

**Department of Legislative Services**  
 Maryland General Assembly  
 2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1358 (Delegate Conway, *et al.*)  
 Health and Government Operations

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

This bill requires the Department of Health and Mental Hygiene’s (DHMH) 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.

The bill takes effect October 1, 2008.

**Fiscal Summary**

**State Effect:** DHMH expenditures could increase by \$7.9 million in FY 2009 (61% general funds/39% federal funds). Future year expenditures reflect 14 new State residential center admissions each year, annualization, and inflation. No effect on revenues.

(\$ in millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	4.8	10.5	12.0	13.6
FF Expenditure	0	3.1	6.8	7.8	8.9
Net Effect	\$0	(\$7.9)	(\$17.3)	(\$19.8)	(\$22.5)

*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 State residential centers, 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, 2007, there were 15,822 individuals awaiting community-based services from DDA. Of those, 8,994 (57%) are awaiting residential community placements. DDA advises that despite the preference for community-based services, a number of the individuals on the waiting list for these residential services will choose State residential centers.

**State Expenditures:** No effect in fiscal 2008 because the bill does not take effect until fiscal 2009. DDA expenditures could increase by an estimated \$7,924,176 (\$4,799,673 general funds/\$3,124,503 federal funds) in fiscal 2009, which accounts for six months of expenditures in that year as individuals are phased in for residential services. The information and assumptions used in calculating the estimate are stated below:

- 90 admissions to State residential centers (1% of 15,822 individuals currently on the waiting list for community-based residential services);

- an additional 14 admissions to State residential centers annually, beginning in fiscal 2009, with a six-month phase in for the first year those individuals receive services;
- an estimated \$152,388 average annual cost per resident in a State residential center in fiscal 2009; and
- 39% of expenditures covered by federal funds.

Future year expenditures reflect (1) 14 additional people annually seeking State residential center admission; and (2) six months of expenditures for each new group of people in the first year they are admitted; and (3) 2% annual inflation.

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### **Additional Information**

**Prior Introductions:** A similar bill, HB 1534 of 2005, had a hearing in the House Health and Government Operations Committee but no further action was taken. Another 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 19, 2007  
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