

**Department of Legislative Services**  
 Maryland General Assembly  
 2006 Session

**FISCAL AND POLICY NOTE**

House Bill 1472 (Delegate Zirkin)  
 Health and Government Operations

**Office of Group Home Licensing and Monitoring - Group Home Standards Registry - Reporting Requirements**

This bill requires, by January 1, 2008, the Department of Human Resources' (DHR) Office of Group Home Licensing and Monitoring, or its successor, to establish and maintain a Group Home Standards Registry.

**Fiscal Summary**

**State Effect:** DHR expenditures could increase by \$600,000 in FY 2007 to create the registry. Future years reflect \$60,000 in expenditures annually to maintain the registry. No effect on revenues.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	264,000	26,400	26,400	26,400	26,400
FF Expenditure	336,000	33,600	33,600	33,600	33,600
Net Effect	(\$600,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Bill Summary:** A group home that is licensed by or accepts a child from the Department of Juvenile Services (DJS) must make a quarterly report to the registry and DJS that includes the following information:

- the department that licenses the group home;
- the name and background of each group home staff member, including education level and relevant work history;
- the group home owner and operator;
- a summary of the number of children living in the group home by age, gender, and placing agency;
- the services provided by the group home;
- the public and private resources used by the group home on behalf of the children living there;
- a description of specialized services offered by the local school district utilized by staff on behalf of each child living there;
- an analysis of the effectiveness of the specialized services offered by the local school district that have been utilized by staff on behalf of each child living there;
- the extent to which the community is involved in the group home; and
- the security measures the group home is utilizing for the safety of the children and the community.

The registry must be available to the public, including publication on the Internet, and must include contact information for the public.

**Current Law:** DHR, the Department of Health and Mental Hygiene (DHMH), and DJS license group homes. Only one license is necessary for a provider, even if services are provided to children placed in a program from multiple State agencies. Licensed group homes provide for the care, diagnosis, training, education, and rehabilitation of children.

Licensed providers with legal custody or care and control of a child who is at least 5 and under the age of 16 and receives State funding must enroll the child in the local school system where the program is located unless the program operates an approved educational program. The provider must initiate and monitor the transfer of the child's academic records from the school the child previously attended to the new school the child will attend. The provider must meet with the child's teachers at the time the child is enrolled and at any other time the teacher requests and must sign the child's report card.

**Background:** This bill would affect DHR, DHMH, and DJS licensed group homes because they all may accept children placed by DJS. During the 2005 interim, group home oversight was a topic of several hearings before the Senate Budget and Taxation Committee; the House Health and Government Operations Committee; and the Joint Committee on Children, Youth, and Families. During those hearings, legislators

expressed concerns that group home oversight was not sufficient, group homes were concentrated in certain areas of the State, and certain providers were not adequately supervising and caring for the children they serve.

In fiscal 2004, Maryland placed 26,263 children in out-of-home placements at a cost of \$622 million. Group homes represent one form of out-of-home placements, with an average of 2,690 children residing in group homes each day at an annual cost of \$167 million. Group homes offer home-like settings that provide structure and 24-hour supervision, basic care, social work, and health care services. Many group homes utilize community-based ancillary services and enroll children in the local school system. Depending on the facility and the level of intensity of services, group home placements cost between \$34,000 and \$119,000 per child annually.

DHR, DHMH, and DJS license, monitor, and place children in group homes according to individual agency standards. DHR licenses and monitors 305 facilities (62%) and places approximately 80% of the children in group homes. DHMH licenses and monitors 167 facilities (34%) but places less than 1% of the children in group homes. DJS licenses 20 facilities (4%) and places approximately 19% of the children in group homes. DJS monitors all facilities in which it places children (124).

To become licensed as a group home, an applicant begins at the Governor's Office for Children, which serves as a single point of entry and refers applicants to the appropriate agency. Licenses are issued for two years and must be obtained for each facility. The licensing agencies monitor group homes by reviewing records, inspecting the facility, and interviewing staff and residents. When a child is placed in a group home, a caseworker from that agency (*e.g.*, the local Department of Social Services caseworker for DHR) is assigned to that child and is responsible for visiting the child regularly to monitor the child's progress and the appropriateness of placement.

If licensing violations are found in group homes, corrective action plans and sanctions are implemented. In fiscal 2004, DHR issued 14 sanctions, including closing 6 facilities, and placed 73 providers (41%) under corrective action plans. DHMH issued 10 sanctions, including the revocation of 1 license, the surrender of 3 licenses, and 6 intermediate sanctions or consent agreements. DJS implemented four moratoriums on placement at facilities with which it contracts but does not license.

Rates for group homes are set by the Interagency Rates Committee (IRC), which is staffed by the Maryland State Department of Education. Group homes are assigned to a category based on service intensity, detailed budget submissions are reviewed to identify allowable costs, and programs are compared to other providers in the same category and designated as "preferred" or "nonpreferred" based on their relative costs. The IRC

establishes a per diem rate for each group home that is paid by all agencies that contract for beds with that home.

The main financial oversight of group homes is the requirement that providers submit annual independent audits to their licensing agencies. However, these audits are reviewed by licensing and monitoring staff rather than the IRC and do not factor into the development of the homes' rates.

The Department of Legislative Services conducted a review of licensing, monitoring, and contracting practices relating to group homes in 2005, noting three major observations. First, the State is not a smart purchaser of group home services. Referral practices and provider rates are neither standardized nor guided by performance data. Second, there is insufficient financial oversight of group homes. The rate setting process does not include a review of audits or actual spending patterns, licensing agencies do not compare budgets submitted by providers to actual spending patterns, and group homes are not required to spend a minimum amount of funding on direct care. Finally, the licensing and monitoring process is disjointed. There is no single agency guiding the system, and there are inconsistent practices and a lack of communication among agencies. There is no single point of entry for complaints about group homes, and, particularly for DHR, there is tension between the dual roles of enforcing licensing standards and maintaining adequate placement capacity. The licensing and monitoring agencies have also found it difficult to perform the requisite number of inspections due to an insufficient number of staff.

The fiscal 2007 budget allowance for DHR includes 5 new positions for the licensing and monitoring function, which would bring the number of licensing and monitoring staff in DHR to 13 from the current 8. DHR also announced that the licensing and monitoring unit is being moved from the Social Services Administration to the Office of the Secretary to provide separation between programmatic and enforcement efforts.

DJS also announced that it will transfer six additional positions to its licensing and monitoring unit upon closure of the Hickey School. These transferred positions will more than double the number of licensing and monitoring staff in DJS from the current five.

Although DHMH has added an additional six surveyors (monitors) to the Office of Health Care Quality (OHCQ) via transfers in fiscal 2006 and is anticipating five new positions and three additional transfers to OHCQ in fiscal 2007, none of these new positions is currently expected to be added to the Developmental Disabilities unit which monitors the residential programs licensed by DHMH.

**State Expenditures:** DHR expenditures could increase by an estimated \$600,000 (\$336,000 federal/\$264,000 general) in fiscal 2007, which accounts for the bill's October 1, 2006 effective date. This estimate reflects the cost of creating the registry and 56% of the expenditures coming from federal Title IV-E funds, with general funds paying for the remainder of the costs. It also assumes the registry will be operational by the end of fiscal 2007.

Future year expenditures reflect an estimated \$60,000 (\$33,600 federal/\$26,400 general) spent annually to maintain the registry. This estimate also reflects 56% of the expenditures coming from federal Title IV-E funds, with general funds paying for the remainder of the costs.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Juvenile Services, Department of Human Resources, Department of Health and Mental Hygiene, Department of Legislative Services

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