

**Department of Health and Mental Hygiene
Developmental Disabilities Administration
M00.M01**

Response to Issues

Issue #1: The agency should brief the committees on the advisability of potentially consolidating the two remaining SRCs.

Administration Response: The location of the Potomac Center in Hagerstown and the location of the Holly Center in Salisbury, as well as the difference in populations, make consolidation of the two facilities difficult. The Potomac Center serves people with developmental disabilities, including those with court involvement and mental illness. The Holly Center serves people who have a developmental disability, accompanied by a serious or multiple medical conditions. In addition, most of the residents at the Potomac Center are from west of the Bay Bridge, while most of the residents at the Holly Center are from the Eastern Shore. If residents in either location were re-located as part of a consolidation effort, it would create a hardship on family members who come to visit residents.

Issue #2: Particularly because the fiscal 2016 expansion, unlike prior expansions, does not include additional funding for crisis services, the agency should brief the committees on its plans for utilizing Waiting List Equity Funds to serve individuals on the waiting list.

Response: Although the FY16 proposed budget does not include funding for crisis placements, it does include funding for emergency placements. According to the statute (Health-Gen., §7-205), the WLEF cannot be used to supplant funding for emergency placements. The purpose of the WLEF is to ensure that funding follows an individual from an institution to support community-based services and, if funds remain, to support other individuals not currently receiving services in community-based services. The statute regarding the use of the WLEF (Health-Gen., §7-205) is very prescriptive. The DDA has consulted with its legal counsel as to the use of the WLEF and has been advised that the WLEF cannot be used to fund on-going community services after the initial year of an individual's placement

As a result, all current year WLEF placements must have their annualized costs covered by general funds in the following year. Given on-going budgetary constraints, the DDA will continue to support the transition of individuals in institutions to community supports, as required by Olmstead, but will limit the use of WLEF to place individuals from the waiting list into community supports. Any change to the restrictions on the use of these funds would require legislative action.

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Issue #3: The agency should brief the committees on if/how it will provide the type of services that were historically provided under these contracts.

Response: Many of the services provided through these contracts are available under the DDA's approved waiver and the Medicaid state plan. This would include respite, camp, environmental assessment, and resource and referral support under targeted case management, known as Coordination of Community Services. Numerous state plan services may also be available for these individuals if they qualify for Medical Assistance. In addition, these individuals could seek Low Intensity Support Services (LISS) funding.

Issue #4: The agency should brief the committees on how it intends to enforce the accountability provisions in Chapter 648 of 2014 in light of recent adjustments to provider rate increases.

Response: The Maryland Minimum Wage Act of FY2014 establishes accountability provisions requiring DDA providers to maintain their FY2014 ratio of direct support employee wages and benefits to total operating expenses. The DDA must report to the General Assembly on this provision using data from the FY2014 Wage Surveys that are required to be submitted by providers.

For the purpose of this reporting requirement, the DDA initially tailored the FY2014 Wage Survey to collect data on payroll information by individual staff members. However, many DDA providers expressed concern that gathering individual-level payroll data would create an administrative burden that many providers are not equipped to handle. As a result of these concerns, but understanding that the requirement to maintain accountability still stands, the DDA has revised the FY2014 Wage Survey requirement to collect payroll data by position and will request individual-level information on an as-needed basis.

Upon submission, DDA will review the FY2014 Wage Survey position-level data for sufficiency. If the initial analysis indicates that this level of data is insufficient, the DDA will request individual-level payroll information from those specific providers. The DDA will then analyze the additional individual payroll information for sufficiency.

The DDA believes that the revised FY2014 Wage Survey submission requirement creates a balance between maintaining the level of accountability established by the Minimum Wage Act of FY2014 and placing an onerous administrative burden on DDA providers.

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Issue #5: Given what have already been significant delays in the process, the agency should advise the committees whether the timeframe for completion of the rate setting study by September 30, 2017, is still feasible.

Response: A request for proposals was released and responses from multiple qualified vendors have been received. DDA has reviewed the technical and financial proposals and is in the process of recommending a vendor for selection. The award is expected to be communicated this month and will require approval from the Board of Public Works (BPW). The DDA anticipates contract kick-off to occur by May 2015. The base period of the rate setting contract is 18 months which will produce recommended rates for all in scope DDA services, a financial impact analysis and implementation plans. Given the timelines highlighted, DDA expects the base period to be completed by October 2016. Implementation of rates will be coordinated with the transition to the LTSS platform and CMS approval.

Issue #6: Although the Medicaid program has taken the lead on this issue, DDA is perhaps most significantly affected by the new requirements and should brief the committees on the status of its transition plan.

Response: Medicaid, as the single state agency, has ultimate responsibility for developing the transition plan to ensure compliance with the Community Rule. However, the DDA has been working with Medicaid and engaging providers on the development of a baseline status against the community rule. The DDA is already in compliance with some elements of the Community Rule. They are: person center planning, conflict free case management, and stakeholder engagement. Another element is measuring outcomes for individuals. Further DDA will be discussing with providers opportunities to more fully integrate both residential and congregate day settings in alignment with the Community Rule. If these discussions result in service changes, these will be addressed as part of the rate setting study.

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Response to Recommended Actions

Recommendation #1: Strike the following language from the general fund appropriation:

~~, provided that this appropriation shall be reduced by \$9,152,894 contingent upon the enactment of legislation reducing the required provider rate increase to 1.75%~~

Response: The DDA concurs with the recommendation.

Recommendation #2: Reduce the appropriation of the Developmental Disabilities Administration's Community Services program by \$9,152,894 in general funds, \$6,181 in special funds, and \$7,259,616 in federal funds to recognize a reduction in provider rate increases from 3.5% to 1.75% as provided for in the Budget Reconciliation and Financing Act of 2015.

Response: The DDA concurs with the recommendation.

Recommendation #3: Strike the following language from the special fund appropriation:

~~, provided that this appropriation shall be reduced by \$6,181 contingent upon the enactment of legislation reducing the required provider rate increase to 1.75%~~

Response: The DDA concurs with the recommendation.

Recommendation #4: Strike the following language from the federal fund appropriation:

~~, provided that this appropriation shall be reduced by \$7,259,616 contingent upon the enactment of legislation reducing the required provider rate increase to 1.75%~~

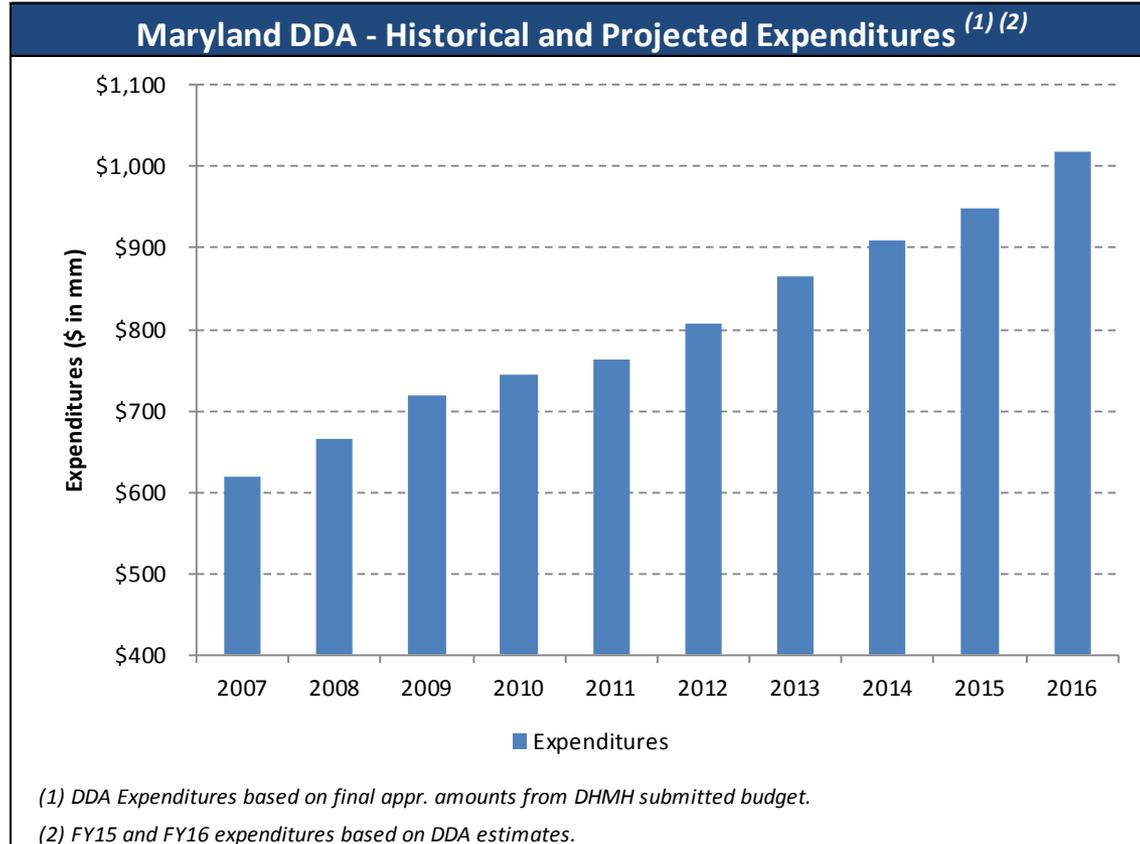
Response: The DDA concurs with the recommendation.

DEVELOPMENTAL DISABILITIES ADMINISTRATION FISCAL YEAR 2016 BUDGET HEARING

DEPUTY SECRETARY BERNARD SIMONS

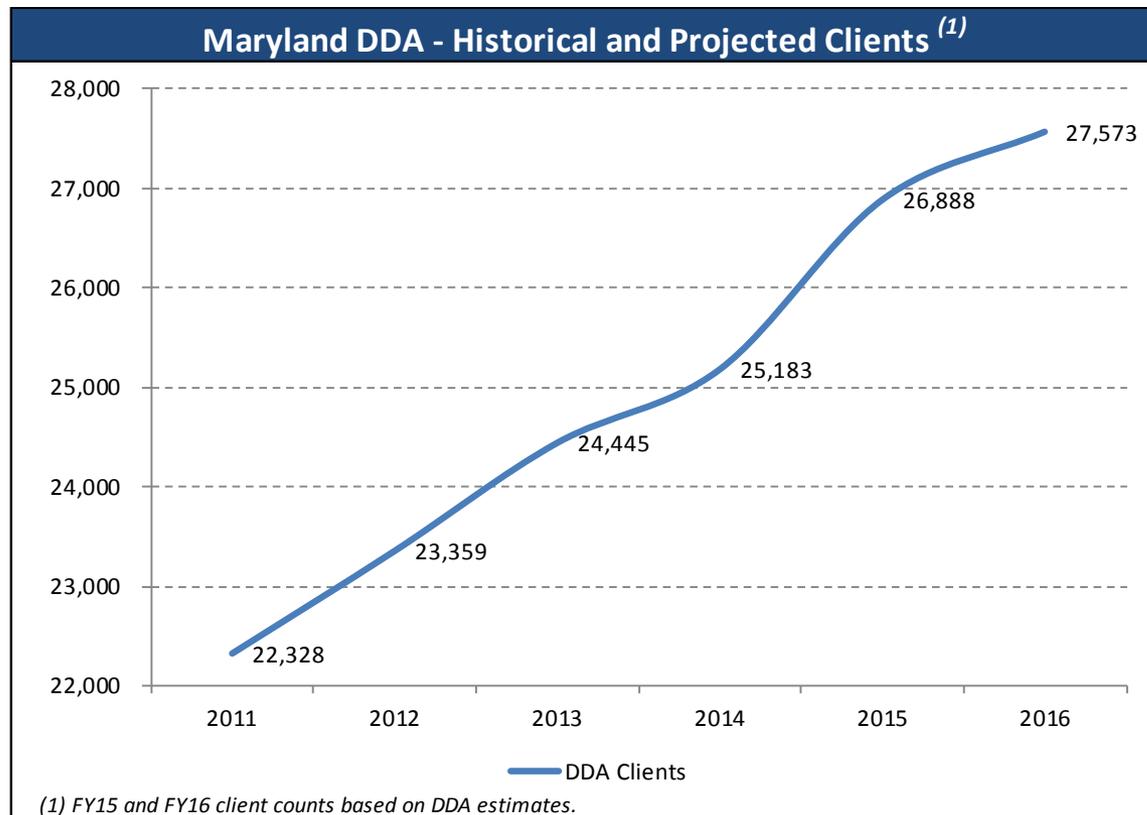
Historical and Projected Expenditures

- Below are DDA community services expenditures from FY 2007 through the FY 2016 Budget
- The Fiscal Year 2016 community services budget is estimated to increase approximately 7.3% to \$1,010MM from FY15



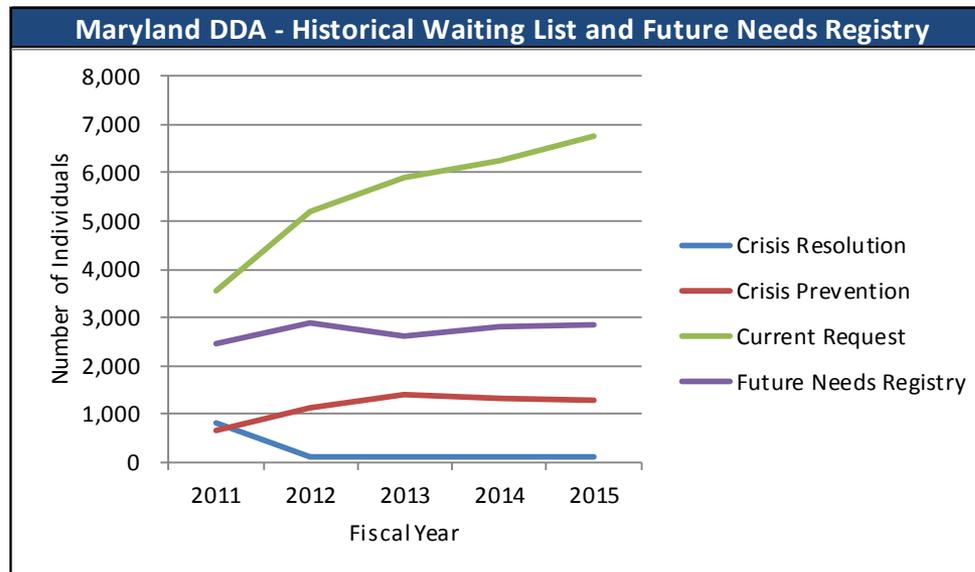
Number of Individuals in Service by Fiscal Year

- The FY16 Budget is projected to increase the total number of people served by 2.6% bringing the total program participant count to 27,573



Individuals on the Waiting List and Future Needs Registry

- While spending and the number of individuals served by the DDA is at an all time high, the waiting list continues to grow
- The waiting list and future needs registry are defined as follows:
 - The waiting list is defined as individuals with a current need for services and COMAR defines the requirements for each of the priority categories:
 - Crisis Resolution
 - Crisis Prevention
 - Current Request
 - The future needs registry includes individuals with a future need for services (service needed in 3+ years)



FY 2016 Budget Highlights

Major Drivers:

- Annualization of FY15 placements
- Placement of additional individuals into services which includes individuals on the waiting list:
 - 63 Emergency
 - 28 Waiting List Equity Fund
 - 685 Transitioning Youth
 - 13 Court Involved
- Annualization of the FY15 mid-year 2% rate increase for providers
- The FY16 1.75% rate increase for providers

Maryland DDA - FY 2016 Budget by Fund as of 2/10/15						
PCA Code	Service	FY 2016 Budget				Federal Funding
		Federal Funds	General Funds	Other Funds	Total Funds	Percentage
201	Residential	\$242,844,309	\$269,450,722	\$399,871	\$512,694,902	47.4%
202	Day	75,719,084	86,400,773	2,725,220	164,845,077	45.9%
203	Supported Employment	33,528,194	45,591,378	25,908	79,145,480	42.4%
204	Resource Coordination	18,230,813	24,051,193	0	42,282,006	43.1%
205	Purchase of Care	0	0	0	0	0.0%
206	Summer Programs	0	303,462	0	303,462	0.0%
207	New Directions	11,347,143	12,451,474	12,894	23,811,510	47.7%
208	Family Support Services	1,361,710	1,633,703	0	2,995,413	45.5%
209	Individual Family Care	2,093,249	3,782,371	0	5,875,619	35.6%
210	Individual Support Services	9,638,793	28,026,840	135,783	37,801,416	25.5%
211	Behavioral Support Base	4,831,115	5,513,885	0	10,345,000	46.7%
214	CSLA	42,924,271	58,577,050	56,166	101,557,487	42.3%
217	SB633 - 1.75% Wage Increase	6,269,408	7,805,788	5,301	14,080,497	44.5%
250	Central Regional Office	1,503,698	2,034,291	0	3,537,989	42.5%
251	Southern Regional Office	1,186,128	1,604,666	0	2,790,794	42.5%
252	Western Regional Office	563,745	762,671	0	1,326,416	42.5%
253	Eastern Regional Office	696,005	941,600	0	1,637,605	42.5%
255	Utilization Review	1,229,437	1,663,355	0	2,892,792	42.5%
298	Prior Year Grant Activity	0	0	2,500,000	2,500,000	0.0%
Total		\$453,967,102	\$550,595,222	\$5,861,143	\$1,010,423,467	44.9%

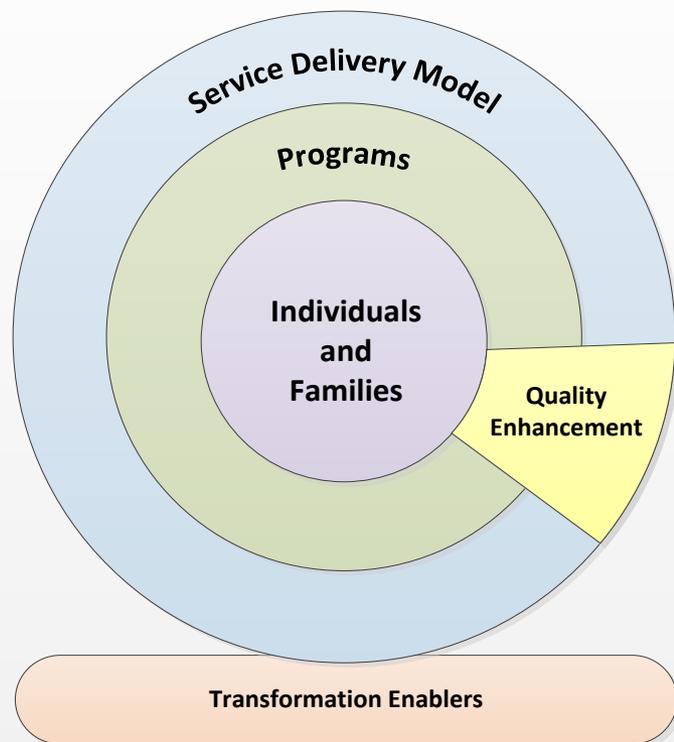
BPW cuts and proposed contingent reductions have been allocated to both individual PCAs and P217. Due to allocation, P217 does not reflective the total funding available for the FY16 1.75% rate increase.

Improving DDA fiscal management

- The DDA is actively working to improve federal fund attainment and maximize the amount of federal funds available for eligible community services
 - The DDA is closely monitoring the eligibility of individuals for the DDA waiver and is actively working with resource coordinators, providers, and individuals to minimize the loss of waiver eligibility
 - The DDA is evaluating state-only funded services provided to waiver eligible individuals. If possible, services are being transitioned to waiver eligible services
- The DDA continues to evolve its budget methodology to improve reliability and more accurately forecast costs. Specifically the DDA has:
 - Refined federal funding assumptions based on FY14 collections and a detailed analysis of waiver and service eligibility
 - Adjusted average cost calculations for each placement category by service line
 - Fine tuned expansion, attrition, and utilization assumptions based upon an in-depth analyses of attendance data and historical trends
- On-going day-to-day financial functions are being transitioned to full-time permanent DDA staff
- Improvement in the DDA's fiscal management is evidenced by the correction of numerous OLA audit findings

Overview of the DDA Restructuring Effort

DDA Restructuring – Focusing on Individuals and Families through Transformation



Transformation Efforts		
Individuals and Families	Programs	Service Delivery Model
<ul style="list-style-type: none"> Supporting Families Self-Advocacy New Assessment Tools (HRST and SIS) Enhanced Person Centered Planning Additional Opportunities for Self-Direction 	<ul style="list-style-type: none"> Waiver Transition Public Listening Sessions Services Review TCM Review Self-Direction Review Transition Plan for Community Rule Settings 	<ul style="list-style-type: none"> Provider Licensing Rate Setting DDA Funding / Payment System Changes Increased Transparency Waiver Management
Quality Enhancement (QE)		
<ul style="list-style-type: none"> Clear Responsibilities for QE Provider Training Service Utilization Review 	<ul style="list-style-type: none"> Monitoring DDA Service Delivery through Survey Tools (i.e. NCI) Quality Advisory Committee 	
Transformation Enablers		
<ul style="list-style-type: none"> HQ and Regional Office Re-Organization Transformed DDA Business Processes Migration from PCIS2 to the Medicaid Long Term Services and Support (LTSS) IT System 		

Restructuring Highlights

- Service Reviews
 - The DDA has undertaken independent reviews of services identified in the waiver, the Targeted Case Management (TCM) program and the self-directed program
 - The DDA hosted statewide Listening Sessions in October to gain stakeholder input
 - Recommendations will yield improvement strategies key to meeting the needs of individuals by identifying opportunities to strengthen and improve the understanding of available services, streamline access, and improve oversight and management
 - Based on these recommendations, the DDA may submit a waiver amendment
- Payment System
 - The passing of HB 1238 in 2014 created a path to change the statutory requirement for the pre-payment of providers and implement a reimbursement based model
 - Proposals to conduct a rate setting study are being reviewed, and a contractor will be selected to conduct an independent cost-driven rate setting study that incorporates provider and stakeholder involvement
- Migration to LTSS
 - To minimize cost and risk, DDA functionality will be implemented in the existing Medicaid LTSS system. This solution is expected to improve federal claiming, the coordination of eligibility functions, and quality oversight
 - The DDA is now defining its business requirements for the system and will work with the LTSS vendor to define detailed system functionality

Restructuring Timeline

- The implementation of these initiatives will occur over the next three fiscal years

Focus Area	Initiative	FY15	FY16	FY17
Individuals and Families	Supporting Families	X	X	
	Self-Advocacy	X		
	HRST Assessments	X	X	X
	SIS Assessments	X	X	X
	Person Centered Planning	X	X	
	Self-Direction	X	X	
Programs	Waiver Transition	X	X	
	Public Listening Sessions	X		
	Service Review (waiver services, TCM, and Self Direction)	X		
	Transition Plan for Community Rule Settings	X	X	
Service Delivery Model	Provider Licensing	X		
	Rate Setting	X	X	X
	DDA Funding / Payment System Changes		X	X
	Increased Transparency	X	X	X
	Wavier Management	X	X	
Quality Enhancement	Clear Responsibilities for QE	X		
	Provider Training and Certification	X	X	
	Service Utilization Review	X	X	
	Monitoring DDA Service Delivery	X	X	
	Quality Enhancement Committee	X		
Transformation Enablers	HQ and Regional Office Re-org	X	X	
	Transformed Business Processes		X	X
	Migration from PCIS2 to LTSS	X	X	X

OLA Audit Update

- The DDA has corrected all 6 repeat audit findings and has either corrected or made substantial progress on the remaining findings

	Repeat Finding	DDA Status (Dec 2014)	OLA Status (Jul 2014)
Finding #1: DDA did not have procedures to verify that consumers received required services and that documentation of consumers' medical assistance eligibility reassessments was obtained.	Yes	Corrected	In Progress, Currently under review (Dec 2014)
Finding #2: DDA's methodology for determining federal reimbursement rates did not reflect the costs incurred.	No	Substantial Progress	Substantial Progress
Finding #3: DDA did not have adequate procedures to ensure that providers submitted all claims to obtain federal fund reimbursement.	Yes	Corrected	Not Reviewed, Currently under review (Dec 2014)
Finding #4: Federal fund reimbursement requests were untimely resulting in loss of interest income of \$262,000.	Yes	Corrected	Not Reviewed, Currently under review (Dec 2014)
Finding #5: DDA did not investigate rejected claims with potential federal fund reimbursements totaling \$2.2 million.	Yes	Corrected	Corrected
Finding #6: DDA did not ensure that consumer contributions to care were proper, which could affect DDA's payments to providers.	No	Substantial Progress	Not Reviewed
Finding #7: DDA allowed certain funds from an increase in the alcohol tax to be used for purposes other than those specified in its policies.	No	Corrected	Corrected
Finding #8: DDA did not adequately monitor the submission of annual provider reports and the related reconciliation process.	No	Corrected	Corrected
Finding #9: DDA did not bill local jurisdictions \$1.4 million for their share of day habilitation and vocational service charges.	No	Corrected	Not Reviewed
Finding #10: DDA did not recover provider overpayments that were identified through certain program audits.	No	Substantial Progress	Not Reviewed
Finding #11: DDA did not maintain documentation to support accounting adjustments recorded in the State's records.	No	Substantial Progress	Not Reviewed
Finding #12: Proper security access controls had not been established over critical PCIS2 data.	Yes	Corrected	Corrected
Finding #13: Certain security measures over the PCIS2 production database were not in effect.	Yes	Corrected	Corrected