

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 485

(Senators Middleton and Hogan)

Finance

Health and Government Operations

**Task Force to Study the Developmental Disabilities Administration Rate
Payment Systems**

This bill establishes a Task Force to Study the Developmental Disabilities Administration Rate Payment Systems.

The bill takes effect July 1, 2007 and terminates July 31, 2008.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and associated staffing costs are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must • review the existing rate system for community-based services funded by the Developmental Disabilities Administration (DDA) and determine its strengths and weaknesses; • identify current service delivery mandates; • consider costs as reported in the DDA cost report; • compare the cost of current service delivery mandates to State funding provided; • consider promising practices in other states' rate systems that cost-effectively fund appropriate and individualized supports, consistent with best practices; • identify reimbursement system changes that further

support self-directed services and the implementation of best practices; and • develop recommendations to address the structural under-funding of community services. The Department of Health and Mental Hygiene (DHMH) must provide staff for the task force.

The task force must report its findings and recommendations to the Governor and specified legislative committees by December 31, 2007. After its final report, the task force must continue to advise the Governor and the General Assembly on implementing its recommendations.

Current Law: It is the State's policy to support and provide resources to operate community services to sustain individuals with developmental disabilities in the community, rather than in institutions. It also is the State's policy to require DDA to designate sufficient resources to foster and strengthen a permanent comprehensive system of community programming for individuals with developmental disabilities as an alternative to institutional care.

Community Services Reimbursement Rate Commission

The Community Services Reimbursement Rate Commission (CSRRC) must assess • the extent and amount of uncompensated care providers deliver; • the relationship of changes in wages paid by providers to changes in DHMH rates; providers' ability to operate and be financially solvent; • the incentives and disincentives in the rate-setting methodologies used by DDA and the Mental Hygiene Administration (MHA) and in alternative methodologies; • quality measures and how to build incentives to provide quality care into the rate-setting methodology; • the impact of consumer safety costs and whether the rates have been adjusted to provide for those costs; and • other rate system issues.

CSRRC also must develop methodologies for calculating rate update factors for DDA and MHA rates and recommend annual update factors using those methodologies. CSRRC must review data in DDA annual cost reports and use the data to develop provider performance measures. The commission must work with MHA to expand the use of any billing data collected by a third-party administrator for the public mental health system to evaluate performance. Additionally, CSRRC must evaluate DHMH, DDA, and MHA proposed regulatory changes that affect the rates paid or the rate structure.

The Secretary of Health and Mental Hygiene does not have the power to disapprove or modify a CSRRC decision or determination that is made under CSRRC's statutory authority.

CSRRC must annually issue a report to the Governor, the Secretary, and the General Assembly that describes its findings on • the relationship of changes in wages paid by providers to changes in rates paid by DHMH; • providers' financial conditions and their ability to solvently operate and deliver services; • the incentives and disincentives incorporated in the rate-setting methodologies used by DDA and MHA and how to improve the methodologies; • how quality incentives can be built into the rate-setting methodology; and • recommended methodologies for calculating the rate update factors and the recommended rate update factors for the next succeeding fiscal year. The report also must recommend the need for any executive, judicial, or legislative action; describe issues CSRRC needs to study; and discuss any other related matters.

Chapter 256 of 2006 required that beginning in fiscal 2008 DHMH must annually adjust the fees paid to a community developmental disabilities services provider and a community mental health services provider for approved services rendered to an eligible individual. The fees must be adjusted using the update factor recommended by CSRRC. The annual adjustments are subject to the limitations of the State budget and must be funded with due regard to the expenditures necessary to meet the needs of individuals receiving services. The annual rate of change for the fees may not exceed 5%. Notwithstanding the charges annually set for services to these individuals, DHMH must reimburse these providers for approved services rendered to an eligible individual as provided by this law.

Waiting List Equity Fund

The Waiting List Equity Fund within DHMH is designed to ensure that, when individuals leave State residential centers, the net average cost of serving them in the centers follows them to community-based services. Any funds remaining after serving the individuals who left the centers are used to provide community-based services to individuals eligible for, but not receiving, the community-based services. The fund must be used to provide individualized supported living arrangement services, respite care, individual and family support services, supported employment, and individualized community integration day services.

Background: The Governor's proposed fiscal 2008 budget for DDA is \$742.9 million, a \$49.1 million increase over fiscal 2007. The growth is primarily attributable to increases in community services including a 2% community service provider cost-of-living increase and an anticipated increase in federal funds.

The Waiting List Equity Fund is used to provide community-based services to individuals on the DDA waiting list who have the oldest caregivers. The current waiting list for

community services includes 15,790 individuals. The proposed fiscal 2008 budget includes \$2.0 million from the fund to extend services to 60 people.

Additional Information

Prior Introductions: None.

Cross File: HB 1009 (Delegates Hubbard and Hammen) – Health and Government Operations.

Information Source(s): Department of Disabilities, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2007
bfl/jr Revised - Senate Third Reader - March 23, 2007

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