

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

House Bill 1079 (Delegates Hubbard and Taylor)
 Health and Government Operations

New Freedom Initiative

This bill provides that the Department of Health and Mental Hygiene (DHMH) must develop a plan to close the Rosewood Center and transfer all residents to community-based services appropriate to their needs and expressed wishes. The plan must be developed by October 1, 2004 and implemented by June 30, 2006.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: DHMH general fund expenditures decrease by \$947,000 and federal fund expenditures increase by \$768,000 in FY 2005. Community Services Trust Fund special fund expenditures increase by \$1.25 million in FY 2005. Net general fund revenues increase by \$386,900 in FY 2005. Future year estimates reflect the transfer of additional residents to the community, general fund reimbursement to the Community Services Trust Fund in FY 2007 and FY 2008, and inflation.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GF Revenue	\$386,900	(\$2,202,400)	(\$11,607,100)	(\$11,607,100)	(\$10,357,100)
SF Revenue	0	0	1,250,000	1,250,000	0
GF Expenditure	(947,000)	(4,361,300)	(13,964,200)	(13,964,200)	(13,964,200)
SF Expenditure	1,250,000	1,250,000	0	0	0
FF Expenditure	768,000	3,102,600	9,307,800	9,400,900	9,494,900
Net Effect	(\$684,100)	(\$2,193,700)	(\$5,700,700)	(\$5,793,800)	(\$5,887,800)

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

Local Effect: None.

Small Business Effect: Meaningful. Small businesses that provide community services could gain additional clients and revenue.

Analysis

Bill Summary: The plan developed by DHMH must include: (1) individualized planning for each resident, including the resident's interdisciplinary team and involved family members, to ensure that an appropriate transition plan is developed and implemented for each individual to move to community supports and services of high quality; (2) assistance, including retraining if necessary, to Rosewood employees in filling vacant positions within DHMH or other State agencies; and (3) creation of a task force to examine alternative uses for the Rosewood property.

By January 1 of each year, DHMH must report to the Governor and the General Assembly on its progress in implementing the plan.

The bill provides funding for the plan by transferring from the Community Services Trust Fund \$1.25 million in fiscal 2005 and 2006 to the general fund. The funds must come from the Developmental Disabilities Administration (DDA) account of the trust fund.

Current Law: DHMH provides community-based services for individuals with developmental disabilities, such as supported living arrangement services; respite care; individual and family support services; supported employment; and individualized community integration day services. There are no provisions specific to Rosewood Center residents.

The Community Services Trust Fund was established by Chapters 675 and 646 of 1996. All proceeds from the sale or lease of a DDA or Mental Hygiene Administration (MHA) facility must be deposited in the trust fund. The Comptroller is to transfer into the Waiting List Equity Fund and the Mental Hygiene Community-Based Services Fund the investment earnings of the Community Services Trust Fund, in accordance with an appropriation in the annual State budget. At the end of calendar 2003, the trust fund contained about \$10 million from the sales of former DDA and MHA facilities.

The Comptroller is required to transfer investment earnings that accrue in the DDA account into the Waiting List Equity Fund and investment earnings that accrue in MHA account into the Mental Hygiene Community-based Services Fund.

Background: There are currently 209 residents at Rosewood. Of these, 50 have been committed by the courts and cannot be released into the community.

State Fiscal Effect: DHMH general fund expenditures could decrease by \$947,017 and federal fund expenditures could increase by \$767,970 in fiscal 2005 to transfer Rosewood residents into the community. The information and assumptions used in calculating the estimate are stated below:

- there are 159 residents in Rosewood who could be transferred to the community;
- 53 residents are transferred in fiscal 2005 over a three-month period;
- annual Rosewood costs per resident are \$171,513 general funds;
- annual community costs per resident are \$138,000 (42% federal funds, 58% general funds);
- annual costs include medical, administrative, personnel, and operating expenses associated with each resident; and
- one-time transition costs are \$5,000 general funds per person.

Future year estimates reflect the transition of 106 people into the community in fiscal 2006 over a six-month period and reflect 1% annual inflation. DHMH could handle reporting requirements with existing budgeted resources.

The Comptroller must transfer \$1.25 million special funds from the Community Services Trust Fund to the general fund in fiscal 2005 and 2006 to fund the New Freedom Initiative Plan. It is assumed the funds would be used to fund the task force and develop the transition plan. In addition, the funds would offset lost federal fund revenues that are deposited in the general fund.

Community Services Trust Fund special fund revenues would increase by \$1.25 million in both fiscal 2007 and 2008 from general fund revenues as repayments for the fiscal 2005 and 2006 transfers.

General fund revenues would decrease by \$863,092 in fiscal 2005 as Rosewood residents are transferred into the community. DHMH receives a federal match on Rosewood residents; however, these funds are deposited into the general fund rather than appropriated for use at Rosewood. Future year estimates reflect lost federal matching funds from the transition of 106 residents to the community in fiscal 2006, full closure beginning in 2007, and the repayment of \$1.25 million in each fiscal 2007 and 2008 to the Community Services Trust Fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Developmental Disabilities Administration), Department of Legislative Services

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ncs/jr

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