

**D26A07**  
**Department of Aging**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 06</u></b>	<b><u>FY 07</u></b>	<b><u>FY 08</u></b>	<b><u>FY 07-08</u></b>	<b><u>% Change</u></b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Fund	\$21,509	\$25,801	\$24,214	-\$1,587	-6.2%
Special Fund	333	393	324	-69	-17.6%
Federal Fund	<u>25,326</u>	<u>25,643</u>	<u>26,189</u>	<u>547</u>	<u>2.1%</u>
<b>Total Funds</b>	<b>\$47,168</b>	<b>\$51,837</b>	<b>\$50,728</b>	<b>-\$1,109</b>	<b>-2.1%</b>

- The Maryland Department of Aging has requested three federal fund deficiency appropriations: (1) an award of \$250,000 for an evidence-based disease prevention project; (2) \$188,047 for the Maryland Access Point project; and (3) \$100,000 to fund a statewide legal assistance project.
- The fiscal 2008 allowance decreases the Maryland Department of Aging's budget by almost \$1.1 million. Adjusting for one-time employee health insurance savings, costs decrease \$921,000, or 1.8%.
- General fund support for the Maryland Department of Aging decreases \$1.6 million, or 6.2% in the allowance, which is mostly caused by the elimination of funding for the Medicare Part D Stopgap Program.
- The allowance includes \$442,000 in general funds to hold the area agencies on aging (AAAs) serving rural jurisdictions harmless and to hold the Baltimore City AAA partially harmless in the distribution of the federal Older American Act funding.

Note: Numbers may not sum to total due to rounding.

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## ***Personnel Data***

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	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>
Regular Positions	56.00	59.40	59.40	0.00
Contractual FTEs	<u>7.00</u>	<u>6.00</u>	<u>5.00</u>	<u>-1.00</u>
<b>Total Personnel</b>	<b>63.00</b>	<b>65.40</b>	<b>64.40</b>	<b>-1.00</b>

### ***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	1.72	2.90%
Positions Vacant as of 12/31/06	5.00	8.42%

- The fiscal 2008 allowance keeps the number of regular positions static at 59.4 positions, but the allowance deletes 1 contractual position.
- At 8.4%, the actual turnover is higher than the budgeted turnover of 2.9%, but the 5 positions that were vacant as of December 31, 2006, have been vacant for less than a year.

## ***Analysis in Brief***

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### **Major Trends**

***Maintaining Seniors in the Community:*** The Maryland Department of Aging provides a variety of cost-effective services aimed at keeping seniors in the community. However, there are more people on the waiting list than receiving services. The funding remains level in the allowance, which means the same number of people will receive services in fiscal 2008 as are currently receiving services.

***Public Guardianship Activities:*** The Maryland Department of Aging may be appointed as the public guardian for seniors who are not able to make their own decisions. In recent years, the number of guardianship cases has remained fairly stable, but the number of guardian cases avoided has been increasing.

***Ensuring Seniors Are Treated with Dignity:*** The number of abuse cases and complaints investigated have been increasing since fiscal 2004 due to the increased presence of ombudsmen. However, the number of educational training presentations to the public has remained relatively stable because the funding for educational activities had been level.

***Employment and Training for Seniors:*** Both the number of senior employment program participants trained and the percent of senior participants placed in jobs dropped in fiscal 2005. Through fiscal 2008, the number of seniors trained is expected to remain stable, while the percent of senior participants placed in jobs is expected to increase.

## **Issues**

***Distribution of Federal Older Americans Act Funding:*** In response to the proposed changes in the distribution formula for the federal Older American Act dollars, the 2004 Budget Reconciliation and Financing Act established a hold harmless provision. The hold harmless provision was legislatively mandated through fiscal 2007. However, the fiscal 2008 allowance includes funding for the hold harmless provision.

## **Recommended Actions**

1. Add budget bill language restricting the \$442,210 in hold harmless funding until a plan for the expenditure of the hold harmless and Older Americans Act funds has been submitted.

## **Updates**

***Medicare Part D Stopgap Program:*** Legislation enacted in 2006 requires the Maryland Department of Aging to collaborate with the Department of Health and Mental Hygiene in the collection of statewide data on the resolution of issues related to the implementation of the federal Medicare Part D program. The department was appropriated \$2 million to provide counseling, education, and financial assistance to Medicare beneficiaries during the first two enrollment periods of the Medicare Part D program.

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**Department of Aging**

***Operating Budget Analysis***

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**Program Description**

The Maryland Department of Aging is responsible for evaluating the need for elderly services and determining the extent to which public and private programs meet those needs. The department establishes priorities for meeting the needs of the elderly with input from the local area agencies on aging (AAAs), seniors, and caregivers. The department promotes healthy lifestyles for older Marylanders, such as good nutrition, exercise, employment, and volunteerism, so that they remain active and engaged in their communities. The key goals of the department are:

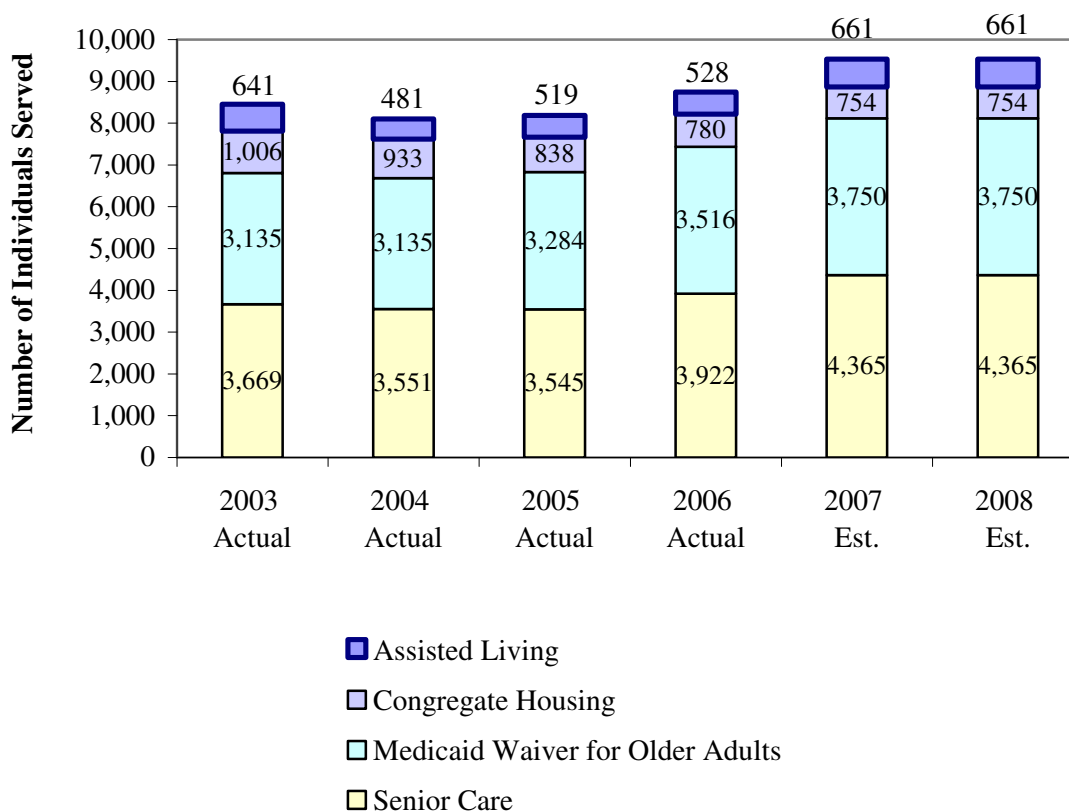
- to administer community-based long-term care programs and services for the elderly;
- to ensure that vulnerable seniors served by the Aging Network are treated with dignity by protecting seniors against abuse, exploitation, and consumer fraud; and
- to promote the well-being of seniors by providing a broad range of employment opportunities.

**Performance Analysis: Managing for Results**

**Maintaining Seniors in the Community**

**Exhibit 1** shows the performance data for the Maryland Department of Aging's goal to enable seniors to be maintained in the most appropriate and safest living arrangements within the community for as long as possible. The total number of seniors receiving community-based support services through the Maryland Department of Aging programs decreased slightly from fiscal 2003 to 2005. Then, in fiscal 2006, the number of seniors receiving the community-based support services increased by 7%. The number is expected to increase again in fiscal 2007 by 9% and stay at that level through fiscal 2008.

**Exhibit 1  
Managing for Results – Maintaining Seniors in the Community  
Fiscal 2003-2008**



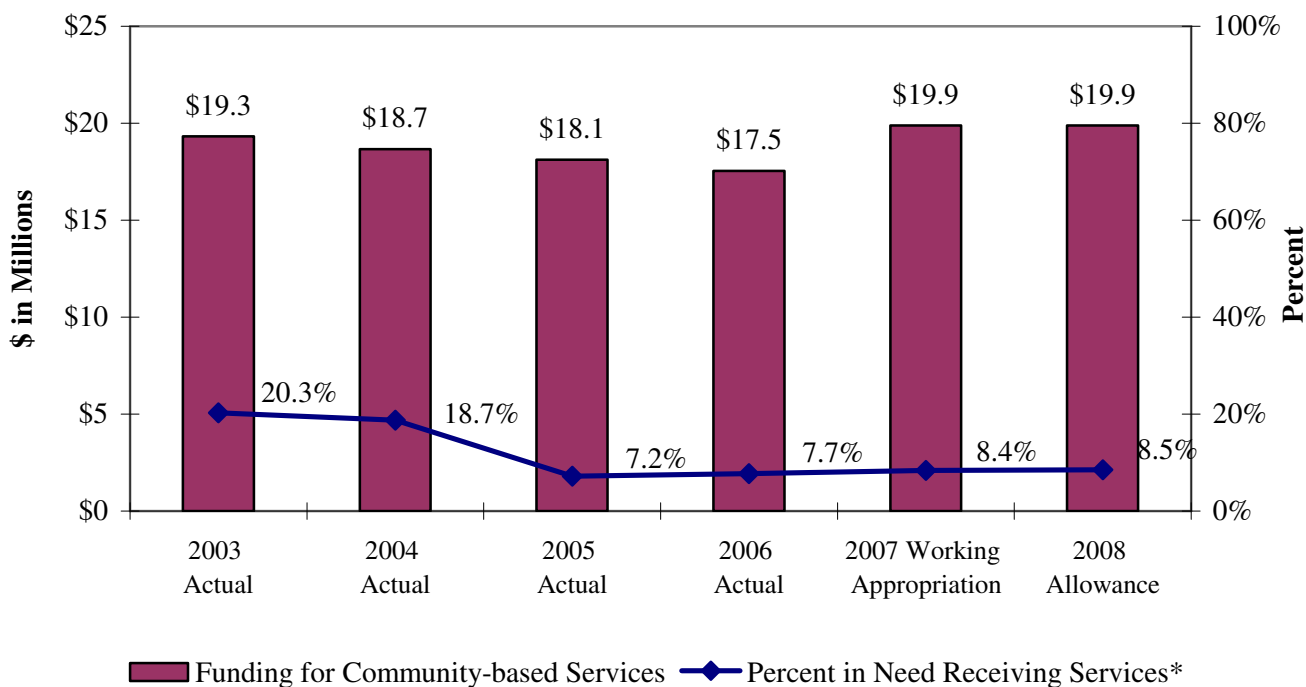
Note: Numbers are not unduplicated.

Source: Maryland Department of Aging

**Exhibit 2** shows the funding for the community-based services juxtaposed to the percentage of seniors in need of those services that are receiving those services. From fiscal 2003 through 2006 the funding for community-based services decreased gradually. Then, in 2007, the funding increased 14% and remains level in the allowance.

The percentage of seniors in need of services that receive services dropped significantly from fiscal 2004 to 2005. This decrease was caused because the assessment of need fulfilled in fiscal 2005 used the updated census data, and the population of 50+ used for this measure increased significantly from fiscal 1990 to 2000. In fiscal 2006, the Maryland Department of Aging provided community-based services to 7.7% of the seniors in need of those services.

**Exhibit 2**  
**Managing for Results**  
**Funding with Percent of Need Fulfilled**  
**Fiscal 2003-2008**

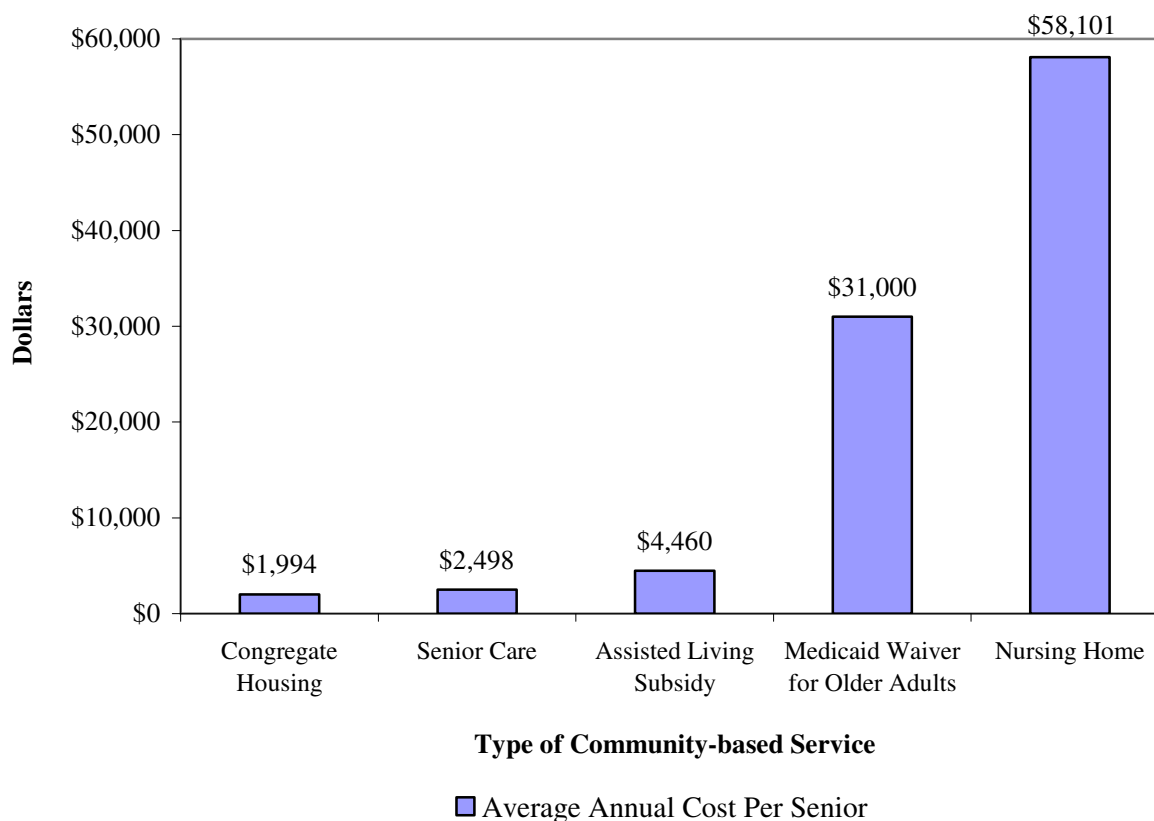


\* The decrease in the percent in need receiving services from fiscal 2004 to 2005 is caused by the use of the updated census information in fiscal 2005.

Source: Maryland Department of Aging

Community-based services are considered to be a cost-effective investment for the State because many of the people that receive community-based services would require nursing home services if the community-based services were not available. As shown in **Exhibit 3**, nursing homes cost almost twice as much as the Medicaid Waiver for Older Adults, which is the most expensive community-based service provided by the Maryland Department of Aging.

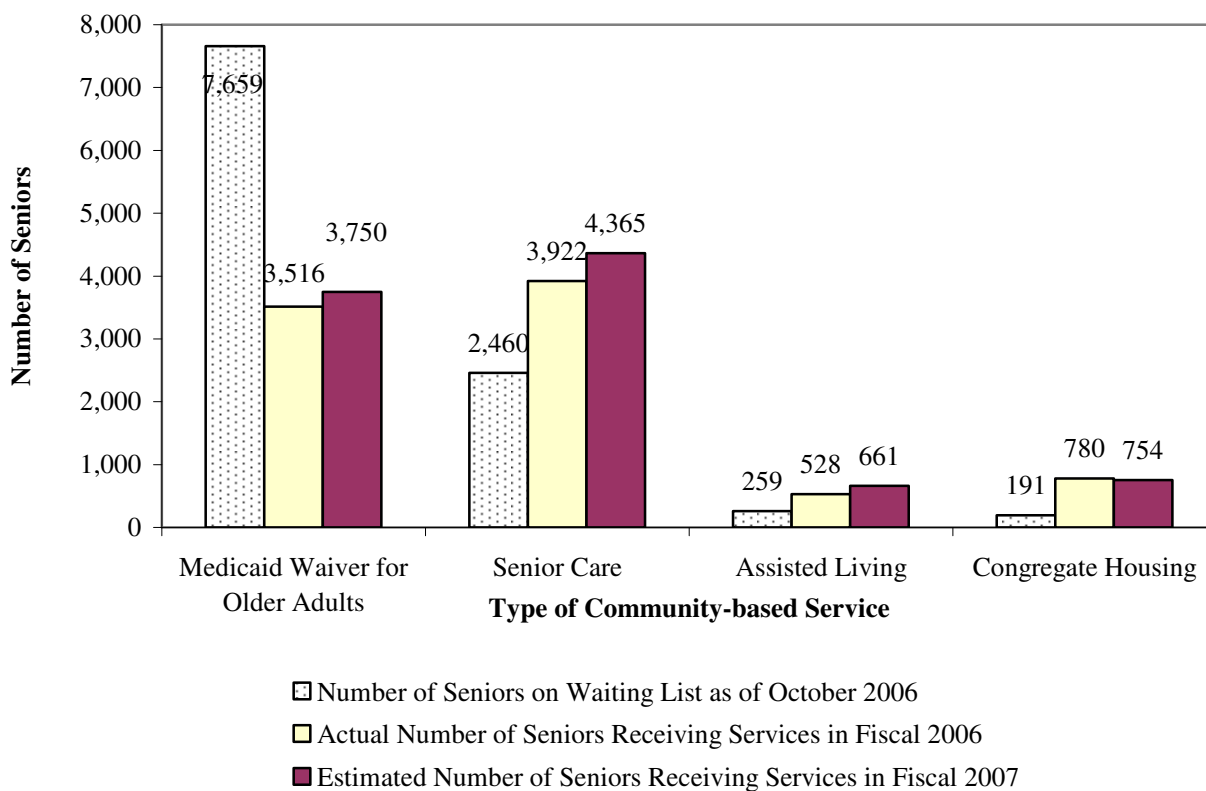
**Exhibit 3**  
**Managing for Results**  
**Cost of Community-based Services**  
**Fiscal 2006**



Source: Maryland Department of Aging

**Exhibit 4** shows the number of individuals being served in fiscal 2006 and 2007 juxtaposed to the number of individuals on the waiting list as of October 2006 for each of the four community-based services. The fiscal 2007 budget provided additional funding to reduce the waiting list for the Assisted Living Subsidy program, the Senior Care program, and the Medicaid Waiver for Older Adults.

**Exhibit 4**  
**Managing for Results**  
**Number Served Versus the Waiting List**  
**Fiscal 2006-2007**



Source: Maryland Department of Aging

The Assisted Living Subsidy program received an additional \$1.1 million in fiscal 2007. Last year, the Maryland Department of Aging claimed the additional funding would eliminate the waiting list for the assisted living program, which at the time was around 330. However, there are only 133 new assisted living slots in fiscal 2007. **The Maryland Department of Aging should explain why the funding provided in the fiscal 2007 budget established only 34% of the assisted living slots intended.**

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The waiting list for the Medicaid Waiver for Older Adults program ballooned from 4,900 in fiscal 2005 to nearly 7,700 as of October 2006. The number of people served through the Medicaid Waiver for Older Adults program is only expected to increase 200 slots from fiscal 2006 to 2007, which is 25 slots more than the increased funding in the Medicaid program was expected to fund.

The Senior Care program received an additional \$750,000 in fiscal 2007 that was expected to serve 443 from the waiting list. According to the department's estimates, 443 more people will be served by the Senior Care program in fiscal 2007 than were in fiscal 2006. However, the waiting list for the program increased by 200 slots from fiscal 2005 to 2006.

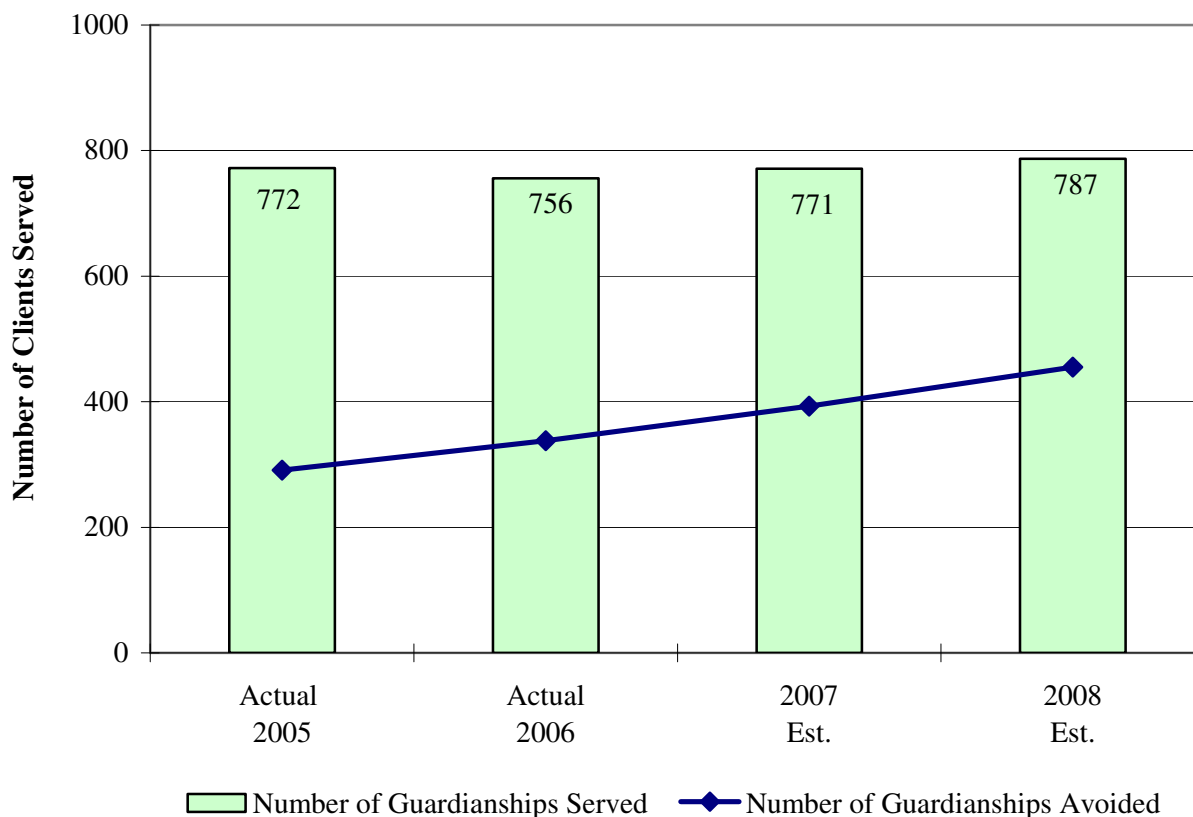
In fiscal 2008, the funding and number of slots for community-based services remains at the fiscal 2007 level. According to experience, the collective waiting list is expected to grow from the October 2006 level of 10,569. As a result, there will be more seniors on the waiting lists than receiving services in fiscal 2007 and 2008.

### **Public Guardianship Activities**

In lieu of a suitable guardian, the Maryland Department of Aging or the local AAA may be appointed as a public guardian for persons ages 65 and older who have been declared by the courts to be incapable of making their own decisions. Guardians may be required to determine appropriate living arrangements, oversee the provision of services, or consent to medical treatment for persons under their guardianship.

**Exhibit 5** shows that the Maryland Department of Aging's guardianship activities have remained relatively level over the four years, but the number of cases avoided has increased. In order to avoid guardianship cases, the Maryland Department of Aging works with the local Department of Social Services, hospital discharge staff, and other petitioners to find family members or other interested people who would be willing to be the guardians.

**Exhibit 5  
Managing for Results  
Public Guardianship Activities  
Fiscal 2005-2008**

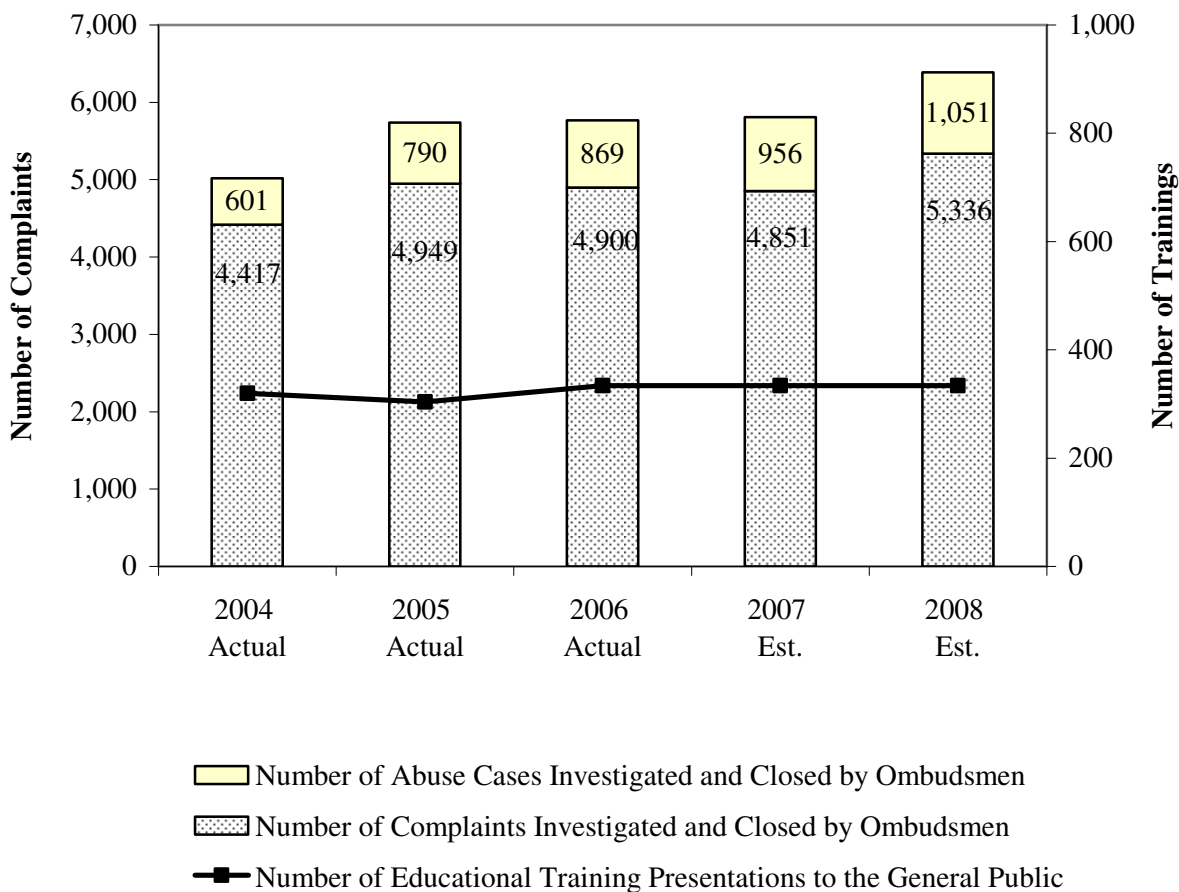


Source: Maryland Department of Aging

**Ensuring Seniors Are Treated with Dignity**

**Exhibit 6** portrays the Maryland Department of Aging’s relative success at achieving its goal to ensure that seniors are treated with dignity and protected against abuse, exploitation, and consumer fraud. The exhibit shows the total number of abuse cases and complaints investigated and closed by ombudsmen. Abuse cases and complaints investigated increased slightly from fiscal 2004 to 2005 and both measures are expected to continue to remain at the fiscal 2005 level through fiscal 2007. The number of investigations is expected to rise by 580 in fiscal 2008 because there will be an increased presence of ombudsmen in nursing and assisted living facilities, and with a greater presence, there are likely to be more complaints. Exhibit 6 also shows the number of educational training presentations made to the general public is expected to remain relatively stable from fiscal 2004 through 2008 because the funding for educational activities remains flat.

**Exhibit 6  
Managing for Results  
Investigations Closed and Educational Trainings  
Fiscal 2004-2008**



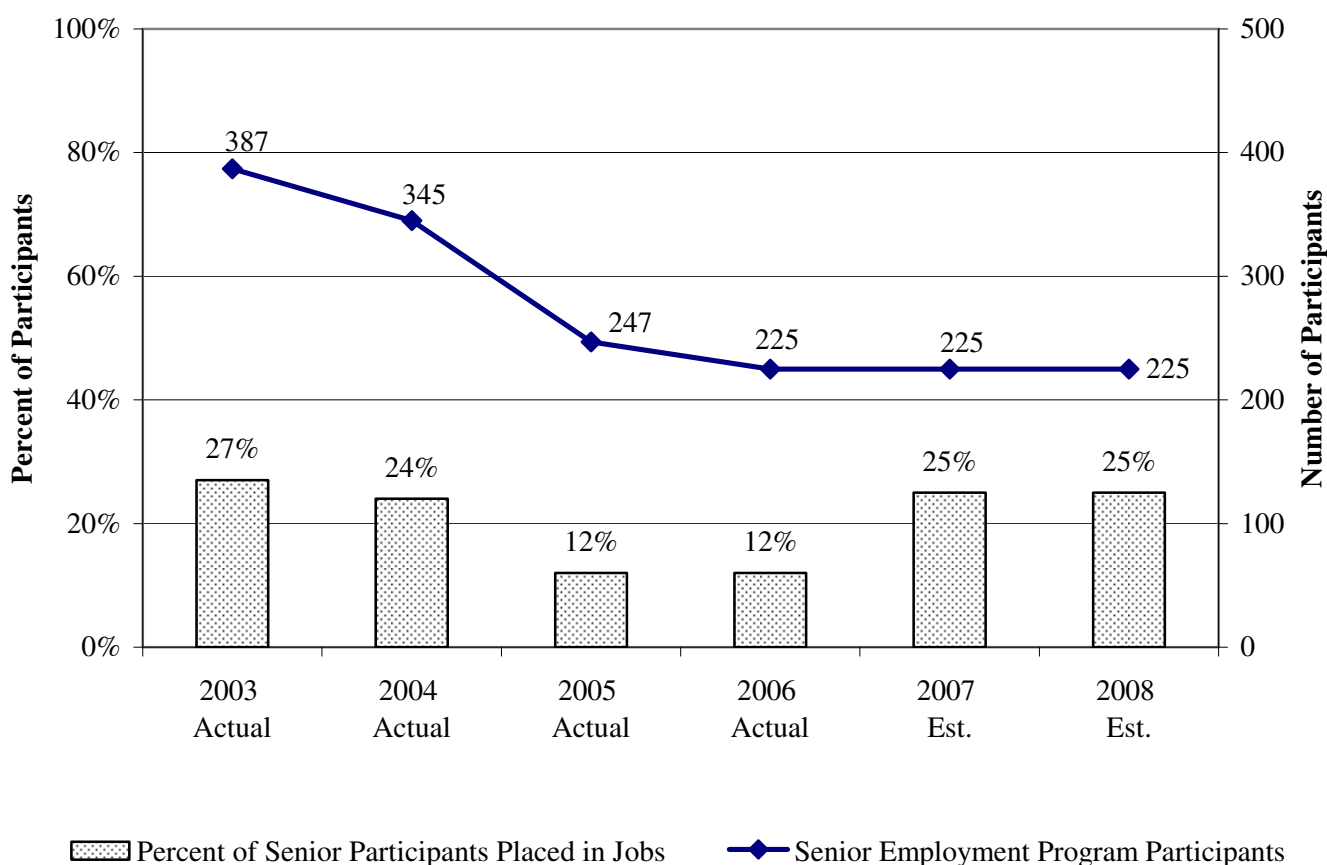
Source: Maryland Department of Aging

**Employment and Training for Seniors**

The Maryland Department of Aging provides training and employment to eligible older workers through participating nonprofit organizations and government entities that provide community services. Participants update and enhance their skills through training provided by the nonprofit organization or the government entity. During the training period, seniors receive minimum wage for 20 hours of work per week that is funded by the United States Department of Labor. Then, some participants are placed in regular positions and paid the prevailing wage.

**Exhibit 7** shows the number of seniors trained through the program each year and the percentage of those trained that are placed in a job. In fiscal 2005, the percentage of participants being placed in a job and the number of participants being trained decreased significantly. Since then, the number of seniors being trained remained relatively constant, while the percentage placed in a job is expected to increase to 25% in fiscal 2007 and 2008.

**Exhibit 7**  
**Managing for Results**  
**Employment and Training for Seniors**  
**Fiscal 2003-2008**



Source: Maryland Department of Aging

## **Fiscal 2007 Actions**

### **Proposed Deficiencies**

The Maryland Department of Aging has requested three federal fund deficiency appropriations to recognize federal grants for which notification was not provided until after the fiscal 2007 budget had been prepared. First, a federal award of \$250,000 was provided to the Maryland Department of Aging for evidence-based disease prevention. This is a three-year grant to support the delivery of an evidence-based disease prevention program for aging services providers, such as senior centers, nutrition programs, and senior housing projects. The Maryland Department of Aging plans to work with Towson University's Center for Productive Aging and Stanford University to train the staff at six AAAs: Worcester County; USA, Inc.; Prince George's County; Montgomery County; Howard County; and Baltimore City.

The Maryland Department of Aging also received a federal grant in the amount of \$188,047 to continue the development of Maryland Access Point (MAP), which is an on-line resource for seniors, younger people with disabilities, and providers. Also, MAP streamlines and expedites Medicaid eligibility determination, including development of a single on-line application for Medicaid assistance.

The other federal award is \$100,000 for a statewide legal assistance project which will target legal issues related to advance directives and assisted living for underserved seniors. The Maryland Department of Aging will use these funds to better coordinate the legal services provided to seniors by the AAAs and legal services providers. This funding will also create an on-line legal resource center for small residence assisted living providers.

### **Governor's Proposed Budget**

As shown in **Exhibit 8**, the Maryland Department of Aging's budget decreases \$1.1 million, or 2.1% in the allowance. However, the actual cost of the allowance is masked by the use of one-time health insurance savings to fund retiree health insurance costs. The Maryland Department of Aging's underlying costs are decreasing \$921,000, or 1.8%.

#### **Personnel**

Personnel costs are shown increasing \$41,000 in Exhibit 8, but the actual increase to the cost of personnel is \$229,000. The Maryland Department of Aging's retiree health insurance premiums are projected to cost \$188,000 in fiscal 2008, but a portion of the insurance premiums are going to be funded with health insurance savings from previous fiscal years. Therefore, the funds are not included in the Maryland Department of Aging's allowance.

#### **Medicare Part D Stopgap Program**

The allowance decreases by \$1.4 million in general funds because the Medicare Part D Stopgap Program ended. These activities were one-time costs related to helping seniors throughout the first two enrollment periods for the Medicare Part D program. A total of \$2 million was budgeted for the Medicare Part D Stopgap Program with \$363,250 expended in fiscal 2006 and \$1,636,750 appropriated for fiscal 2007. Funds were mostly distributed to the 19 AAAs for outreach, education, and counseling of individuals regarding Medicare Part D.

**Exhibit 8**  
**Governor’s Proposed Budget**  
**Maryland Department of Aging**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
2007 Working Appropriation	\$25,801	\$393	\$25,643	\$51,837
2008 Governor’s Allowance	<u>24,214</u>	<u>324</u>	<u>26,189</u>	<u>50,728</u>
Amount Change	-\$1,587	-\$69	\$547	-\$1,109
Percent Change	-6.2%	-17.6%	2.1%	-2.1%
<b>Where It Goes:</b>				
<b>Personnel Expenses</b>				
Salary increments.....				\$79
Retirement.....				62
Workers’ compensation .....				56
Health insurance costs decline due to one-time savings .....				-161
Other fringe benefit adjustments.....				4
<b>Other Changes</b>				
Evidence-based disease prevention federal grant .....				316
Federal funding for the statewide legal assistance project.....				28
Data processing equipment.....				20
Office supplies .....				19
Federal funding for senior information and assistance .....				-10
Office equipment .....				-15
Reduction in contractual pay due to decrease of one contractual employee.....				-20
University of Baltimore study on Managing for Results data collection ended .....				-33
Elimination of the Medicare Part D Stopgap Program .....				-1,486
Other .....				32
<b>Total</b>				<b>-\$1,109</b>

Note: Numbers may not sum to total due to rounding.

## ***Issues***

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### **1. Distribution of Federal Older Americans Act Funding**

#### **Background**

The federal Older Americans Act (OAA) provides funding for services to seniors and their caregivers. In fiscal 2006, Maryland received \$17.1 million in OAA funds, which was distributed according to a formula to Maryland's 19 AAAs serving the State's 24 local jurisdictions. The General Assembly directed the distribution of OAA funds in fiscal 2005 through 2007; however, in the absence of legislative action, that directive will not apply in fiscal 2008.

#### **Older Americans Act Funding in Maryland**

OAA funds comprise between 7.9 and 47% of each AAA's annual budget (a mean of 22.6%) and are used at the AAA's discretion for transportation, outreach, information and assistance, and in-home services. Federal law requires the Maryland Department of Aging, in cooperation with AAAs, to develop and submit for approval an intrastate funding formula for the distribution of OAA funds. This formula must reflect the proportion of persons 60 and over in the "greatest economic or social need, with particular attention to low-income, minority individuals."

Maryland's current formula uses three weighted factors, a county's proportion of the State's: (1) total population aged 60 and over (45%); (2) low-income population aged 60 and over (45%); and (3) low-income minority population aged 60 and over (10%). This formula has been in place for more than two decades and is updated every 10 years based on census figures.

#### **Growth in Senior Population Has Outpaced Increases in Federal Funding**

Between calendar 1990 and 2000, the number of Maryland seniors aged 60 and over grew by nearly 90,000 (12.4%). All but three Maryland jurisdictions (most notably Baltimore City, which lost 18% of its senior population) experienced growth in their senior population. Unfortunately, OAA funding has not kept pace with this growth. For example, between fiscal 2002 and 2006, OAA funds increased by only 2%. As a result, when the 2000 census data was applied, rural jurisdictions and Baltimore City lost a significant portion of their funding, and funding for the larger suburban jurisdictions did not increase proportionate to the increased senior population in those jurisdictions.

#### **Legislative History**

During the 2004 legislative session, the budget committees adopted narrative expressing the intention for the federal funds to be distributed pursuant to the existing funding formulas (with the exception of the Title III Family Caregiver Program formula which could be changed to reflect an increase in age criteria). When the 2000 census data was applied to the formula, the rural jurisdictions lost significant funding, prompting the General Assembly to adopt legislation (2004 Budget Reconciliation and Financing Act (BRFA)) authorizing in fiscal 2005 and requiring in fiscal 2006 the amount of \$442,210 to hold rural jurisdictions harmless compared to fiscal 2004 allocations.

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The 2004 BRFA also required the Governor to submit proposed legislation during the 2005 legislative session that specifies a formula for distributing federal funds under the Older Americans Act beginning in fiscal 2007. House Bill 1321 was introduced during the 2005 legislative session which proposed a new funding formula for distributing federal Older American Act funds beginning during fiscal 2006.

During the 2005 legislative session, the General Assembly failed to codify the proposed funding formula. As a result, the current funding formula was used to distribute the federal funds for fiscal 2006, and the hold harmless provision was extended through fiscal 2007. In the midst of the 2005 session, the Department of Aging received the fiscal 2006 federal award notice, and the department received over \$400,000 more than expected. For this reason, in fiscal 2006, less funds were needed to hold the rural jurisdictions harmless, and the General Assembly allocated the extra \$52,770 to Baltimore City. In fiscal 2007, the budget included the full hold harmless general fund appropriation.

In the absence of legislative action, distribution of fiscal 2008 OAA funds will be at the discretion of the Maryland Department of Aging, which anticipates distributing the funds according to the existing formula. Also, the hold harmless provision was not mandated for fiscal 2008, but the allowance includes funding for the hold harmless provision. However, in fiscal 2008, the distribution of the hold harmless funds is also at the discretion of the Maryland Department of Aging. **The Department of Legislative Services recommends restricting the hold harmless funds until the Maryland Department of Aging submits a report detailing how the hold harmless and the Older Americans Act funding will be distributed in fiscal 2008.**

Without legislative action, hold harmless funding for the AAAs serving rural jurisdictions and Baltimore City could be discontinued in fiscal 2009. **Exhibit 9** shows the AAAs affected by the hold harmless funding. **The Maryland Department of Aging should provide the committees with information about how the department intends to proceed on this issue, specifically how the department intends to distribute the hold harmless funds in fiscal 2008. Also, the department should address the use of hold harmless funding in fiscal 2009 and any potential plans to submit a new funding formula.**

**Exhibit 9**  
**AAAs Affected by Discontinuation of Hold Harmless Funding**

<u>AAA</u>	<u>Portion of Hold Harmless Funding</u>
Allegany	\$88,910
Baltimore City	52,770
Cecil	998
MAC <sup>1</sup>	199,734
Queen Anne's	14,850
USA <sup>2</sup>	50,898
Washington	34,050
<b>Total</b>	<b>\$442,210</b>

<sup>1</sup>MAC, Inc. is a nonprofit/nongovernmental AAA that services Dorchester, Wicomico, Somerset, and Worcester counties.

<sup>2</sup>Upper Shore Aging (USA), Inc. is a nonprofit/nongovernmental AAA that services Kent, Caroline, and Talbot counties.

AAA: Area Agencies on Aging

Source: Maryland Department of Aging

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### **Options for Legislative Action**

Since there is no legislative directive dictating the distribution of OAA funds in fiscal 2008, the Maryland Department of Aging is free to keep the existing formula or establish a new formula. However, the General Assembly does have the ability to influence the process, including (1) extending the provision of hold harmless funds through fiscal 2009; (2) proposing a formula for the distribution of OAA funds; or (3) acting to provide stability to AAA funding through a phase-in requirement.

#### **Extend the Provision of Hold Harmless Funds through Fiscal 2009**

As shown in Exhibit 9, seven AAAs serving 12 jurisdictions could lose a total of \$442,210 in hold harmless funding in fiscal 2009. Reductions in funding would range from 0.4% (Cecil County) to 24.1% (Allegany County). The General Assembly could require that funds be provided to these AAAs in the fiscal 2009 allowance to preserve their funding at fiscal 2007 levels.

**Propose a Specific Funding Formula for OAA Funds**

One option for the General Assembly is to recommend a specific funding formula. Any recommendation would only be a proposal because federal regulations mandate that the formula for distribution of OAA funds be developed by the Maryland Department of Aging, in cooperation with the AAAs, and approved by the federal Administration on Aging. Any proposed formula must also reflect the proportion of persons 60 and over in the “greatest economic or social need, with particular attention to low-income, minority individuals” per federal requirements. The current funding formula could be altered to include different variables, or the weights of each variable could be adjusted. According to the federal Administration on Aging, as of March 2005, the eight main variables used by other states include poverty/low income (42 states, weighted from 15 to 50%), age (41 states, weighted from 20 to 70%), rural (35 states, weighted from 2 to 20%), minority (32 states, weighted from 3 to 25%), low-income minority (15 states, weighted from 5 to 25%), disabled/impaired (9 states, weighted from 5 to 15%), living alone (5 states), and limited English (5 states, weighted from 2 to 6.25%).

**Establish a Phase-in Requirement for OAA Funds**

Another legislative option for the General Assembly is a phase-in requirement, which would mandate how much the funding for any one AAA could fluctuate from year to year. For instance, OAA funding for each AAA may not increase or decrease more than 5% annually. This requirement would insert some stability into the funding of the AAAs when the formula changes or when census data are updated.

## ***Recommended Actions***

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1. Add the following language to the general fund appropriation:

. provided that \$442,210 of this appropriation for the hold harmless provision may not be expended until the Maryland Department of Aging submits a report to the budget committees detailing how the hold harmless and Older Americans Act funding will be distributed in fiscal 2008 and the budget committees have 45 days from the receipt of the report to review and comment.

**Explanation:** In the absence of legislative action, distribution of fiscal 2008 the Older Americans Act funds will be at the discretion of the Maryland Department of Aging, which anticipates distributing the funds according to the existing formula. Also, the hold harmless provision was not mandated for fiscal 2008, but the allowance includes funding for the hold harmless provision. However, in fiscal 2008, the distribution of the hold harmless funds is also at the discretion of the Maryland Department of Aging. The language withholds the hold harmless funds pending a report detailing how the hold harmless and Older Americans Act funding will be distributed in fiscal 2008.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Plan for distributing the hold harmless and Older Americans Act funding in fiscal 2008	Maryland Department of Aging	45 days prior to the release of funds

## ***Updates***

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### **1. Medicare Part D Stopgap Program**

The Medicare Part D Stopgap Program, established by House Bill 1467 during the 2006 legislative session, required the Department of Health and Mental Hygiene (DHMH) and the Maryland Department of Aging to collaborate in the collection of statewide data on the resolution of issues related to the implementation of Medicare Part D and problems obtaining needed medications due to formulary and preauthorization restrictions. As required, DHMH and the Maryland Department of Aging submitted an interim report on September 1, 2006, and the information from the report is summarized below.

A total of \$2 million was budgeted for the Medicare Part D Stopgap Program with \$363,250 expended in fiscal 2006 and \$1,636,750 appropriated for fiscal 2007. Funds were distributed to the 19 AAAs for outreach, education, and counseling of individuals regarding Medicare Part D.

The Maryland Department of Aging allocated \$263,250 in fiscal 2006 to the 19 AAAs for counseling and assistance activities, which include determining eligibility for Medicare Part D; enrolling in Medicare Part D; performing pharmacy benefit checkups (as necessary); assessing the need and eligibility for emergency pharmacy access, the federal low-income subsidy, and the Senior Prescription Drug Assistance Program; or assisting with any other problems related to the Medicare Part D benefit. Also, AAAs used the funds to purchase laptop computers, fund media campaigns, and hire additional staff to fulfill the tasks cited above. Another \$100,000 was spent in fiscal 2006 on a public relations campaign around the time of the Medicare Part D annual open enrollment period. The campaign was focused in Baltimore City, Baltimore County, Montgomery County, and Prince George's County because these jurisdictions are high-population areas and "under-enrolled" jurisdictions.

In fiscal 2007, the AAAs received \$1,465,000 to spend on additional staff, printing of materials, and media to explain the Medicare Part D program. Also, the funds were used to promote the Maryland Senior Health Insurance Assistance Program, to pay for prescriptions for individuals unable to meet their co-payments/coverage gap, and to purchase equipment. The Maryland Department of Aging provided three community groups with a total of \$110,000 to conduct outreach to seniors that do not use English as their primary language. The remaining \$61,750 will be used for continued outreach and awareness efforts.

In total, the Medicare Part D Stopgap Program assisted over 10,000 people as of December 2006. **Exhibit 10** shows the breakdown of how many seniors were helped by each type of assistance.

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**Exhibit 10**  
**Assistance Provided through the Medicare Part D Stopgap Program**  
**June – December 2006**

<u><b>Type of Assistance</b></u>	<u><b>Number of Contacts</b></u>
<b>Prescription Drug Coverage</b>	
Plan Eligibility, Benefit Comparisons	5,561
Low-income Extra Help Eligibility, Benefit Comparisons	3,398
Enrollment/Application Assistance	3,652
Claims, Billing Issues	966
Appeals, Quality of Care, Complaints	557
<b>Formulary Problems</b>	
Contacts	3,468
Problem Cases Worked On	638
Problem Cases Resolved	514
<b>Preauthorization Problems</b>	
Contacts	963
Problem Cases Worked On	106
Problem Cases Resolved	96

Source: Maryland Department of Aging

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## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Department of Aging (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2006</b>					
Legislative Appropriation	20,107	315	25,990	0	46,413
Deficiency Appropriation	602	0	0	0	602
Budget Amendments	800	119	699	0	1,618
Reversions and Cancellations	0	-101	-1,363	0	-1,464
<b>Actual Expenditures</b>	<b>\$21,509</b>	<b>\$333</b>	<b>\$25,326</b>	<b>\$0</b>	<b>\$47,168</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$25,763	\$389	\$25,643	\$0	\$51,795
Budget Amendments	38	4	0	0	42
<b>Working Appropriation</b>	<b>\$25,801</b>	<b>\$393</b>	<b>\$25,643</b>	<b>\$0</b>	<b>\$51,837</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2006**

In fiscal 2006, the Maryland Department of Aging spent \$47.2 million, which is \$756,000 more than the legislative appropriation. General fund appropriations increased by \$1.4 million due to increased funding for nutritional programs (\$500,000), outreach for the Medicare Part D Prescription Drug Program (\$225,000), the reallocation of health insurance appropriations (\$45,485), and for employee cost-of-living adjustments (COLA) (\$29,017). Also, there was a deficiency appropriation in the amount of \$602,438 to fund the Medicare Part D Stopgap Program.

Special funds increased \$119,245 due to receipt of more fees than expected through the Continuing Care Retirement Communities Program. These funds went to support the Continuing Care Retirement Communities Program (\$103,245) and the Evidence-based Health Promotion (\$16,000).

The federal fund appropriations increased by \$664,288. Federal funds increased by \$698,865, due to increased funding for the Maryland Respite, Outreach, Support and Education Project (\$290,000), to assist homebound and non-English speaking members of the Senior Prescription Drug Assistance Program (\$274,346), more than expected Older Americans Act funding (\$134,519).

The Maryland Department of Aging cancelled \$1.4 million. Federal funds were cancelled in the amount of \$1.4 million, due to the underutilization of the Medicaid Waiver program (\$1 million) and the nutrition programs (\$362,000). Special funds were cancelled in the amount of \$101,209 due to less than anticipated revenue from the Continuing Care Retirement Communities Program.

## **Fiscal 2007**

The fiscal 2007 working appropriation for the Maryland Department of Aging is \$51.8 million, which is \$42,262 more than the legislative appropriation. Employee COLAs account for an increase of \$42,852 (\$38,475 in general funds and \$4,377 in special funds). Also, there was a reduction of \$590 in general funds, due to a reallocation of funding for a comprehensive salary and benefits survey.

**Object/Fund Difference Report  
Department of Aging**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	56.00	59.40	59.40	0	0%
02 Contractual	7.00	6.00	5.00	-1.00	-16.7%
<b>Total Positions</b>	<b>63.00</b>	<b>65.40</b>	<b>64.40</b>	<b>-1.00</b>	<b>-1.5%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 4,705,232	\$ 5,139,467	\$ 5,180,020	\$ 40,553	0.8%
02 Technical and Special Fees	164,779	176,658	155,749	-20,909	-11.8%
03 Communication	229,813	79,745	87,260	7,515	9.4%
04 Travel	72,917	44,351	47,377	3,026	6.8%
07 Motor Vehicles	-3,967	9,857	9,769	-88	-0.9%
08 Contractual Services	429,604	286,635	294,597	7,962	2.8%
09 Supplies and Materials	133,647	27,173	45,774	18,601	68.5%
10 Equipment – Replacement	40,811	14,500	19,891	5,391	37.2%
12 Grants, Subsidies, and Contributions	41,296,931	45,957,796	44,777,419	-1,180,377	-2.6%
13 Fixed Charges	97,981	100,284	109,406	9,122	9.1%
14 Land and Structures	593	500	500	0	0%
<b>Total Objects</b>	<b>\$ 47,168,341</b>	<b>\$ 51,836,966</b>	<b>\$ 50,727,762</b>	<b>-\$ 1,109,204</b>	<b>-2.1%</b>
<b>Funds</b>					
01 General Fund	\$ 21,508,914	\$ 25,801,230	\$ 24,214,389	-\$ 1,586,841	-6.2%
03 Special Fund	333,401	393,002	324,001	-69,001	-17.6%
05 Federal Fund	25,326,026	25,642,734	26,189,372	546,638	2.1%
<b>Total Funds</b>	<b>\$ 47,168,341</b>	<b>\$ 51,836,966</b>	<b>\$ 50,727,762</b>	<b>-\$ 1,109,204</b>	<b>-2.1%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary  
Department of Aging**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07 - FY08 % Change</u>
01 General Administration	\$ 47,018,341	\$ 51,336,966	\$ 50,227,762	-\$ 1,109,204	-2.2%
02 Senior Centers Operating Fund	150,000	500,000	500,000	0	0%
<b>Total Expenditures</b>	<b>\$ 47,168,341</b>	<b>\$ 51,836,966</b>	<b>\$ 50,727,762</b>	<b>-\$ 1,109,204</b>	<b>-2.1%</b>
General Fund	\$ 21,508,914	\$ 25,801,230	\$ 24,214,389	-\$ 1,586,841	-6.2%
Special Fund	333,401	393,002	324,001	-69,001	-17.6%
Federal Fund	25,326,026	25,642,734	26,189,372	546,638	2.1%
<b>Total Appropriations</b>	<b>\$ 47,168,341</b>	<b>\$ 51,836,966</b>	<b>\$ 50,727,762</b>	<b>-\$ 1,109,204</b>	<b>-2.1%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.