactment of language in the Budget Reconciliation and Financing Act of 2018 that reduces the statutorily mandated provider rate increase from 3.5% to 1%.
- The adjusted fiscal 2019 allowance for the Maryland Department of Health (MDH) Developmental Disabilities Administration (DDA) increases by \$73.7 million, or 6.3%, compared to the adjusted fiscal 2018 working appropriation. The increase is largely due to the expansion of community-based services (\$41.4 million), a 1% provider rate increase (\$11.2 million), a projected increase in targeted case management (\$9.4 million), and the first full year of two new waiver programs (\$7.4 million).

***Personnel Data***

	<b><u>FY 17</u></b> <b><u>Actual</u></b>	<b><u>FY 18</u></b> <b><u>Working</u></b>	<b><u>FY 19</u></b> <b><u>Allowance</u></b>	<b><u>FY 18-19</u></b> <b><u>Change</u></b>
Regular Positions	598.50	649.25	649.25	0.00
Contractual FTEs	<u>20.07</u>	<u>24.87</u>	<u>26.17</u>	<u>1.30</u>
<b>Total Personnel</b>	<b>618.57</b>	<b>674.12</b>	<b>675.42</b>	<b>1.30</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	54.41	8.38%
Positions and Percentage Vacant as of 12/31/17	46.00	7.09%

- There is no change in personnel between the fiscal 2018 working appropriation and the fiscal 2019 allowance. However, when comparing the fiscal 2019 allowance to the fiscal 2018 legislative appropriation, the personnel count increases by 49.25 full-time equivalents (FTE). This increase represents the transfer of positions to the Potomac Center from other areas of MDH (61 FTEs) for a mid-year expansion of bed capacity. The increase at the Potomac Center is offset by the transfer of positions from other areas in DDA to other agencies in MDH for other facility bed capacity expansions.
- The allowance increases contractual FTEs by 1.3. Additional information technology support (1.0 FTE) in program direction, administrative support (1.0 FTE) in community services, and a maintenance worker (0.8 FTE) and nurse (0.3 FTE) at the Holly Center are offset by a 2.0 FTE decrease in building security contractals in the Secure Evaluation and Therapeutic Treatment (SETT) program.
- The fiscal 2019 allowance budgets turnover expectancy at 8.38% or 54.41 positions. As of December 31, 2017, DDA has 46 vacancies – 8.41 below budgeted turnover.

## ***Analysis in Brief***

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### **Major Trends**

***Community-based Services Continue to Be the Agency’s Preferred Model of Service Delivery:*** DDA aims to serve individuals in the community rather than in institutions. In fiscal 2017, 23,942 individuals were served in the Community Services Program within DDA. This is an increase from fiscal 2016, and the agency expects the number to increase in the out-years. Meanwhile, the State Residential Centers’ average daily population (ADP) has remained relatively steady in recent years, with the exception of a small increase in fiscal 2017 in the SETT population.

***Population in SETT Unit Continues to be Near Capacity After Consolidation:*** Both SETT units (at Jessup and Sykesville) reached full capacity in fiscal 2011. After declining in both fiscal 2012 and 2013, the ADP at both locations have been increasing and reached near capacity in fiscal 2017. In fiscal 2018, the SETT units are consolidated.

***Individuals with a Repeat Commitment to SETT Increase:*** DDA aims to reduce recidivism in the SETT unit. In calendar 2017, 17 individuals were repeat commitments to SETT, an increase from the 14 repeat commitments in calendar 2016.

***Increasing Courtroom Procedure Skills:*** DDA aims to increase skills in courtroom procedures for individuals committed as Incompetent to Stand Trial (IST). In fiscal 2017, 44% of the 59 individuals committed as IST achieved training goals for increased courtroom procedures, lower than the 50% goal that the agency set.

***Waiver Enrollment Increases:*** Waiver enrollment continued to increase in fiscal 2017 to 90.04% from 89.21% in the prior fiscal year. The agency estimates that waiver enrollment will increase in fiscal 2018 and 2019.

### **Issues**

***Rate-setting Process:*** DDA is on track to complete its rate-setting process by the close of fiscal 2019. This issue discusses the results of a rate-setting report mandated by Chapter 648 of 2014 and concerns raised by the report.

***Report on Direct Support Wages:*** Narrative in the 2017 *Joint Chairmen’s Report* requested a report on direct support wages. This issue discusses findings of the report.

***Federal Audit Disallowance and Fiscal 2018 General Fund Surplus:*** The agency has disagreed with the finding of an audit from the U.S. Department of Health and Human Services concerning the funding of additional services beyond residential habilitation services for certain individuals. The agency advises that it has not yet received a disallowance letter. This finding was included in the Office of

Legislative Audits' *Statewide Review of Budget Closeout Transactions for Fiscal Year 2017*. DDA has a projected general fund surplus that can be used to pay down the disallowance.

## **Operating Budget Recommended Actions**

	<b><u>Funds</u></b>
1. Add language restricting a portion of the fiscal 2019 budget for Program Direction pending the receipt of a report on procurement delays.	
2. Add language withholding \$100,000 from the fiscal 2019 budget for Program Direction pending submission of the master file for the new rate-setting process.	
3. Add language restricting \$100,000 pending the receipt of monthly caseload data from the Community Services program.	
4. Add narrative requesting the inclusion of assault data in the annual Managing for Results submission.	
5. Reduce funds intended for the Expansion of Targeted Case Management by 75%.	\$ 7,416,272
6. Add narrative expressing intent that the Community Support Waiver Program and the Family Support Waiver Program be split into separate subprograms in the fiscal 2020 budget submission.	
<b>Total Reductions</b>	<b>\$ 7,416,272</b>

## **Budget Reconciliation and Financing Act Recommended Actions**

1. Reduce the fiscal 2018 working appropriation by \$1.85 million in general funds for the Community Supports Waiver and Family Supports Waiver Programs.
2. Delete the fiscal 2018 working appropriation for Utilization Review Audits.
3. Delete the fiscal 2018 working appropriation for Self-Directed Financial Management Service Contracts.
4. Restrict fiscal 2018 surplus of \$27.6 million to pay federal audit disallowance.

**M00M**  
**Developmental Disabilities Administration**  
**Maryland Department of Health**

## ***Operating Budget Analysis***

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### **Program Description**

A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities, manifests itself before the individual attains 22, and is likely to continue indefinitely. Examples include autism, cerebral palsy, epilepsy, intellectual disability, and other neurological disorders. The Developmental Disabilities Administration (DDA) provides direct services to developmentally disabled individuals in two State Residential Centers (SRC), in one Secure Evaluation and Therapeutic Treatment (SETT) unit, and through the funding of a coordinated service delivery system that supports the integration of these individuals into the community. The State receives federal matching funds for services provided to the Maryland Medical Assistance Program (Medicaid)-enrolled individuals (who make up the vast majority of individuals served by the agency).

The goals of the administration include:

- the empowerment of developmentally disabled individuals and their families;
- the integration of developmentally disabled individuals into community life;
- the provision of quality support services that maximize individual growth and development; and
- the establishment of a responsible, flexible service system that maximizes available resources.

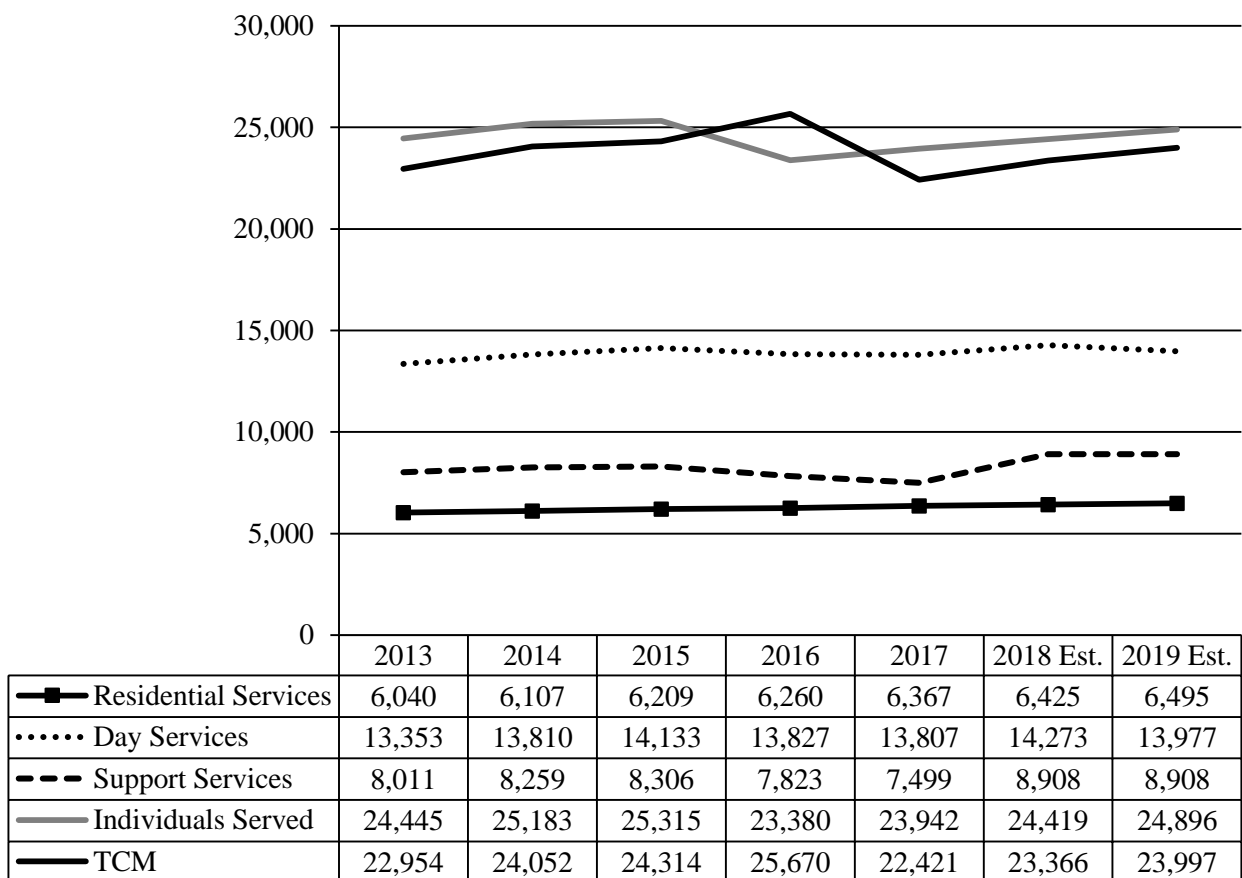
### **Performance Analysis: Managing for Results**

#### **1. Community-based Services Continue to Be the Agency's Preferred Model of Service Delivery**

One of DDA's performance goals is to serve individuals in the community rather than in institutions. In fiscal 2017, 23,942 unique individuals were served in the Community Services Program within DDA, including resource coordination and behavioral health services. The agency expects the number of individuals served to increase to 24,896 by fiscal 2019. The Community Services Program offers a variety of services to individuals, including residential, day, and support. Examples of residential services include community residential services and individual family care. Examples of day services (which provide activities during normal working hours) include day habilitation services,

supported employment, and summer programs. Finally, examples of support services include individual and family support, targeted case management (TCM), community-supported living arrangements, and self-directed services. **Exhibit 1** shows the number of individuals receiving each of the major services. For purposes of this exhibit, TCM (formerly known as resource coordination) is shown separately from the support services category, as TCM is available to all individuals in the system.

**Exhibit 1**  
**Individuals Receiving Community Services**  
**Calendar 2013-2019 Est.**



TCM: targeted case management

Note: Duplicated count, as individuals can be counted in multiple categories. Day Services include day, supported employment, and summer programs. TCM is provided to individuals on the waiting list in addition to individuals receiving services.

Source: Maryland Department of Health

As Exhibit 1 shows, DDA provided residential services to 6,367 individuals, day services to 13,807 individuals, and support services to 7,499 individuals in fiscal 2017. (It should be noted that individuals receiving services through DDA may receive more than one type of service.) Decreases in support services are because DDA no longer counts support services that are included in the comprehensive waiver. TCM decreases significantly from 25,970 in fiscal 2016 to 22,421 in fiscal 2017. DDA attributes this decrease to a discontinuation of TCM services to individuals who were eligible for support services only.

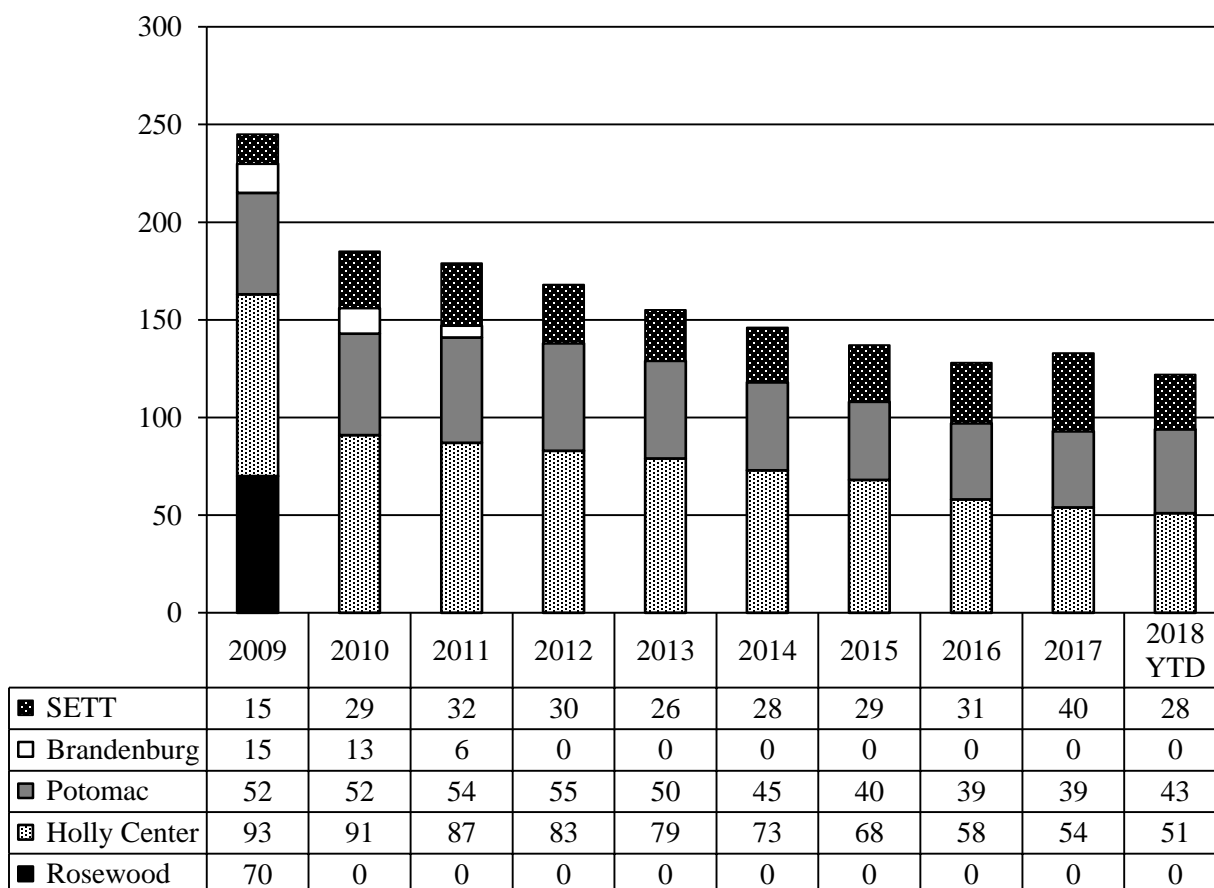
### **State Residential Centers**

Part of DDA's mission is to serve individuals in the least restrictive setting possible. In most cases, this means serving individuals in the community instead of in institutional settings. As a result, the number of individuals served in SRCs is far fewer than the number of individuals served in the community. As shown in **Exhibit 2**, the average daily population (ADP) has remained steady in recent years, increasing slightly in fiscal 2017.

As more individuals are served in community-based settings, the remaining residential center population includes individuals that have more involvement with the criminal justice system (court-ordered) and more complex conditions. The Potomac Center is increasingly made up of court-ordered residents, which generally require a higher staffing ratio.

Year to date (YTD), the SETT ADP has decreased in 2018 back to pre-2017 levels following consolidation of the two SETT units into one unit. The Potomac Center ADP has increased slightly from an ADP of 39 in fiscal 2017 to 43 in fiscal 2018 YTD, following expansion of bed capacity in the transitions program. The Potomac Center ADP will likely increase as the year progresses and the expansion beds are filled.

**Exhibit 2**  
**Average Daily Population of State Facilities**  
**Fiscal 2009-2018 YTD**



SETT: Secure Evaluation and Therapeutic Treatment

YTD: year to date

Note: The 2018 estimate does not account for expansion of bed capacity at the Potomac Center in fiscal 2018.

Source: Maryland Department of Health

## 2. Population in SETT Unit Continues to be Near Capacity After Consolidation

Since fiscal 2009, DDA has served court-ordered individuals in specialized centers – called SETT units – instead of in SRCs. Prior to fiscal 2017, there were two SETT units operated by DDA, one for evaluation and short-term treatment and one for treatment on a longer term basis. The two SETT units were consolidated into one unit in fiscal 2017.

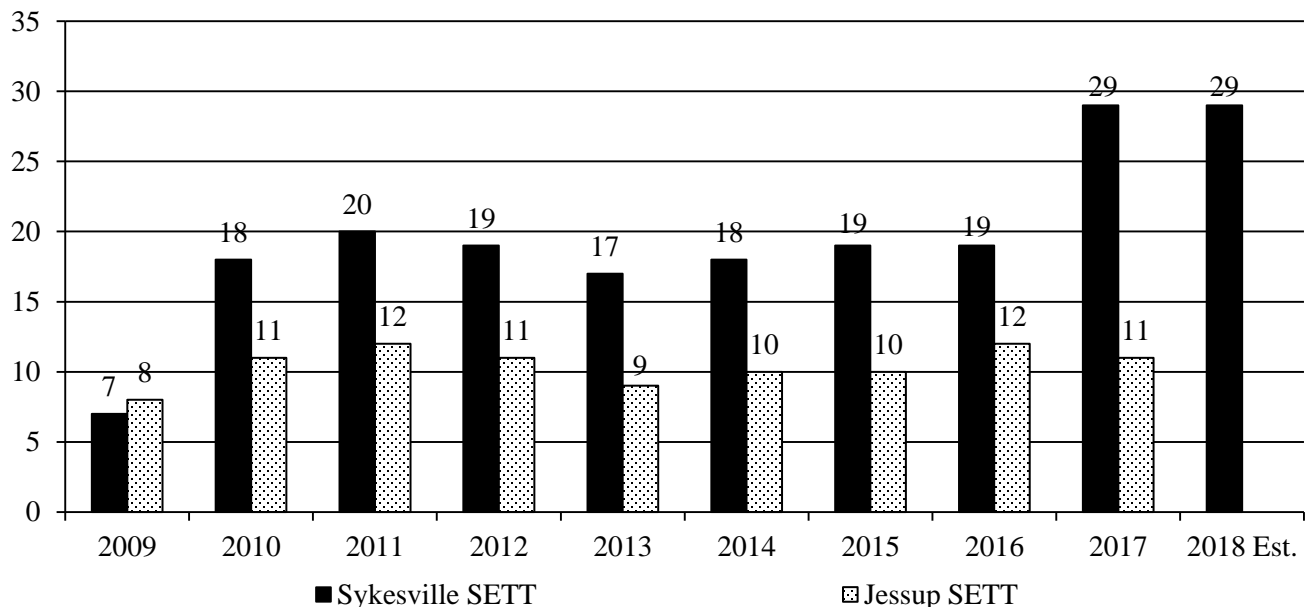


Due to safety and capacity concerns, DDA received capital funding in fiscal 2011 to begin the planning and design of a new, consolidated SETT unit to replace both existing units and had advised that the renovation and consolidation of the Sykesville Unit would provide sufficient residential and program space to effectively provide SETT (54 beds). The construction was originally set to begin in fiscal 2014 and be completed in fiscal 2015. However, the project was delayed multiple times. As previously noted, the agency instead consolidated the two SETT units at the Sykesville location (Springfield Hospital) in November 2016, where minor renovations can be made to accommodate the program's facility needs. The capacity of the consolidated unit is 32 beds.

**Exhibit 3** shows the ADP of each unit. As the exhibit demonstrates, both SETT units were at full capacity in fiscal 2011. Following fiscal 2011, the two SETT units neared but never reached capacity. In fiscal 2017, capacity at the Sykesville unit was increased to account for consolidation, resulting in an ADP higher than the previous capacity of 20. DDA anticipates that the consolidated Sykesville unit will maintain an ADP of 29 in fiscal 2018 – 3 below the maximum capacity – following the closure of the Jessup unit. It is unclear why fiscal 2017 ADP still reflects enrollment in Jessup consolidation. **The agency should explain exactly how consolidation took place, when Jessup closed, and when additional beds opened in Sykesville.**

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**Exhibit 3**  
**Average Daily Population of SETT Units**  
**Fiscal 2009-2018 Est.**



SETT: Secure Evaluation and Therapeutic Treatment

Note: Jessup SETT closed midway through fiscal 2017.

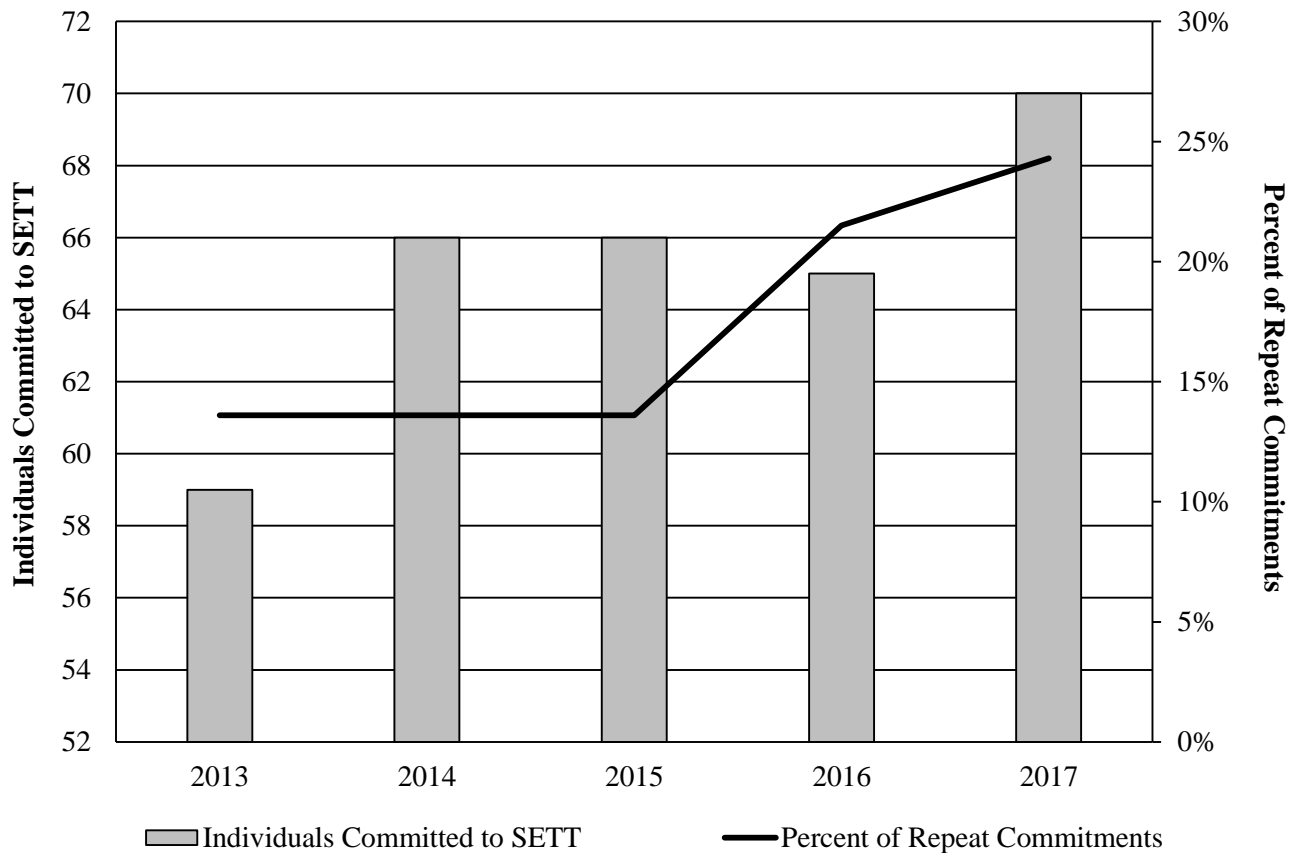
Source: Maryland Department of Health

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### 3. Individuals with a Repeat Commitment to SETT Increase

DDA aims to reduce recidivism to the SETT units. DDA works on aftercare plans and monitoring to ensure that individuals are successful in the community. When individuals are not successful in the community, they may end up with a repeat commitment to the SETT unit. As shown in **Exhibit 4**, in calendar 2017, 17 individuals (24.3% of all committed individuals) were repeat commitments to the SETT, an increase from the 14 repeat commitments (21.5%) in 2016. DDA has an objective to keep repeat commitments below 18% of all committed individuals. This is the second year in which this objective was not met. **The agency should explain steps taken to attempt to decrease repeat commitments in fiscal 2018.**

**Exhibit 4**  
**Individuals with Repeat Commitments to SETT**  
**Fiscal 2013-2017**



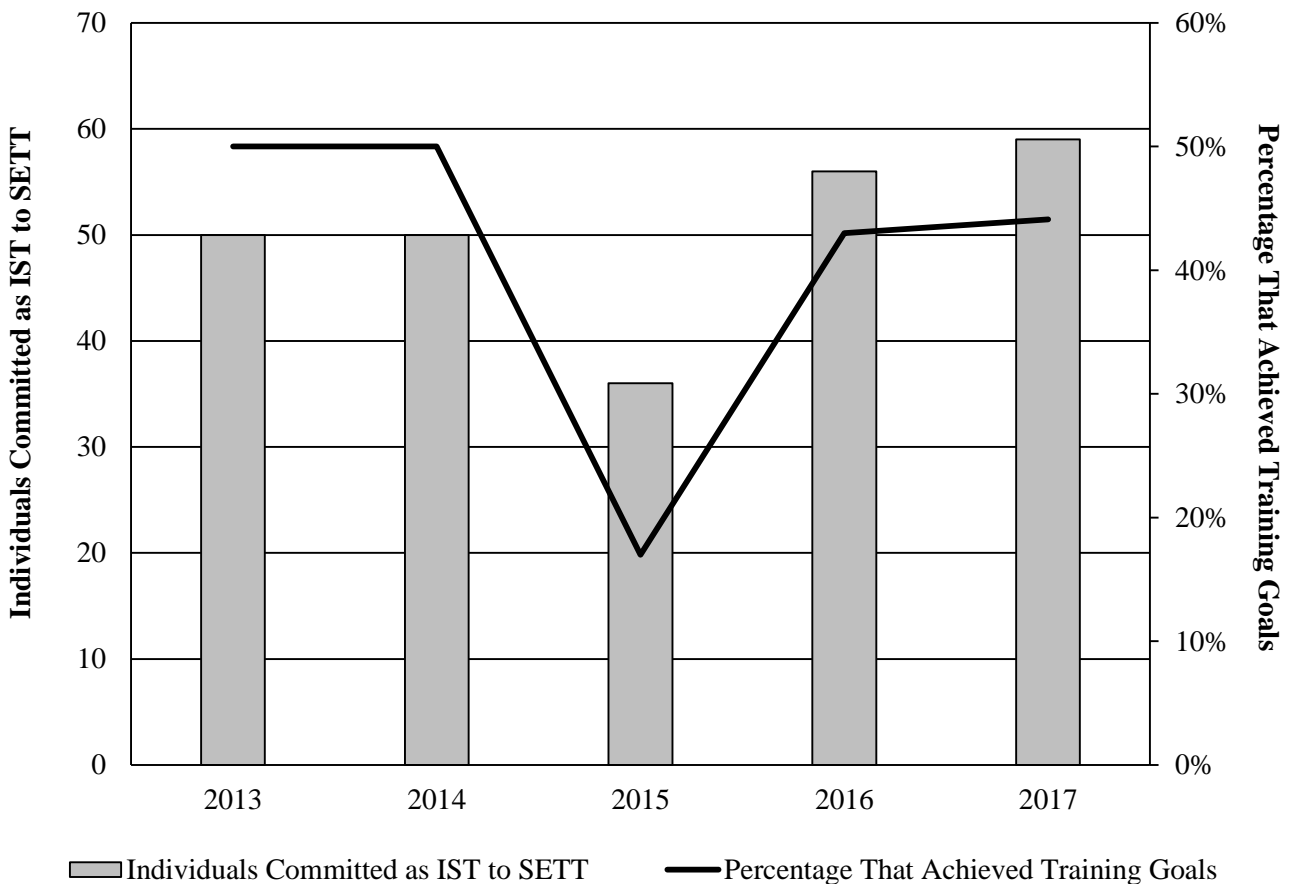
SETT: Secure Evaluation and Therapeutic Treatment

Source: Maryland Department of Health

#### 4. Increasing Courtroom Procedure Skills

DDA has submitted a new performance measure for individuals committed as Incompetent to Stand Trial (IST) to demonstrate increased skills in courtroom procedures. The agency has a goal to have 50% of individuals committed as IST to achieve training goals for increased courtroom procedure skills. As shown in **Exhibit 5**, in fiscal 2015, a low of 12% of individuals committed as IST demonstrated increased skills in courtroom procedures. However, this increased to 43% of the 56 individuals committed as IST in 2016. In fiscal 2017, this measure increased slightly to 44%.

**Exhibit 5**  
**Individuals Committed as IST with Increased Courtroom Procedure Skills**  
**Fiscal 2013-2017**



IST: Incompetent to Stand Trial  
SETT: Secure Evaluation and Therapeutic Treatment

Source: Maryland Department of Health

## 5. Waiver Enrollment Increases

Another performance goal for DDA is to increase the percentage of individuals receiving services through the Home and Community-based Services Waiver. **Exhibit 6** shows the percentage of individuals enrolled in the waiver. As shown, waiver enrollment increased 0.83 percentage points from fiscal 2016 to 2017. DDA anticipates an increase to 92.6% waiver enrollment by fiscal 2019. DDA has increased its focus on individuals who are eligible for the community pathways waiver and has emphasized redeterminations to ensure people do not become disenrolled due to inaction.

**Exhibit 6**  
**Individuals Enrolled in DDA’s Home and Community-based Services Waiver**  
**Fiscal 2013-2019 Est.**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 Est.</u>	<u>2019 Est.</u>
Individuals in Waiver	84.35%	85.85%	87.69%	89.21%	90.04%	91.34%	92.60%
Percentage Point Increase Over Previous Year	n/a*	1.50	1.84	1.52	0.83	1.30	1.26

DDA: Developmental Disabilities Administration

Source: Maryland Department of Health

In order to meet eligibility requirements for enrollment in the waiver, an individual must meet the criteria for having a developmental disability and meet income limits set by the Centers for Medicare and Medicaid Services (CMS). The income limit is currently set at 300% of federal supplemental security income (SSI). In 2018, 300% of SSI is \$2,250 per month, or an annual income of \$27,000. DDA has indicated that, with the exception of court-ordered individuals, no one has been placed in services in at least four years who did not meet eligibility criteria for enrollment in the waiver.

The agency’s latest Managing for Results (MFR) submission is the fourth in which the agency has provided this data. DDA set an objective with respect to waiver enrollment to increase the percentage of individuals enrolled in the waiver by 3.14 percentage points between fiscal 2017 and 2018. Despite this objective, DDA anticipates that waiver enrollment will increase by only 1.3 percentage points between fiscal 2017 and 2018.

## **Fiscal 2018 Actions**

### **Potomac Center Bed Expansion**

The Maryland Department of Health (MDH) expanded the bed capacity of the Potomac Center in fiscal 2018. The Potomac Center increased its bed count by 18, from 38 to 56. To accommodate the additional beds, the Potomac Center position count was increased by 61 full-time equivalents (FTE). After accounting for an additional transfer of 1 FTE unrelated to the expansion, the overall position count was raised from 135 to 197 FTEs. As of January 31, 2018, Potomac Center has had success in hiring 40 of the 61 FTEs with pending commitments for an additional 14 FTEs.

The proposed budget contains two general fund deficiency appropriations for the mid-year bed expansion. A deficiency of \$361,958 provides funds for operational costs, and a deficiency of \$130,555 provides required funds for positions transferred into the facility.

The expansion is intended to increase the Potomac Center capacity in the transitions program. These are residents who are transitioning from a State hospital to the community. In these cases, the Potomac Center acts as a step down from hospital care and prepares the individuals for re-entry into the community. The transitions program primarily admits people from State psychiatric hospitals, having transferred patients from each and every one of the hospital centers, including those who have aged out of the Adolescent Unit at Spring Grove. Occasionally, the program will admit individuals from private hospitals in lieu of transferring them into a State hospital. Each program participant has both an intellectual disability and serious mental illness and may occasionally have substance and/or alcohol issues also. Individuals may or may not be actively involved with the court system.

As of February 18, 2018, the Potomac Center has a population of 42 residents – 13 attributable to the expansion beds. The transitions program accounts for 24 residents (7 court-ordered individuals); 9 are court-ordered only, 3 are from the traditional population, and 6 are nonspecified civil admissions. The current population is 38% court-ordered individuals.

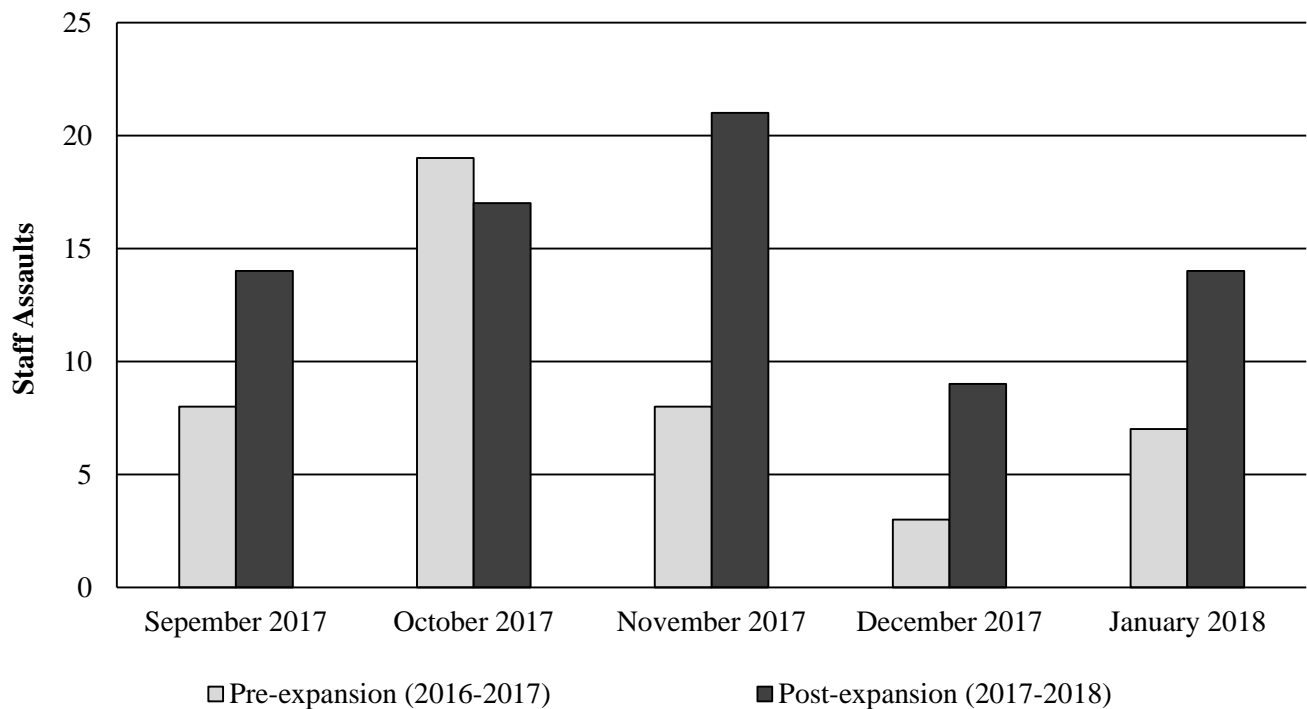
The Potomac Center has also been used as a step-down from the SETT unit as well as an overflow center for the SETT unit when it is over capacity. Because the Potomac Center does not have the same level of security as the SETT unit but can house a similar population, violent incidents are more likely to occur. **Exhibit 7** shows a monthly comparison of staff assaults at Potomac Center before and after the bed expansion. Staff assaults are relatively high throughout the year. Any level of assault on staff is not ideal. However, it is clear that staff assaults have increased significantly since the expansion.

In the analysis of the fiscal 2018 proposed budget, the Department of Legislative Services (DLS) recommended that DDA include data on injuries to staff and residents in the annual MFR submission. In hearing testimony from the 2017 legislative session, DDA confirmed that this was possible. However, DDA did not include this data in the fiscal 2019 MFR submission. **DLS recommends committee narrative requesting that DDA include the number of assaults to both staff and other residents at each of the SRCs administered through DDA in the annual MFR submission.**

It should be noted that Potomac Center employees staged a protest in late October 2017 over unsafe working conditions. Safety concerns due to increasing acuity of residents at the Potomac Center are compounded by large amounts of mandated overtime due to staff shortages. In a sampling of mandated overtime provided by the Potomac Center, 5 direct care workers were mandated to work overtime for 49.6 shifts each on average between late September 2016 and early April 2017. One of the 5 sampled employees worked 72 mandated overtime shifts in that time period. This amount of overtime is unsustainable and likely results in increased safety issues. **The agency should comment on actions taken since the October 2017 staff protest to ensure worker safety and on strategies to reduce mandated overtime.**

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**Exhibit 7**  
**Monthly Staff Assaults at Potomac Center Before and After Bed Expansion**  
**Fiscal 2017-2018**



Source: Maryland Department of Health

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## Cost Containment

The fiscal 2018 budget decreased by \$14,183 in general funds due to a September 6, 2017 Board of Public Works cost containment action. This reduction is the DDA share of a departmentwide reduction in travel expenses.

## Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$684,978 in general funds and \$90,113 in federal funds.

## Proposed Budget

As shown in **Exhibit 8**, the adjusted fiscal 2019 allowance for MDH – DDA increases by \$73.7 million, or 6.3%, compared to the adjusted fiscal 2018 working appropriation. The increase is largely due to the expansion of community-based services (\$41.4 million), a 1% provider rate increase (\$11.2 million), a projected increase in targeted case management (\$9.4 million), and the first full year of two new waiver programs (\$7.4 million).

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### Exhibit 8 Proposed Budget MDH – Developmental Disabilities Administration (\$ in Thousands)

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
Fiscal 2017 Actual	\$600,125	\$2,634	\$490,778	\$30	\$1,093,567
Fiscal 2018 Working Appropriation	649,644	5,785	505,743	30	1,161,201
Fiscal 2019 Allowance	<u>665,184</u>	<u>6,080</u>	<u>563,602</u>	<u>30</u>	<u>1,234,896</u>
Fiscal 2018-2019 Amount Change	\$15,540	\$295	\$57,860	\$0	\$73,695
Fiscal 2018-2019 Percent Change	2.4%	5.1%	11.4%		6.3%

### Where It Goes:

#### Personnel Expenses

Regular earnings .....	\$1,091
Employee and retiree health insurance, impact of fiscal 2018 health insurance deduction holidays.....	775
General salary increase .....	544
Retirement contributions.....	289
Overtime .....	177
Additional assistance, miscellaneous adjustments, and other compensation.....	148
Accrued leave payout.....	48
Social Security contributions .....	-150

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**Where It Goes:**

Turnover adjustments .....	-243
<b>Program Direction</b>	
Program management support for the transition from PCIS2 to LTSS .....	674
<b>Community Services</b>	
Fiscal 2019 expansion.....	27,686
Annualization of fiscal 2018 expansion.....	13,672
Provider rate increase (1%).....	11,221
Expansion of targeted case management .....	9,354
Community/family support capped waivers .....	7,400
LTSS staff training.....	2,400
Forensic pre-trial evaluations.....	42
Utilization review services.....	-189
Support broker management.....	-200
Support intensity scale assessments and health risk screen tool .....	-484
<b>Facilities</b>	
Potomac Center (first full year of bed expansion) .....	139
Holly Center.....	55
SETT (language interpreters no longer needed) .....	-100
SETT (one-time fiscal 2018 purchases).....	-175
Rosewood facilities maintenance.....	-211
SETT (savings realized from consolidation) .....	-268
<b>Total</b>	<b>\$73,695</b>

LTSS: Long Term Services and Supports Tracking System

MDH: Maryland Department of Health

PCIS2: Provider Consumer Information System

SETT: Secure Evaluation and Therapeutic Treatment

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

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**Personnel**

The allowance increases personnel costs by approximately \$2.7 million compared to the fiscal 2018 working appropriation. This increase is driven by increases in regular earnings due to the Potomac Center expansion (\$1.9 million) partially offset by reductions in other parts of DDA as well as the impact of fiscal 2018 health insurance deduction holidays and a general salary increase in fiscal 2019.



The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's (DBM) statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is \$543,764 in total funds.

### **Contingent Reduction to the Provider Rate Increase**

Chapter 262 of 2014 mandated a 3.5% provider rate increase in fiscal 2016 through 2019. The fiscal 2019 budget bill includes a contingent reduction to reduce the mandated provider rate increase from 3.5% to 1.0% in fiscal 2019, a reduction of approximately \$27.9 million in total funds (\$14.6 million in general funds and \$13.3 million in federal funds). These reductions are contingent on a provision in the Budget Reconciliation and Financing Act (BRFA) of 2018 amending Section 7-307 of the Health-General Article.

### **Community Services**

#### **Fiscal 2018 Expansion and Annualization of Fiscal 2017 Expansion**

As shown in Exhibit 8, the fiscal 2019 budget includes \$27.7 million for the expansion of services in fiscal 2019 and \$13.7 million for the annualization of the fiscal 2018 service expansion as individuals come into service at different times during the fiscal year. When an individual is placed in community services for the first time in any fiscal year, annualized costs of servicing that individual in the subsequent fiscal year are included as part of the base budget.

Expansion funds will be spent to fund the following estimated placements:

- ***Emergency Placements:*** Emergency services are provided when an individual becomes homeless, the caregiver of an individual dies, or any other situation arises that threatens the life and safety of the individual. The budget estimates that DDA will provide residential and day services to approximately 53 additional individuals (33.28 FTEs) in emergency situations in fiscal 2019.
- ***Transitioning Youth:*** This program identifies individuals graduating from the public school system, nonpublic school placements, and the foster care system, who are eligible for DDA services such as supported employment. The program is intended to ease the transition of such individuals into the DDA system. In fiscal 2019, DDA expects to serve 801 additional individuals (613.09 FTEs) through the program.
- ***Department of Human Services (DHS) Phase-out:*** Services are provided for youth aging out of DHS services at age 21 and transitioning into DDA adult services. In fiscal 2019, DDA expects to provide residential services for an additional 30 (15 FTEs) individuals.

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- ***Crisis Services:*** Crisis services are provided for individuals in the crisis resolution category of the waitlist. The budget estimates that DDA will provide residential and day services to an additional 165 individuals (74.67 FTEs) on the waitlist.
- ***Court-involved Placements:*** DDA is charged with serving individuals identified through the court system in either a community placement or at one of the SETT units. In fiscal 2019, DDA expects to serve an additional 41 court-referred individuals (28.27 FTEs) in community settings.
- ***Waiting List Equity Fund Placements:*** The Waiting List Equity Fund (WLEF) is supported through a State income tax check-off, investment earnings from the sale of properties owned by DDA, and savings associated with the movement of an individual from institutional care to community care. The allowance includes \$775,532 in special funds from the WLEF to expand community-based services for 19.0 additional individuals (13.92 FTEs) on the waitlist by the end of fiscal 2019.

### **Provider Rate Increase for Community Support Providers**

The fiscal 2019 allowance, inclusive of the contingent reductions, includes \$11.2 million for a 1.0% provider rate increase over the fiscal 2018 working appropriation. Chapter 262 mandates that the fiscal 2019 rate increase be 3.5% over the fiscal 2018 legislative appropriation. In the broadest and most inclusive interpretation of the statute, including the entire fiscal 2018 legislative appropriation for Object 08 expenditures, a 3.5% rate increase totals \$38,568,741. However, the fiscal 2019 allowance, not inclusive of the contingent reductions, includes \$39,154,814 for a 3.5% provider rate increase. This amount is actually 3.55% over the fiscal 2018 legislative appropriation. A 1.0% provider rate increase should total \$11,019,640 based on this broad interpretation of the statute. The amount included in the proposed budget, inclusive of contingent reductions, is actually a 1.02% increase.

### **Targeted Case Management**

The fiscal 2019 allowance for TCM increases by \$9.4 million, or 20.7% compared to the fiscal 2018 working appropriation. Of the total increase, \$5,132,911 is general funds and \$4,221,181 is federal funds. Additionally, a portion of the provider rate increase totaling \$534,271 is attributable to the TCM program. This increase anticipates that the number of individuals utilizing TCM will increase to 26,660 from 23,666 in fiscal 2018. This is an increase of 3,294 individuals. DDA has indicated that fiscal 2019 TCM caseloads will likely be closer to 23,997. **DLS recommends reducing funds for expansion of TCM by 75% to align levels with recent actuals and to account for expected growth in the program. Additionally, DLS recommends reducing the provider rate increase associated with TCM to correspond with the proposed reduction.**

### **Community and Family Supports Capped Waivers**

In addition to expansion funding, the fiscal 2019 allowance increases by \$7.4 million to implement two new waiver programs: a community support waiver program (\$5.0 million) and a

family support waiver program (\$2.4 million). The total fiscal 2019 allowance for these two waiver programs is \$14.8 million.

CMS approved the community support waiver on October 13, 2017. The program provides support of \$25,000 a year per individual for nonresidential services in the community. The services will include all those available in the comprehensive waiver except residential and site-based day services. People on the waitlist in the Crisis Resolution and the Crisis Prevention priority categories would be eligible for this funding. This program supports 400 individuals annually, starting mid-year fiscal 2018. DDA began accepting applications for enrollment on January 2, 2018.

CMS approved the family support waiver on September 1, 2017. The program provides funding for children under 21 and their families to secure supplemental, wraparound services to those provided by the Maryland State Department of Education. The purpose of family support services is to provide adequate resources within the community so that families with a child with a disability can keep that child at home and avoid disruption to the family unit. Allowable services include after-school and weekend support and respite services. Funding would be capped at \$12,000 per individual/family per year. This program supports 400 individuals annually, starting mid-year fiscal 2018. DDA began accepting applications for enrollment on January 2, 2018.

The fiscal 2018 working appropriation includes \$7.4 million for these two waiver programs with the assumption that all 800 slots will be filled and will utilize services for exactly one half of the fiscal year. This assumption is unlikely to bear out as it would require full enrollment on January 2, 2018, the day that enrollment applications became available for submission. DDA advised that there are 33 individuals enrolled in the community support waiver and 10 enrolled in the family support waiver as of February 21, 2018. An additional 77 individuals are awaiting approval after having submitted applications. **Therefore, DLS recommends adding a provision to the BRFA of 2018 to reduce the fiscal 2018 working appropriation by \$1.85 million in general funds.** Associated federal matching funds will be canceled at the close of the fiscal year.

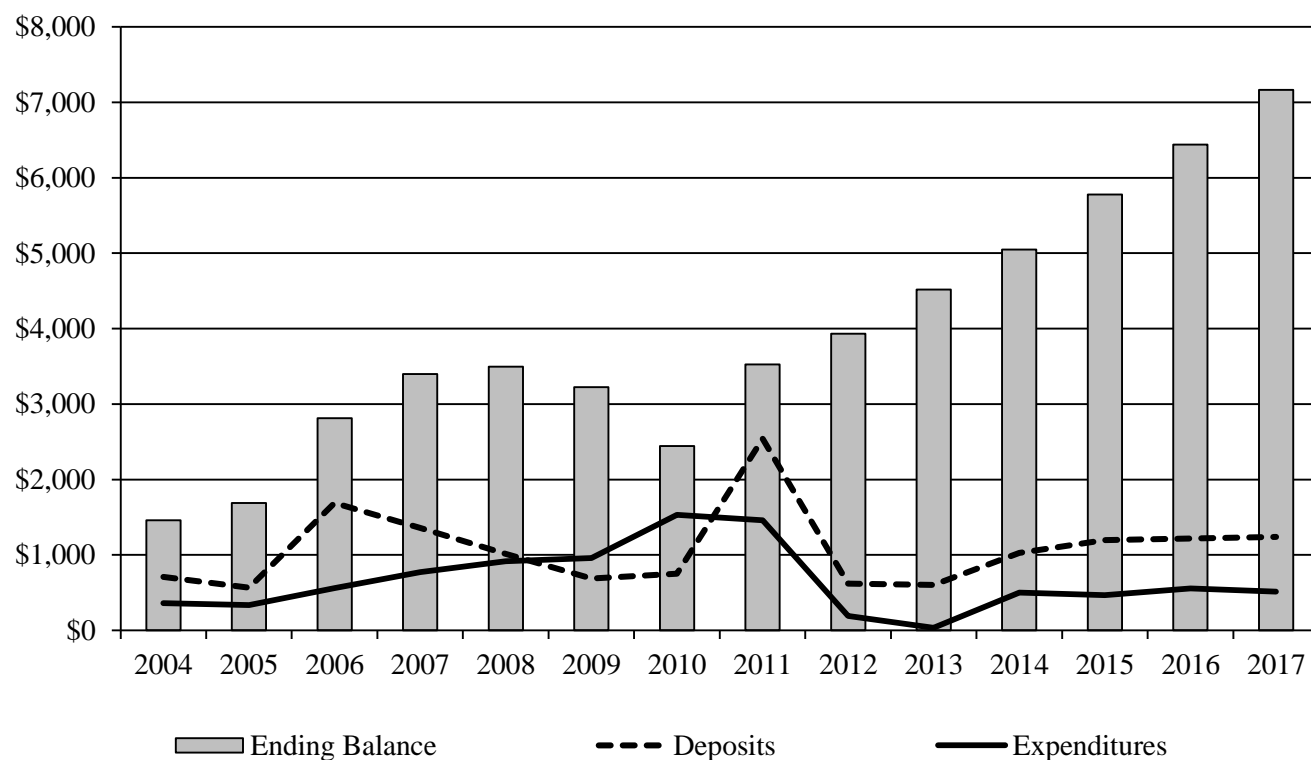
The fiscal 2019 proposed budget combines the two waiver programs into one program code. DDA has indicated that it would prefer the programs to be separated into individual program codes. This allows for accurate analysis of each program and more specific accounting of expenditures in each program. **DLS recommends narrative expressing intent that the fiscal 2020 budget submission separate the two programs into distinct subprogram codes.**

### **Waiting List Equity Fund Balance**

The WLEF was established to ensure that funding associated with individuals served in an SRC follows them to the community when they are transitioned to a community-based care setting and that any funds remaining be used to provide community-based services to individuals on the waitlist. According to statute, WLEF funds may not be used to supplant funds for emergency placements or transitioning youth. The WLEF funds only the first year of placement, after which those individuals become part of the base.

**Exhibit 9** shows the ending fund balance of the WLEF, the deposits made to the fund, and the expenditure or placement costs incurred by the fund between fiscal 2004 and 2017. Deposits include the balance of funds available due to a discharge from an SRC, as well as interest earned by the Community Service Trust Fund and the WLEF. The Community Services Trust Fund holds the proceeds from the sale or long-term lease of a DDA facility after it has closed. The interest earned on those funds is then transferred to the WLEF annually.

**Exhibit 9**  
**Waiting List Equity Fund Balance**  
**Fiscal 2004-2017**  
**(\$ in Thousands)**



Source: Maryland Department of Health

After reaching \$3.5 million in fiscal 2008, the fund balance of the WLEF declined in fiscal 2009 and 2010 due in large part to expenditures exceeding deposits to the fund. Since 2011, the reverse has been true, with expenditures below deposits, and the balance has grown. As of the close of fiscal 2017, the WLEF fund balance has grown to approximately \$7.2 million. At the rate of expenditures currently anticipated in fiscal 2018 and 2019, the fund will continue to grow. If deposits remain constant, the fund will likely grow to over \$8 million at the close of fiscal 2019. **The agency should comment on how MDH intends to use the growing fund balance in the WLEF.**

### **Long Term Services and Supports Tracking System Training**

DDA anticipates that DDA staff and providers will begin using the Long Term Services and Supports Tracking System (LTSS) at the start of fiscal 2020. To prepare for this transition, the fiscal 2019 allowance includes \$2.4 million to provide LTSS trainings for the staff and the more than 200 providers. Training will occur in spring 2019 – right before the transition. Additional discussion of LTSS is found in the Medical Care Program Administration analysis.

### **Utilization Review Services**

The fiscal 2019 allowance also includes \$5.4 million for utilization review services, a decrease of \$188,723 when compared to the fiscal 2018 working appropriation. Last year, DDA indicated that it would contract with a Quality Improvement Organization to conduct utilization reviews, including audits of DDA-funded services to ensure that funded services are provided and to evaluate consumer satisfaction with services. If the services are not provided as funded, as documented in the individual plan or as documented in the Service Funding Plan, the State can recover funds. Utilization review services include routine performance audits, on-demand performance audits, and review of request for service change and add-on services. The fiscal 2018 working appropriation includes \$5.6 million for utilization review services.

No utilization review audits have been performed since fiscal 2013, and there is currently no contract for utilization review. It is unlikely that DDA will expend the total amount of funds in fiscal 2018, if any at all, given that no contract has been executed for these services. This issue was raised in the 2017 legislative session, and no progress has been made in securing a contract since. DDA has indicated that a Request for Proposals (RFP) is being finalized for procurement of a contract for a Quality Improvement Organization that will include utilization reviews. Due to the timing of the issuance of an RFP, DDA believes it is unlikely that the fiscal 2018 appropriation will be expended. **DLS recommends adding a provision to the BRFA of 2018 reducing the entire fiscal 2018 appropriation for utilization review.**

### **Self-directed Financial Management Services**

The fiscal 2018 working appropriation and the fiscal 2019 allowance both include approximately \$1.4 million in total funds for solicitation of a contract for financial management services to individuals in self-directed services. As with utilization review audits, there is no contract in fiscal 2018. DDA indicates that the RFP for procurement of these services is currently under review at DBM. **DLS recommends adding a provision to the BRFA of 2018 reducing the entire fiscal 2018 appropriation for Self-directed Financial Management Services. Additionally, DLS recommends restricting \$500,000 in general funds from the M00M0101 Program Direction budget in fiscal 2019 pending the receipt of a report that explains procurement delays.**

### **Facilities**

The fiscal 2019 allowance includes additional funding of \$139,001 for the first full year of the Potomac Center bed expansion, primarily due to increased costs in dietary services. The allowance

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remains relatively unchanged at the Holly Center, exclusive of personnel changes. Nonpersonnel costs at the SETT decrease by \$541,598, driven by savings from the consolidation of two units and one-time costs in fiscal 2018.

## ***Issues***

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### **1. Rate-setting Process**

DDA is currently working with a contractor to conduct an independent cost-driven, rate-setting study; develop a strategy for assessing the needs of individuals receiving services; develop a sound fiscal billing and payment system; and obtain input from stakeholders, including individuals receiving services and providers. Chapter 648 of 2014 established that the study should include (1) the cost of transportation across all service types; (2) appropriate wage and benefit levels for direct support and supervisory staff; and (3) rates that incorporate the fiscal impact of absences.

The rate-setting process is being implemented in three phases:

- rate development;
- verifying assumptions in proposed rates, provider impact analysis, and training; and
- finalizing the rates and developing an implementation plan.

The contractor, Johnston, Villega-Grubbs and Associates LLC (JVGA), began the rate development process, or Phase 1, in September 2015. This phase culminated with the release of a report on November 3, 2017, that detailed the rate development process. The steps taken by JVGA are as follows:

- data collection and analysis from 70 DDA service provider general ledgers;
- identifying cost components;
- collect direct support worker hours from 107 providers;
- individual calls with service providers after analysis of general ledgers and worker hours;
- development of service standards;
- identification of appropriate U.S. Bureau of Labor Statistics (BLS) classifications for each service category; and
- development of proposed rates.

## The “Brick” Method

JVGA has developed rates in some capacity for 14 different jurisdictions, primarily for developmental disabilities administrations in other states. JVGA developed a trademarked approach referred to as the brick method in which they consider various components that make up one brick, or one hour of services. The components are built on BLS wage rates for direct support wages, which is the main component of the brick method. The remaining components are employment-related expenditures, facility costs, program support, transportation, training, and general and administrative expenses. Those components are based on a percentage of the direct support wages. All of the components are summed to equal one brick.

JVGA also considered differentials to alter standard rates to account for individual acuity, transportation costs, closures, and cost of living. The report concludes that an acuity differential should be applied for certain services, a closure factor should be applied for all services, and the transportation differential should be a standard component for day services. JVGA decided that an economic differential to account for high cost jurisdictions or local minimum wage increases should not be applied. **The report does not clarify the definition of each differential or how they will be applied. The agency should provide this information to the committees.**

**Exhibit 10** shows all of the components of the brick as well as the differentials. The percentage of each component varies by the type of service provided, and the rates shown in this exhibit are the overall rates. Transportation for instance, is set at 49% for day services despite the overall rate being only 9.6%. The way that the components work is that the each component is multiplied by the BLS wage rate for a designated direct support wage and summed to equal the total brick.

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### Exhibit 10 Brick Components

<u>Brick Components</u>	<u>Wage</u>	<u>G&amp;A</u>	<u>ERE</u>	<u>Facility</u>	<u>PS</u>	<u>Trans</u>
	100%	10.8%	32.7%	23.2%	29.2%	9.6%
Differentials	Acuity	Closures	No Shows			
	Varies	3.6%	5.0%			

ERE: employee-related expenses

G&A: general and administration

PS: Personal Supports

Trans: transportation

Source: Maryland Department of Health

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**Exhibit 11** provides an example hourly rate for one billable hour of services for one employee in the day program. Of note, the brick component percentage weights in day services vary from the overall percentages shown in exhibit 10. This example uses BLS wage rates for 2018. DDA has advised that BLS wages will be inflated by the appropriate inflationary factor for Medicaid services. In this example, the published rate would be \$30.67 per hour before accounting for any differentials due to acuity, closures, and no shows.

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**Exhibit 11**  
**Example Brick – Day Program**  
**Calendar 2018**

<u><b>Brick Components</b></u>	<u><b>Wage</b></u>	<u><b>G&amp;A</b></u>	<u><b>ERE</b></u>	<u><b>Facility</b></u>	<u><b>PS</b></u>	<u><b>Trans</b></u>
Day Program	100%	10.8%	32.7%	24.8%	27.8%	49.1%
Direct Care Aide	\$12.51	\$1.35	\$4.09	\$3.10	\$3.48	\$6.14
<b>Published Rate</b>	<b>\$30.67</b>					

ERE: employee-related expenses

G&A: general and administration

PS: Personal Supports

Trans: transportation

Source: Maryland Department of Health; Department of Legislative Services

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There remain many issues with the final results of the first phase. DLS has not been provided with the master file that was used to determine rates or that includes all of the determinations, so it is difficult to make an assessment of the methods used to develop the system. Additionally, specific jurisdictions and service providers are concerned that the rates are not adequate. For instance, the community providers in Montgomery and Prince George's counties are concerned with the decision not to include a cost differential for cost-of-living differences. In this case, DDA and JVGA are meeting with those providers to determine next steps.

It is also unclear why certain fixed costs should be tied to growth in direct support wage rates. General administration costs and facility costs do not always track with increases in wages. However, in this system, as wages increase, all other factors also increase. **The agency should provide an explanation for why wage increases should drive all other rate increases.**

The consultant report included a projected budgetary impact of the new system. Based on the provided analysis, fiscal 2018 expenditures for Residential, Day, Personal Supports, and TCM would have increased by \$38.3 million in general funds under the proposed rates. It is difficult to assess the

accuracy of this projection, because no supporting documentation is included in the report. DDA has indicated that a master file exists with all rates and wage rates. However, this has not been provided to DLS. In order for DLS to ensure that DDA is properly projecting budgetary increases in future years, it is imperative that DDA begin submitting monthly caseload data for each community-based service by placement category as well as the master file. In budget testimony during the 2017 legislative session, DDA indicated that it can submit this monthly data. **DLS recommends withholding \$100,000 from the M00M0101 Program Direction budget pending submission of the master file to the budget committees. Additionally, DLS recommends withholding \$100,000 from the M00M0101 Program Direction budget pending submission of caseload data for fiscal 2018 and language expressing intent that DDA submit monthly caseload data for each of the community-based services programs by placement category.**

### **Phases 2 and 3**

DDA is currently in Phase 2 of this rate-setting process. JVGA, as stated previously, is researching and addressing specific issues raised following the publication of proposed rates. Some rates may be refined as appropriate. JVGA will also calculate the budgetary impact at a provider level to discuss the results with each provider. This phase will also include training for DDA staff and providers.

Phase 3 will include finalization of rates based on any analysis conducted in Phase 2. Implementation will include any recommendation to bridge fund providers as DDA transitions from a prospective payment system to a reimbursement base system. JVGA will provide DDA with an operating manual and modeling files to enable future rate adjustments. DDA anticipates that Phase 3 will culminate in a new rate system at the start of fiscal 2020.

## **2. Report on Direct Support Wages**

The 2017 *Joint Chairmen's Report* (JCR) requested that MDH submit a report on wages for direct support workers, including:

- the wage levels needed to ensure a quality direct support workforce in each jurisdiction, taking into account differences in local minimum wage;
- the funding needed to achieve the wage levels; and
- recommendations to ensure that direct support wages become and remain competitive on an ongoing basis.

The report requested that DDA gather input from stakeholders in addition to the rate-setting consultant in completing this evaluation.

The budget committees originally requested submission of a report on July 1, 2017. However, this was extended to December 1, 2017. A report was submitted to DLS on February 23, 2018. Given the timing of the release of the rate-setting study and the ongoing work being done in Phase 2, DDA has not yet convened the stakeholders to explore the additional tasks outlined in the JCR request. However, DDA has reviewed two reports issued by national organizations on the workforce issues facing direct support professionals. Both reports document the challenges in recruiting, retaining, and training this workforce. Contributing factors to the crisis include low wages, inadequate benefits, limited training, and lack of career advancement. These reports will be shared with stakeholders prior to convening to address the issues outlined in the JCR. **The agency should comment on when the meeting with stakeholders will be scheduled, an updated timeline for submission of this report, and how this information will guide the rate-setting process.**

### **3. Federal Audit Disallowance and Fiscal 2018 General Fund Surplus**

In an audit report released in June 2015, the Office of the Inspector General (OIG) at the U.S. Department of Health and Human Services documented an additional overclaiming of federal funds, resulting in a recommendation that the State refund \$34.2 million to the federal government. This \$34.2 million represents the federal share of services provided over a three-year period (July 1, 2010, to June 30, 2013) to individuals with developmental disabilities who, because of their high degree of need, were provided additional services beyond residential habilitation services (add-on services). During this same time period, the department claimed \$329.0 million (\$178.7 million federal share) for all add-on waiver services.

OIG reviewed \$34.2 million of the federal share and concluded that virtually every claim that it reviewed was not consistent with waiver criteria. The audit alleges that DDA claimed add-on services for beneficiaries who did not meet the waiver's level-of-need requirement for those services under its Community Pathways waiver program. According to the audit, the waiver allowed add-on services for beneficiaries who met three requirements, including a level-of-need of five on the State agency's Individual Indicator Rating Scale. However, the State agency did not consider the beneficiary's level-of-need score when approving add-on services.

MDH did not concur with the OIG recommendation or its interpretation that the Community Pathways waiver requires individuals receiving the services to meet three separate requirements. The department has, in the past, interpreted the waiver and operated its program such that an individual who meets any one of the three conditions is eligible for add-on services. The department believes it is entitled to deference for its interpretation of its waiver language. OIG responded that the agency's interpretation of its waiver (that only one of the three requirements be met) would have been unallowable because it would not have required evidence that there was a need for add-on services or that additional payment was necessary to cover the cost of those services.

During the audit, the agency significantly amended this provision in its waiver, eliminating the requirement that an individual must have a level of need of five on the rating scale. However, OIG noted that the amended waiver was not in effect during the audit period and does require providers to document both medical necessity and financial need to receive add-on payments. After reviewing the

State agency's comments, OIG believes a recommendation for a refund is valid. The agency noted that no payments will be made until MDH receives a disallowance letter from the federal government. As of February 2018, there is no disallowance letter. However, the General Accounting Division of the Comptroller of Maryland recorded a decrease to the General Fund in the State's fiscal 2017 *Comprehensive Annual Financial Report* to recognize these disallowances. This finding was included in the Office of Legislative Audits' *Statewide Review of Budget Closeout Transactions for Fiscal Year 2017*.

## **General Fund Surplus**

DDA has been successful in recent years at increasing waiver enrollment across community-based services. The federal government reimburses 50% of the cost of services for individuals enrolled in the waiver. The fiscal 2017 appropriation understated waiver enrollment, which resulted in a \$35.7 million reversion to the General Fund at the end of fiscal 2017 as more individuals qualified for federal matching funds.

The fiscal 2018 working appropriation understates waiver enrollment, as well. At the time of submission of the fiscal 2018 budget, the extent of increased enrollment in fiscal 2017 was not yet known. DDA has since revised its fiscal 2018 waiver enrollment estimate from 88.4% of individuals enrolled to 91.3% of individuals enrolled. This increased enrollment combined with less individuals enrolled in supported employment services results in a \$27.6 million surplus in general funds in fiscal 2018. **DLS recommends a provision to the BRFA restricting the identified \$27.6 million fiscal 2018 general fund surplus to be used to pay down the federal audit disallowance pending the receipt of a disallowance letter from the federal government. In the event that MDH does not receive a disallowance letter the surplus should revert to the General Fund.**

## ***Operating Budget Recommended Actions***

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1. Add the following language to the general fund appropriation:

, provided that \$500,000 of this appropriation may not be expended until the department submits a report to the budget committees explaining recent procurement delays and identifying activities taken to prevent delays in the future. The report shall be submitted by September 1, 2018, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to General Fund if a report is not submitted.

**Explanation:** In recent years, it has become evident that the Maryland Department of Health (MDH) Developmental Disabilities Administration (DDA) has had challenges procuring contracts. In recent months, DDA has had to seek modifications to existing contracts to allow for more time to procure new contracts. Additionally, funds budgeted in the community service program for various contracts have not been expended due to the failure to procure contracts. This language restricts funds in the DDA program direction budget pending receipt of a report that explains these delays and actions taken to prevent delays in the future.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on procurement delays	MDH	September 1, 2018

2. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation intended for program direction may not be expended until the department submits the Master File used to calculate rates. The master file shall be submitted by August 1, 2018, and the committees shall have 45 days to review and comment. Funds restricted pending the receipt of this file may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the Master File is not submitted.

**Explanation:** The Maryland Department of Health (MDH) recently conducted a rate-setting study for community service provider rates within the Developmental Disabilities Administration (DDA). MDH has indicated that a master file exists that explains the results of the rate-setting study. This language restricts funds in the DDA Program Direction budget pending receipt of the master file.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Master file for rates	MDH	August 1, 2018

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3. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation may not be expended until the department submits a report that contains fiscal 2018 caseload data for the programs within M00M01.02. The report shall include total caseload numbers, attrition, and expansion in each placement category by month. A final report shall be submitted to the budget committees on August 1, 2018, and the committees shall have 45 days to review and comment. Funds restricted pending the receipt of this report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Further provided that it is the intent of the General Assembly that the Maryland Department of Health submit monthly caseload data in the same format as in the fiscal 2018 report for the programs within M00M01.02. The data should be submitted on a monthly basis to the Department of Legislative Services.

**Explanation:** The Maryland Department of Health (MDH) is beginning a new rate-setting process for the Developmental Disabilities Administration (DDA) that will fundamentally alter the way that DDA makes payments to community service providers. This language requests data from MDH to aid in monitoring the DDA budget.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Fiscal 2018 caseload report and fiscal 2019 monthly data submissions	MDH	August 1, 2018, and each month thereafter

4. Adopt the following narrative:

**Managing for Results Submissions:** As more individuals seek community-based care, the State Residential Centers (SRC) population includes individuals that have more involvement with the criminal justice system (court-ordered) and more complex conditions. There is concern that staff and resident assaults are contributing to unsafe working and living conditions. The Maryland Department of Health (MDH) should begin submitting staff and resident assault data in the annual Managing for Results (MFR) submission for each of the SRCs managed by the Developmental Disabilities Administration.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Staff and resident assault data	MDH	With MFR submission

*M00M – MDH – Developmental Disabilities Administration*

	<b><u>Amount Reduction</u></b>	
5.	This action reduces funds budgeted for Target Case Management to bring the fiscal 2019 appropriation closer to actual expenditures in recent years.	\$ 4,070,070 GF \$ 3,346,202 FF
6.	Adopt the following narrative:	

**Creation of New Subprograms:** The Community Services Program within the Maryland Department of Health (MDH) Developmental Disabilities Administration has begun enrollment in two new programs intended to provide specified services to individuals in the community. These two programs are rolled into one subprogram code in the fiscal 2019 budget data. MDH should separate these two distinct programs into individual subprograms in the fiscal 2020 budget submission.

<b>Total Reductions</b>	<b>\$ 7,416,272</b>
<b>Total General Fund Reductions</b>	<b>\$ 4,070,070</b>
<b>Total Federal Fund Reductions</b>	<b>\$ 3,346,202</b>

*M00M – MDH – Developmental Disabilities Administration*

**Appendix 1**  
**Current and Prior Year Budgets**  
**MDH – Developmental Disabilities Administration**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$635,096	\$6,230	\$509,203	\$30	\$1,150,558
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	696	0	-15,188	0	-14,492
Reversions and Cancellations	-35,667	-3,596	-3,237	0	-42,499
<b>Actual Expenditures</b>	<b>\$600,125</b>	<b>\$2,634</b>	<b>\$490,778</b>	<b>\$30</b>	<b>\$1,093,567</b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$649,851	\$5,785	\$505,833	\$30	\$1,161,498
Cost Containment	-14	0	0	0	-14
Budget Amendments	0	0	0	0	0
<b>Working Appropriation</b>	<b>\$649,837</b>	<b>\$5,785</b>	<b>\$505,833</b>	<b>\$30</b>	<b>\$1,161,484</b>

MDH: Maryland Department of Health

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.



## **Fiscal 2017**

The fiscal 2017 legislative appropriation for the Developmental Disabilities Administration (DDA) decreased by \$57.0 million.

The DDA budget decreased by \$14.5 million through budget amendments. The appropriation increased by \$673,832 (\$589,618 in general funds and \$84,214 in federal funds) through an amendment that allocates centrally budgeted salary increments across State agencies. There were additional increases of \$34,139 and \$6,386 in general funds for the State Law Enforcement Officers Labor Alliance and annual salary reviews, respectively. These increases were offset by a reduction of \$84,395 in general funds to implement Section 20 of the fiscal 2017 budget bill.

A closeout amendment increased the DDA budget by \$1.5 million in general funds to cover a transfer of funds to the Waiting List Equity Fund (WLEF) (\$1.4 million) and the cost of increased security (\$109,884). Increases were offset by a decrease of \$1.3 million in general funds from savings from restructuring a contract (\$246,000), and due to high vacancies and turnover (\$1.1 million).

Federal funds decreased by \$22.2 million due to lower than anticipated federal fund attainment. These decreases were partially offset by an increase of \$6.9 million to reflect a higher than anticipated federal match for Medicaid-eligible services.

DDA reverted \$35.7 million in general funds. Of this amount, the largest reversions are as follows:

- \$17.3 million was a planned reversion to align spending with actual expenditures;
- \$16 million due to an increase in federal financial participation rate of 1.5%;
- \$1.5 million was intended to conduct a utilization review audit that was not conducted; and
- \$331,581 due to information technology procurements that were not completed at the end of the fiscal year.

DDA canceled \$3.6 million in special funds, which was largely due to less than anticipated expenditures from the WLEF. DDA canceled \$2.2 million in federal funds due to lower total expenditures resulting in un-earned federal fund participation.

## **Fiscal 2018**

To date, DDA's fiscal 2018 budget has decreased by \$14,183 in general funds due to a September 2017 Board of Public Works cost containment action.

**Appendix 2**  
**Potomac Center Audit Findings**

Audit Period for Last Audit:	June 10, 2013 – May 17, 2017
Issue Date:	January 2018
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

**Finding 1:** The center did not have adequate procedures in place to ensure the propriety of time recorded and processed for direct care workers.

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3**  
**Object/Fund Difference Report**  
**Maryland Department of Health – Developmental Disabilities Administration**

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	598.50	649.25	649.25	0.00	0%
02 Contractual	20.07	24.87	26.17	1.30	5.2%
<b>Total Positions</b>	<b>618.57</b>	<b>674.12</b>	<b>675.42</b>	<b>1.30</b>	<b>0.2%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 45,878,582	\$ 47,027,475	\$ 48,518,648	\$ 1,491,173	3.2%
02 Technical and Spec. Fees	1,300,401	1,555,489	1,380,192	-175,297	-11.3%
03 Communication	275,865	208,196	256,275	48,079	23.1%
04 Travel	85,153	53,875	50,465	-3,410	-6.3%
06 Fuel and Utilities	1,477,322	892,805	966,442	73,637	8.2%
07 Motor Vehicles	95,086	170,118	127,915	-42,203	-24.8%
08 Contractual Services	1,041,366,250	1,108,393,055	1,207,922,870	99,529,815	9.0%
09 Supplies and Materials	1,305,454	1,382,487	1,361,271	-21,216	-1.5%
10 Equipment – Replacement	140,524	180,847	65,579	-115,268	-63.7%
11 Equipment – Additional	79,726	9,997	28,839	18,842	188.5%
12 Grants, Subsidies, and Contributions	939,222	980,000	980,000	0	0%
13 Fixed Charges	623,052	629,333	627,908	-1,425	-0.2%
<b>Total Objects</b>	<b>\$ 1,093,566,637</b>	<b>\$ 1,161,483,677</b>	<b>\$ 1,262,286,404</b>	<b>\$ 100,802,727</b>	<b>8.7%</b>
<b>Funds</b>					
01 General Fund	\$ 600,125,408	\$ 649,836,717	\$ 679,317,267	\$ 29,480,550	4.5%
03 Special Fund	2,634,072	5,784,721	6,080,006	295,285	5.1%
05 Federal Fund	490,777,560	505,832,642	576,859,534	71,026,892	14.0%
09 Reimbursable Fund	29,597	29,597	29,597	0	0%
<b>Total Funds</b>	<b>\$ 1,093,566,637</b>	<b>\$ 1,161,483,677</b>	<b>\$ 1,262,286,404</b>	<b>\$ 100,802,727</b>	<b>8.7%</b>

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 4**  
**Fiscal Summary**  
**Maryland Department of Health – Developmental Disabilities Administration**

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 Program Direction	\$ 8,849,494	\$ 8,718,514	\$ 9,277,988	\$ 559,474	6.4%
02 Community Services	1,043,320,785	1,111,269,029	1,209,918,412	98,649,383	8.9%
01 Services and Institutional Operations	17,161,648	17,449,626	16,961,927	-487,699	-2.8%
01 Court Involved Service Delivery	8,129,267	9,150,467	8,550,541	-599,926	-6.6%
01 Services and Institutional Operations	14,756,590	13,637,785	16,674,382	3,036,597	22.3%
01 Services and Institutional Operations	1,348,853	1,258,256	903,154	-355,102	-28.2%
<b>Total Expenditures</b>	<b>\$ 1,093,566,637</b>	<b>\$ 1,161,483,677</b>	<b>\$ 1,262,286,404</b>	<b>\$ 100,802,727</b>	<b>8.7%</b>
General Fund	\$ 600,125,408	\$ 649,836,717	\$ 679,317,267	\$ 29,480,550	4.5%
Special Fund	2,634,072	5,784,721	6,080,006	295,285	5.1%
Federal Fund	490,777,560	505,832,642	576,859,534	71,026,892	14.0%
<b>Total Appropriations</b>	<b>\$ 1,093,537,040</b>	<b>\$ 1,161,454,080</b>	<b>\$ 1,262,256,807</b>	<b>\$ 100,802,727</b>	<b>8.7%</b>
Reimbursable Fund	\$ 29,597	\$ 29,597	\$ 29,597	\$ 0	0%
<b>Total Funds</b>	<b>\$ 1,093,566,637</b>	<b>\$ 1,161,483,677</b>	<b>\$ 1,262,286,404</b>	<b>\$ 100,802,727</b>	<b>8.7%</b>

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.