

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

Senate Bill 606 (Senator Lawlah, *et al.*)
 Finance

Maryland Home Care Services Improvement and Reimbursement Rate Commission

This bill establishes the Maryland Home Care Services Improvement and Reimbursement Rate Commission (commission) to develop and support public policy and legislation to improve the supply and quality of home- and community-based services in the State to prevent the inappropriate and premature placement of individuals in institutions.

Fiscal Summary

State Effect: The Department of Health and Mental Hygiene (DHMH) expenditures could increase by \$55,000 (total funds) in FY 2006. Future year estimates reflect inflation and annualization. No effect on revenues.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	27,500	34,100	35,900	37,900	40,000
FF Expenditure	27,500	34,100	35,900	37,900	40,000
Net Effect	(\$55,000)	(\$68,200)	(\$71,800)	(\$75,800)	(\$80,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The commission is an independent unit that functions within DHMH. The bill specifies membership, terms, quorum requirements, and staffing.

The commission must assess and make recommendations on the adequacy of rates, taking into account a variety of service and quality of care issues. The commission must issue a report by July 1 annually to the Governor, the Secretary of Health and Mental Hygiene, the Secretary of Aging, the Secretary of Human Resources, the Secretary of Disabilities, and the General Assembly that describes the findings of the commission regarding: (1) the adequacy of rates paid to individual providers; (2) the relationship of the rate paid to individual providers to changes in wages paid by DHMH to other workers in both State and independent contractor classifications; (3) the extent and amount of uncompensated care given by individual providers and its effect on the adequacy of rates; (4) methodologies for calculating rate update factors; (5) the adequacy, efficiency, and effectiveness of payment methods; (6) the status of home care regulation used by agencies; (7) the unmet needs of individual provider program consumers and methods used to meet those needs; (8) training opportunities for individual providers; and (9) methods used to recruit and retain individual providers. Based on the commission's findings, the commission must recommend any changes in rates, methods of payment, legislation, or studies.

The commission's findings and recommendations must be considered each year in the development of the budgets of DHMH, the Department of Aging (MDoA), the Department of Disabilities (DD), and the Department of Human Resources (DHR). These departments and the Office of the Governor must respond in writing within 30 days after the report is issued, explaining the actions being taken to implement the commission's recommendations.

The commission, in consultation with DHMH, MDoA, DD, and DHR, must submit a report by October 1, 2006 to the Governor and the General Assembly evaluating the commission's progress in improving services to consumers, addressing improvements in home care services, and evaluating the role of the commission in advocating improvements for home- and community-based services.

Current Law: The federal Social Security Act gives states the option of requesting waivers of certain federal requirements in order to develop community-based alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities, or institutions. Medicaid home- and community-based waivers allow individuals to receive long-term care services in the community rather than an institutional setting. Maryland is approved to operate six waivers: (1) Waiver for Older Adults; (2) Waiver for Individuals with Disabilities (Living at Home Waiver); (3) Waiver for Mentally Retarded/Developmentally Disabled Individuals; (4) Model Waiver for Medically Fragile Children; (5) Waiver for Individuals with Autism Spectrum Disorder; and (6) Waiver for Adults with Traumatic Brain Injury.

State Expenditures: DHMH expenditures could increase by \$54,976 (50% general/50% federal) in fiscal 2006, which reflects the bill's October 1, 2005 effective date. This estimate reflects the cost of hiring one administrative officer to assist the commission with data collection and other administrative functions. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$43,921
Operating Expenses	<u>11,055</u>
Total FY 2006 State Expenditures	\$54,976

Future year expenditures reflect: (1) a full salary with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The bill's reporting requirements could be handled with existing budgeted resources of DHMH, DD, MDoA, and DHR.

Additional Information

Prior Introductions: None.

Cross File: HB 1306 (Delegate Bensen, *et al.*) – Health and Government Operations.

Information Source(s): Maryland Department of Aging, Department of Human Resources, Department of Health and Mental Hygiene (Medicaid, Boards and Commissions), Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2005
ncs/jr

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