

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 553 (Delegate Robinson, *et al.*)
 Health and Government Operations

**Minority Participation in Contracts for Group Homes for Individuals With
 Developmental Disabilities - Study**

This bill requires the Department of Health and Mental Hygiene, the Governor’s Office of Minority Affairs, and the Maryland Department of Transportation to study minority business enterprise (MBE) participation in contracting for group homes for individuals with developmental disabilities. The final report is due to the General Assembly by October 1, 2009.

The bill takes effect October 1, 2008 and terminates September 30, 2009.

Fiscal Summary

State Effect: General fund expenditures by the Department of Health and Mental Hygiene would increase by \$50,000 in FY 2009 to hire a consultant to conduct an MBE disparity study of group home services. Administrative costs associated with procurement and coordination of the consultant’s work are presumed to be minimal and could be handled with existing resources.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,000	0	0	0	0
Net Effect	(\$50,000)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The study must determine whether there is any evidence of business discrimination against MBEs for group home contracts, and, if so, whether new goals for increasing MBE participation should be established. It must also study strategies to facilitate MBE participation in contracting for group homes, including race-neutral programs that can address the needs of MBEs pursuing contracts to provide group home services to individuals with disabilities.

The Board of Public Works is authorized to adopt regulations authorizing DHMH to require group home contractors to submit information necessary to conduct the study.

Current Law/Background: According to the Developmental Disabilities Administration within DHMH, approximately 5,100 individuals with developmental disabilities receive services from community-based providers. This figure includes 2,049 group home providers (four to eight residents each) and alternative living units (one to three residents each).

DDA advises that it does not directly contract with group homes or alternative living unit providers. Instead, DDA policies require that providers be licensed and comply with local, State, and federal regulations. Compliance with licensing requirements is monitored by DHMH's Office of Health Care Quality. Individuals with developmental disabilities select qualified providers, who are then reimbursed by DDA according to a standard-rate payment system for the services they provide to each individual. According to DDA, over 50% of payments provided under this system are made to certified MBE providers.

The 2006 MBE disparity report prepared by NERA Economic Consulting found evidence of MBE disparity in State service contracts from 2000 to 2004. Across all State agencies – excluding MDOT and public institutions of higher education – the report found statistically significant disparities between the availability and use of MBE service providers. These disparities applied to MBEs owned by African Americans, Hispanics, Asians, Native Americans, and women.

State Fiscal Effect: Legislative Services anticipates that the agencies responsible for the study would hire a research consultant to conduct a study of MBE disparity in the use of group home providers for individuals with disabilities. Legislative Services further assumes that, as the lead office for disability services, DDA would coordinate the study.

Given the relatively small scope of the study, it could be completed for not more than \$50,000. The administrative costs associated with procuring the contract and coordinating the study by DDA, MDOT, and the Governor's Office of Minority Affairs are presumed to be minimal and could be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Board of Public Works, Governor's Office, Department of Health and Mental Hygiene, Department of Legislative Services

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ncs/rhh

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