

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 685 (Senator Cade, et al.)

Finance

Referred to Appropriations

Community Services Reimbursement Rate Commission

This amended bill establishes a seven-member Community Services Reimbursement Rate Commission to assess reimbursement rates used by the Department of Health and Mental Hygiene (DHMH) for developmental disabilities and mental health community service providers. For fiscal 1997, the commission is to be staffed jointly by the executive and legislative branches of State government. For fiscal 1998 and subsequent years, the commission is authorized to employ staff to carry out its responsibilities. The commission is required to issue a report to the Governor, the Secretary of Health and Mental Hygiene, and the General Assembly each year.

The bill takes effect on October 1, 1996 and sunsets on September 30, 1999.

Fiscal Summary

State Effect: General fund expenditures could increase by \$140,300 in FY 1998. Future year expenditures increase with annualization, inflation, and the September 30, 1999 sunset date. Revenues would not be affected.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$0	\$140,300	\$160,400	\$41,600	\$0
Net Effect	\$0	(\$140,300)	(\$160,400)	(\$41,600)	\$0

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Fiscal Analysis

State Expenditures: General fund expenditures could increase by an estimated \$140,300 in fiscal 1998, which reflects a 90-day start-up delay. This estimate reflects the cost of hiring four positions: one Program Administrator, two Coordinators/Special Programs, and one Office Secretary.

It is assumed that the staffing responsibilities in fiscal 1997 shared jointly by the executive and legislative branches will be a preliminary assessment of information needed and can be handled with existing budgeted resources. In fiscal 1998, the bill authorizes the commission to employ staff needed to carry out its responsibilities. The commission is charged with evaluating the adequacy of reimbursement rates and recommending the need for any changes. This could include on-site visits to at least a sample of the 300 developmental disabilities and mental health community services providers to examine direct care and managerial staff salaries and overhead costs. It also involves taking into account the varying levels of client needs, State and federal regulations, and comparable salaries in other human service industries. The \$140,300 estimate includes salaries of \$81,348, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$110,600
Other Operating Expenses	<u>29,700</u>
Total FY 1998 State Expenditures	\$140,300

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

Commission members would be reimbursed for expenses under the standard State travel regulations. Any such expenditures would depend upon the time, location, and frequency of the commission's meetings. Expenses are assumed to be minimal and absorbable within existing agency resources.

Information Source(s): Department of Health and Mental Hygiene, Department of Fiscal Services

Fiscal Note History: First Reader - February 29, 1996
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