

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 413

(Senator Kelley, *et al.*)

Finance

Division of Licensing and Monitoring of Residential Child Care Programs

This bill creates a Division of Licensing and Monitoring of Residential Child Care Programs in the Department of Health and Mental Hygiene's (DHMH) Office of Health Care Quality (OHCQ). The division must license and monitor residential child care programs in Maryland and may sanction licensees for violations. The division will serve as a single point of entry for an applicant and a current provider that wishes to expand an existing program. Licensing for these programs would shift from the Department of Juvenile Justice (DJJ) and the Department of Human Resource's (DHR) Social Services Administration (SSA) to the new division. The bill does not apply to an institution operated by DHMH, DJJ, DHR, or a political subdivision of the State.

A person who violates the bill is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000 for the first offense and up to \$10,000 for each subsequent offense. The Subcabinet for Children, Youth, and Families has oversight authority over the division and must establish a central database of information about residential child care programs in Maryland. The division must maintain the database.

Fiscal Summary

State Effect: General fund expenditures could increase by \$2.2 million in FY 2004 to create a new division within OHCQ, including a one-time \$500,000 computer programming cost. Out-years reflect inflation. No effect on revenues.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.2	2.2	2.3	2.4	2.6
Net Effect	(\$2.2)	(\$2.2)	(\$2.3)	(\$2.4)	(\$2.6)

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

Local Effect: None.

Small Business Effect: This bill should not have a fiscal impact on program providers because it centralizes existing licensing authority within the State.

Analysis

Current Law: A person must be licensed by DJJ or SSA as a child care home before the person may exercise care, custody, or control over a child who is alleged or adjudicated as delinquent or in need of supervision.

Background: A September 2000 Executive Order established the Task Force to Study the Licensing and Monitoring of Community-Based Homes for Children. The task force met from February to September 2001 and submitted a final report in October 2001. The report made several recommendations, including:

- strengthening the regulations surrounding the licensing and monitoring of community-based homes;
- requiring group home administrators to be certified;
- improving training for case workers who work with children placed in community-based homes; and
- providing additional funding for licensing and monitoring operations.

The task force report indicates that DHR and DJJ would retain responsibility for the provider contracts affected under this bill. As a result, both departments would be required to make the same number of site visits to monitor the contracts. The report further indicated that DHMH's current staffing levels designated for inspecting community-based group homes for children that would be affected by this bill do not allow the department to conduct annual evaluations.

OHCQ regulates over a dozen types of facilities, with more than 8,000 individual sites. These sites are nearly twice the number of sites that were regulated in 1996. However, since fiscal 2002, OHCQ has had 40 positions deleted from its workforce, an 18% reduction.

State Fiscal Effect: General fund expenditures could increase by an estimated \$2,211,583 in fiscal 2004 to license and monitor 450 providers, which accounts for the bill's October 1, 2003 effective date. This estimate reflects the cost of hiring 40 employees for the new division. The new employees would be a program administrator, 29 surveyors, two nurses to evaluate survey findings and deal with issues such as

medication management, one child psychologist to evaluate survey findings related to behavioral issues, four health care facility coordinators to supervise and coordinate the surveyors' work, and one administrative specialist and two office secretaries to provide administrative support. The surveyors will: (1) evaluate the providers annually to ensure compliance with statute and regulations (three days per provider to investigate, write a report, and review plans of correction); (2) conduct follow-up surveys (at least one per provider); (3) investigate complaints (an estimated 2,800 complaints annually); and (4) give providers technical assistance and prepare provider sanctions. This includes a one-time \$500,000 computer programming cost to establish a central provider database. It also includes salaries, fringe benefits, one-time start-up costs, travel expenses for surveyors, and ongoing operating expenses.

Salaries and Fringe Benefits	\$1,507,695
Database Development	500,000
Other Operating Expenses	<u>203,888</u>
Total FY 2004 State Expenditures	\$2,211,583

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

In addition to the employees OHCQ would hire to implement this bill, OCYF reports it would transfer to the new division a resource development manager who administers the single point of entry process for the subcabinet. The salary and benefits, equipment, and communications expenditures for this transferred position would total \$47,179 in fiscal 2004.

It is assumed that DHR and DJJ will not transfer licensing staff to the new division because although those departments will no longer be licensing the providers, the departments still would be required to monitor provider contracts. DHR and DJJ would continue to visit and evaluate providers, making the same number of site visits, even with the creation of a new division under OHCQ.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Justice, Department of Human Resources, Governor's Office (Children, Youth, and Families), Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2003
mdf/jr

Analysis by: Lisa A. Daigle

Direct Inquiries to:
(410) 946-5510
(301) 970-5510