

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 1534 (Delegate Conway, *et al.*)
 Health and Government Operations

Intermediate Care Facilities for Individuals with Developmental Disability -
 Freedom of Choice

This bill requires the Developmental Disabilities Administration (DDA) to provide an individual with developmental disabilities with the option of receiving services from a State residential center instead of from a less restrictive community-based provider.

Fiscal Summary

State Effect: Department of Health and Mental Hygiene (DHMH) expenditures could increase by \$2.9 million in FY 2006 (54% general funds/46% federal funds). Future year expenditures reflect 12 new State residential center admissions each year, annualization, and inflation. No effect on revenues.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.6	5.1	6.0	6.8	7.8
FF Expenditure	1.3	4.3	5.0	5.7	6.5
Net Effect	(\$2.9)	(\$9.4)	(\$11.0)	(\$12.6)	(\$14.3)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: It is the State’s policy to place individuals with developmental disabilities with community-based providers, rather than in institutions, so that these

individuals can live in surroundings as normal as possible. An individual can be admitted to a State residential center only if the individual has mental retardation, needs residential services, and there is no less restrictive available setting in which the needed services can be provided.

Background: A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities and which is likely to continue indefinitely. Examples include autism, blindness, cerebral palsy, deafness, epilepsy, mental retardation, and multiple sclerosis. DDA provides direct services to these individuals in four State residential centers and through funding of a coordinated service delivery system that supports the integration of these individuals into the community.

The emphasis on community placement has been reinforced by the Supreme Court's ruling on *L.C. v. Olmstead* (119 S.Ct. 2176). The court ruled that, according to the Americans with Disabilities Act, no person may be required to live in an institution if able to live in the community with appropriate support. DDA accelerated the process of deinstitutionalization in response to the court's ruling, though the administration had been moving individuals from the State residential centers to the community for nearly 20 years.

As of January 1, 2005, there were 14,616 individuals waiting for DDA community-based services. Of those individuals, 7,666 are waiting for residential services. DDA advises that despite a preference for community-based services, a number of individuals on the waiting list will choose institutions.

State Expenditures: General fund expenditures could increase by an estimated \$2,860,784 (\$1,556,839 general funds/\$1,303,945 federal funds) in fiscal 2006, which accounts for four months of expenditures in the first year. DDA assumes that it would take longer than the usually assumed three-month start-up delay for the caretakers of individuals with developmental disabilities to come forward to seek placement for the developmentally disabled person in a State residential center. The information and assumptions used in calculating the estimate are stated below:

- 77 admissions to State residential centers (1% of 7,666 individuals on a waiting list for community-based residential services);
- a \$111,459 average annual cost per resident at a State residential center; and
- 45.58% of expenditures covered by federal funds.

Future year expenditures reflect: (1) 12 additional people annually seeking State residential center admission; (2) six months of expenditures for each new group of people in the first year they are admitted; and (3) 2% annual inflation.

Additional Information

Prior Introductions: A similar bill, SB 875 of 2004, received an unfavorable report by the Senate Finance Committee.

Cross File: None.

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

Fiscal Note History: First Reader - March 21, 2005
mp/jr

Analysis by: Lisa A. Daigle

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