

M00M
Developmental Disabilities Administration
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 09-10</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$472,411	\$483,037	\$494,402	\$11,365	2.4%
Contingent & Back of Bill Reductions	0	0	-1,255	-1,255	
Adjusted General Fund	\$472,411	\$483,037	\$493,147	\$10,110	2.1%
Special Fund	3,408	4,444	4,842	398	9.0%
Adjusted Special Fund	\$3,408	\$4,444	\$4,842	\$398	9.0%
Federal Fund	267,149	296,987	317,732	20,745	7.0%
Contingent & Back of Bill Reductions	0	0	-1,018	-1,018	
Adjusted Federal Fund	\$267,149	\$296,987	\$316,713	\$19,726	6.6%
Reimbursable Fund	1,137	105	1,146	1,041	988.7%
Adjusted Reimbursable Fund	\$1,137	\$105	\$1,146	\$1,041	988.7%
Adjusted Grand Total	\$744,104	\$784,573	\$815,848	\$31,276	4.0%

- The proposed fiscal 2010 budget represents a \$31.3 million, or 4.0%, increase over the fiscal 2009 working appropriation. General fund support increases by \$10.1 million, or 2.1%; special fund support increases by \$0.4 million, or 9.0%; and federal fund support increases by \$19.7 million, or 6.6%.
- Reimbursable fund support increases by \$1.0 million, due to a change in the Medical Assistance day programs. Medicaid stopped providing Medical Day Care as a State plan service and started the Medical Day Care waiver to provide those services only. At the same time, the Developmental Disabilities Administration (DDA) added Medical Day Care as a service in its waivers. DDA and Medicaid worked together to transition those individuals to DDA so as not to lose services, with the agreement that Medical Assistance would transfer its share of the State costs.
- Contingent reductions to eliminate the deferred compensation match for State employees reduce the budget for DDA by \$273,811 in total funds.

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

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- Contingent on the enactment of the Maryland False Claims Act (House Bill 304/Senate Bill 272), the DDA budget assumes \$2.0 million of total fund savings based on the identification and reduction of Medicaid fraud.

Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	1,158.95	1,052.65	803.25	-249.40
Contractual FTEs	<u>62.74</u>	<u>82.85</u>	<u>36.79</u>	<u>-46.06</u>
Total Personnel	1,221.69	1,135.50	840.04	-295.46

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	35.58	4.43%
Positions and Percentage Vacant as of 12/31/08	109.00	10.35%

- The fiscal 2010 allowance accounts for a net loss of 249.40 regular positions and 46.06 contractual full-time equivalent positions, primarily as a result of the Rosewood Center closure.
- The Board of Public Works action in October 2008 abolished 49.3 vacant regular positions including 3.0 from Program Direction, 0.5 from Community Services, 33.8 from the Rosewood Center, 5.0 from the Holly Center, 5.0 from the Potomac Center, and 2.0 from the Brandenburg Center.

Analysis in Brief

Major Trends

Community Services Remain the Most Utilized Service in DDA: DDA’s mission is to serve individuals in the least restrictive setting possible while still meeting the individuals’ service and habilitation needs. For most individuals in the DDA system, this means receiving services in the community. In fiscal 2010, 93% of the total budget is dedicated to community services.

Rosewood Closure Lowers Average Daily Population at the State Residential Centers: There has been a steady decrease in the average daily population at the State residential centers (SRCs). The closure of the Rosewood Center in fiscal 2010 accelerates that decline. Between fiscal 2002 and 2010, the average daily population at the SRCs will decline more than 65%.

Issues

Sizeable Waiting List for DDA Clients: The size of DDA’s waiting list has grown from 2,145 individuals in fiscal 1995 to almost 18,000 in fiscal 2009. The waiting list is a database of individuals requesting one or more of three basic services – residential, day, and support services. The cost to serve individuals in the Crisis Resolution category, the highest level of need on the list, is estimated to be \$171.9 million. Demands on DDA resources from the court-ordered population deplete resources available to serve individuals on the waiting list.

Rosewood Closure Progress: The Rosewood Center is scheduled to close on June 30, 2009. At the time that the closure was announced, there were 136 civilly committed clients, 30 court-committed clients, and over 500 full-time equivalent positions dedicated to operate the facility. As of January 2009, 75 civilly committed clients remain; 5 court-committed clients remain; and all but 92.9 staff positions have a possible alternate placement.

Recommended Actions

1. Add language to restrict special funds associated with the Waiting List Equity Fund.
2. Adopt narrative requesting a report on the annual cost to serve court-committed individuals in community placements.

Updates

Waiting List Equity Fund Placement: The Department of Health and Mental Hygiene submits an annual report on the status of the Waiting List Equity Fund, the number of individuals that have been served with the funds, and the number of individuals still waiting for service. According to the report, 38 individuals were served in fiscal 2008 at a total cost of \$0.9 million.

Task Force to Study the Community Provider Rate Payment System: The 2007 session authorized a task force to study the DDA rate payment system for community providers. The task force found that the financial condition of providers has worsened in recent years as measured by the number of providers reporting negative operating margins and negative net assets. Additionally, the task force concluded that an adjustment to the rates paid for services to individuals with developmental disabilities is warranted.

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Developmental Disabilities Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

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. The Developmental Disabilities Administration (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. Because the majority of the individuals served are Medicaid-eligible, the State receives federal matching funds for services provided to Medicaid enrolled individuals. Goals of the administration include:

- empowerment of the developmentally disabled and their families;
- integration of individuals with developmental disabilities into community life;
- provision of quality support services that maximize individual growth and development; and
- establishment of a responsible, flexible service system that maximizes available resources.

Performance Analysis: Managing for Results

The goal of the DDA Community Services Program is to empower individuals with developmental disabilities to foster personal growth, independence, and productivity by accessing quality supports and services through the DDA system. Functional improvement and quality of life measures are crucial in determining whether or not DDA, through its community service providers, is achieving its stated goal.

Effective functional status and quality of life measures can also be used to accurately reflect the amount of supports and services that an individual requires. Maryland utilizes both a functional status and quality of life measurement tool, although the former presents significant disadvantages to accurately capture the amount of services needed for an individual to function at maximum capacity. On the other hand, Maryland's quality of life measurement, The Ask Me! Survey, is a nationally recognized model.

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The Ask Me! Survey is an annual survey administered by the Arc of Maryland that uses self-advocates to collect information from individuals receiving DDA-funded support services from all Maryland community providers. The Ask Me! Survey results presented in **Exhibit 1** indicate the satisfaction level of DDA service recipients in eight personal domain areas. Each individual is shown a set of three faces and asked to identify a face that best describes how they feel about a question: a face with a smile indicates a favorable response; a face with no smile or no frown indicates a neutral response or “not sure,” depending on the question; and a face with a frown indicates an unfavorable response. The replies are converted into a scale of 0 to 10 with 0 indicating unfavorable responses on all items, 5 indicating all neutral or equal number of favorable and unfavorable responses, and 10 indicating favorable responses on all items within a domain area.

Only two of the eight domains – material well-being and social inclusion – show improvement between fiscal 2007 and 2008. The other six domains show no change from the previous year.

Exhibit 1
Ask Me! Survey
Fiscal 2003-2008



Source: Developmental Disabilities Administration; The Arc of Maryland

The tool that DDA uses to measure an individual's functional capacity is not as successful as the quality of life survey. DDA utilizes a 5x5 matrix, called the Individual Indicator Rating Scale (IIRS), which assesses an individual's health and supervision needs. The matrix assessment is based on documentation from multiple sources including medical professionals, education professionals, and families. Unlike the quality of life survey, an individual is not annually assessed to see if their functional status has improved or worsened.

In 1997 a freeze was put on matrix levels indicating that an individual would have the same matrix score for as long as they were in the DDA system, even if their service needs changed. Instead of updating the matrix, add-on rates are used to account for additional support needs. This tool not only fails to adequately capture the client's status but also fails to fully reimburse a provider for services.

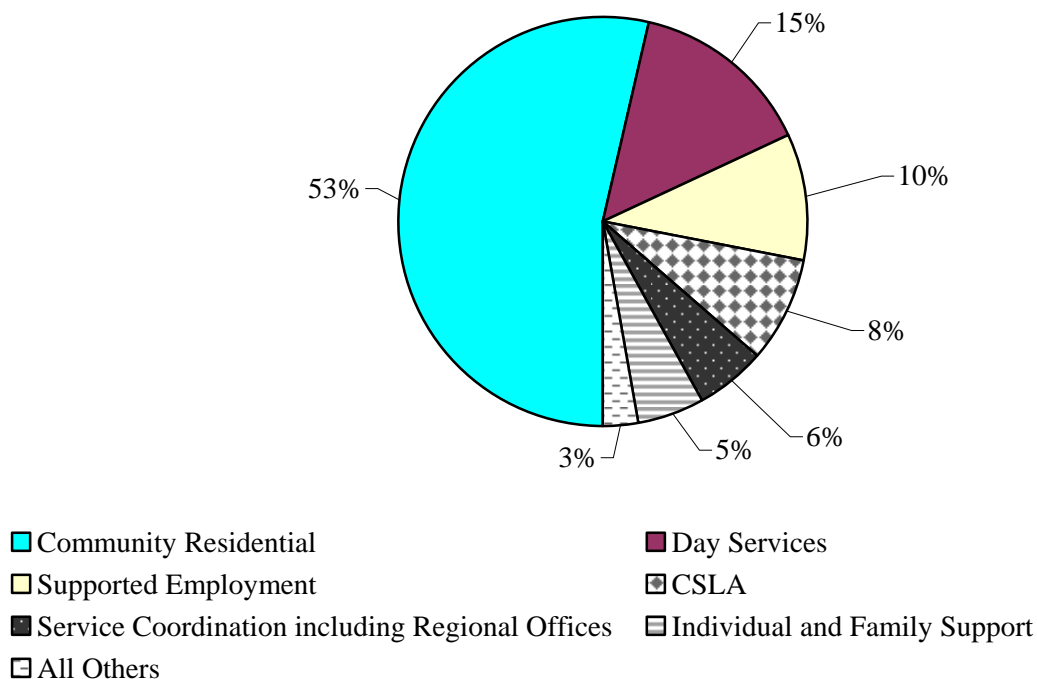
Other functional measures are available and used by other states to measure an individual's functional capacity and to determine a proper reimbursement rate for providers. Examples include the Supports Intensity Scale (SIS), Inventory for Client and Agency Planning (ICAP), Developmental Disabilities Profile, and Support Needs Assessment Profile (SNAP). Domains that are common across the functional capacity tools include health and safety, home or daily living skills, social/relationship skills, behavior support needs and communication. A full discussion of alternate functional measures is included in the second update of this document.

The agency should comment on the feasibility of unfreezing the matrix or adding components of other nationally recognized functional assessment tools to more accurately capture an individual's functional improvement or deterioration.

Community Services

Another performance goal of DDA is to serve individuals in the community, rather than in institutions. In fiscal 2008, 23,287 individuals were served in the community service (CS) program within DDA. The agency expects that number to increase to over 25,000 by fiscal 2010. The CS program offers a variety of services to individuals for residential, day, and support services. Examples of residential services include community residential services and individual family care. Examples of day services that provide activities during the normal working hours include day services, supported employment, and summer programs. Examples of support services include individual and family support, service coordination, Community Supported Living Arrangements (CSLA), and New Direction, a waiver program that allows individuals to choose their own services and providers. **Exhibit 2** shows the distribution of funding for services within the CS program.

Exhibit 2
Funding Distribution within Community Services Program
Fiscal 2010



SLA: Community Supported Living Arrangements

Source: Department of Health and Mental Hygiene

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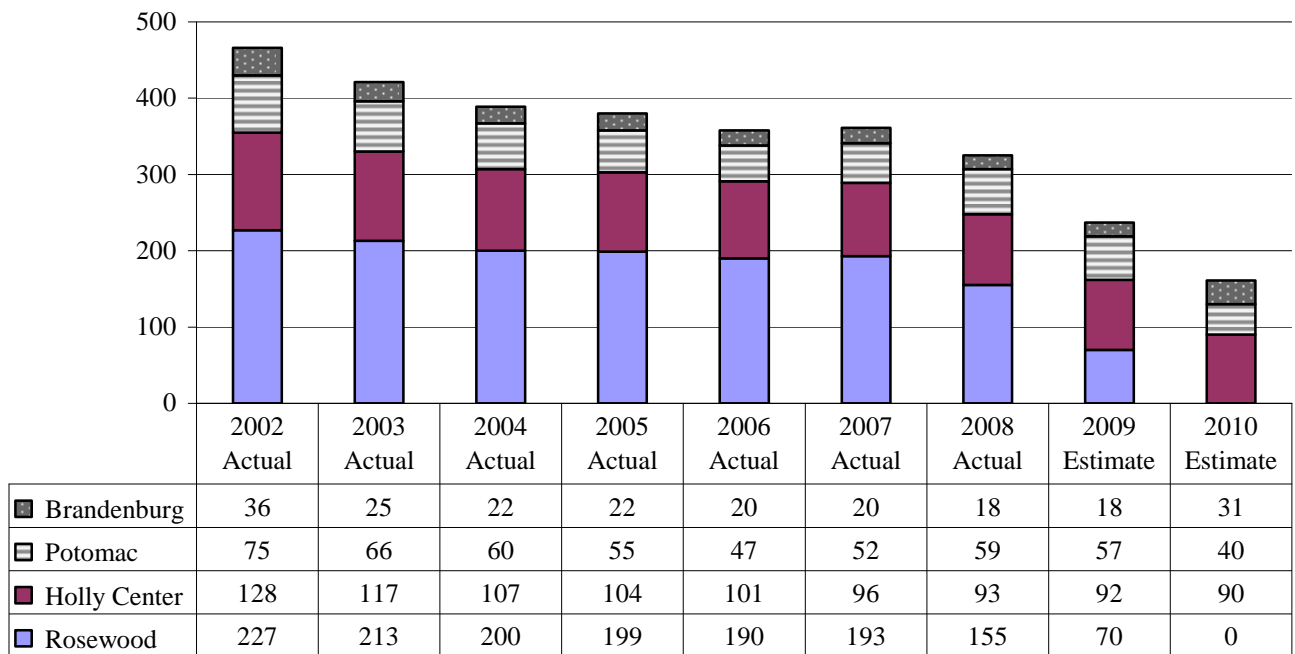
More than half of all dollars spent on community services goes to residential placements, as shown in Exhibit 2. On average, a community residential placement cost \$68,667 per client in fiscal 2008. DDA estimates the cost in fiscal 2010 will increase to \$74,703 per client served. Day programs are the next largest contributor to the CS program. On average, day programs cost \$16,455 per client in fiscal 2008. DDA estimates the cost will rise to \$17,010 per client in fiscal 2010. Supported employment utilizes about 10% of the CS budget and cost an average of \$13,907 per client in fiscal 2008. DDA estimates the cost for supported employment to rise to \$14,377 per client in fiscal 2010.

State Residential Centers

DDA's mission is to serve individuals in the least restrictive setting. In most cases, this means serving individuals in the community instead of institutional settings. As a result, the number

of individuals served in one of the four SRCs is far fewer than the number of individuals served in the community. The average daily population has been steadily declining since fiscal 2002, as shown in **Exhibit 3**. In fact, there has been a 30% decrease in the average daily population between fiscal 2002 and 2008. The decline is seen at all of the State’s facilities; however, the closure of the Rosewood Center accelerates the decline in fiscal 2009 and 2010. The decline in the other three SRCs is due in large part to the policy of the department to freeze admission to the SRCs.

Exhibit 3
Average Daily Population of State Residential Centers
Fiscal 2002-2010



Source: Department of Health and Mental Hygiene

Fiscal 2009 Actions

Proposed Deficiency

A deficiency appropriation was allowed for the Rosewood Center in the amount of \$514,060 of special funds to provide for client activities and tenant utility services. The special fund income associated with the deficiency comes from donated funds and tenant collections.

Impact of Cost Containment

The Board of Public Works (BPW) met twice during the interim to reduce costs across the Executive agencies. In June 2008, actions taken by BPW reduced personnel expenses in DDA by \$898,852 in general funds and \$21,371 in federal funds.

In October 2008, actions taken by BPW reduced DDA's budget by a further \$6.4 million in general funds and \$1.8 million in federal funds. Of that amount, personnel expenses were reduced by \$3,457,296 to eliminate 49.30 full-time equivalent (FTE) vacant positions, to eliminate Other Post Employment Benefit (OPEB) funding, and to use statewide employee health insurance balances in lieu of budgeted funds. The abolished vacant positions came from all subprograms, with the exception of the forensic units as follows:

- 3.0 FTEs from Program Direction;
- 0.5 FTEs from Community Services;
- 33.8 FTEs from Rosewood Center;
- 5.0 FTEs from Holly Center;
- 5.0 FTEs from Potomac Center; and
- 2.0 FTEs from Brandenburg Center.

The remainder of the October BPW reduction was to reduce the community service provider rate for fiscal 2009 from 2.7 to 2.0% (\$2,390,000 general funds and \$1,790,000 federal funds), fuel and utilities at Rosewood (\$541,332 general funds), and motor vehicle operations at Holly and Potomac Centers (\$55,122 general funds).

Additionally, the Governor announced the implementation of a furlough plan for all State employees except those that serve in a direct care capacity at a 24/7 facility, which includes the four State residential centers. While State employees have already taken two furlough days, the action has not yet been formally approved by BPW. There may still be other BPW actions that affect the fiscal 2009 working appropriation, such as abolishing vacant positions, but action has not been taken and the impact on DDA is unknown.

Proposed Budget

The Governor’s proposed fiscal 2010 allowance for DDA increases by \$31.3 million, or 4.0%, over the fiscal 2009 working appropriation, as shown in **Exhibit 4**. The allowance includes \$2.3 million in reductions contingent on legislation. General fund support increases by \$10.1 million, or 2.1%; special fund support increases by \$0.4 million, or 9.0%; federal fund support increases by \$19.7 million, or 6.6%; and reimbursable fund income increases by \$1.0 million, or 988.7%.

Exhibit 4
Proposed Budget
DHMH – Developmental Disabilities Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2009 Working Appropriation	\$483,037	\$4,444	\$296,987	\$105	\$784,573
2010 Allowance	<u>494,402</u>	<u>4,842</u>	<u>317,732</u>	<u>1,146</u>	<u>818,122</u>
Amount Change	\$11,365	\$398	\$20,745	\$1,041	\$33,549
Percent Change	2.4%	9.0%	7.0%	988.7%	4.3%
Contingent Reduction	-\$1,255	\$0	-\$1,018	\$0	-\$2,274
Adjusted Change	\$10,110	\$398	\$19,726	\$1,041	\$31,276
Adjusted Percent Change	2.1%	9.0%	6.6%	988.7%	4.0%

Where It Goes:

**Personnel Expenses Not Related to Expansion of SRC for Dually Diagnosed
Individuals**

-\$9,608

Employee and retiree health insurance	\$2,283
Other salary adjustments.....	2,068
Workers’ compensation premium assessment	472
Abolished positions	-12,295
Overtime and shift differential expenses	-1,642
Eliminate deferred compensation match for employees (contingent on HB 101).....	-274
Turnover adjustments	-94
Eliminate OPEB funding	-61
Other fringe benefit adjustments	-65

Community Services

\$40,850

Annualization of previously funded community services	13,910
Transitioning youth.....	9,587
Rebasing services within community services	6,061
Provider rate adjustment (0.9%)	6,453
Emergency Placements	3,073

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Where It Goes:

Community Services (continued)

Waiting List Equity Fund placements	2,836
Utilization review	563
Money Follows the Person	367
Maryland False Claims Act (contingent on legislation)	-2,000

Dually Diagnosed Individuals Leaving MHA Facilities \$7,757

Community placements for 64 dually diagnosed individuals currently at an MHA facility	5,005
Transferred positions (61.0 FTE for 20-bed expansion at SRC)	2,150
Nonpersonnel costs associated with 20-bed expansion at SRC	555
Increased contractual employment for 20-bed expansion at SRC	320
Reclassification of positions transferred to SRC	-274

Rosewood Closure -\$8,288

Nonpersonnel costs associated with the closure of Rosewood	-6,613
Contractual positions eliminated with Rosewood closure	-1,675

Forensic Facilities \$565

Contractual support for nurses, physical therapists, psychiatrist, and psychologist	371
Services provided by Clifton T. Perkins Hospital and Springfield Hospital Center – dietary, maintenance, and housekeeping operations	83
Medicine	57
Equipment purchased for Jessup and Sykesville in fiscal 2009	-63
Other	117

Total \$31,276

FTE: full-time equivalent
MHA: Mental Health Association
OPEB: Other Post Employment Benefits
SRC: State residential center

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

Personnel

Personnel expenses, excluding those associated with a planned 20-bed expansion for dually diagnosed individuals currently residing in a Mental Hygiene Administration (MHA) facility, decrease by \$9.6 million over the fiscal 2009 working appropriation, as shown in Exhibit 4. Changes in personnel occur primarily in the facilities operated by DDA, as the facilities rely on employees to deliver care. Driving the decrease in personnel expenses in fiscal 2010 is the closure of Rosewood and loss of regular positions. The fiscal 2010 allowance accounts for a net loss of 249.4 regular FTE positions – a decrease of 307.9 FTE from the Rosewood Center, a decrease of 2.5 FTE from the Potomac Center and an increase of 61.0 FTE at the Brandenburg Center for the dually diagnosed population. The expansion at Brandenburg will be discussed in greater detail in a subsequent section.

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The abolished positions account for \$12.3 million of the total decrease in personnel. Funding associated with overtime and shift differentials decreases by \$1.6 million due to the closure of Rosewood. Other decreases include the elimination of the deferred compensation match for State employees contingent on passage of legislation (\$0.3 million); turnover adjustments (\$0.1 million); and elimination of OPEB funding (\$60,841).

The fiscal 2010 allowance includes several increases over fiscal 2009 as well – employee and retiree health insurance (\$2.3 million); other salary adjustments (\$2.0 million); and workers' compensation premiums (\$0.5 million).

Sections 18 and 22 of the budget bill direct the Department of Health and Mental Hygiene (DHMH) to further reduce its budget by eliminating 200.0 vacant positions and making other non-specified personnel reductions. The extent that these reductions will be taken from the budget of DDA is unknown at this time.

Community Services Program

DDA expects to serve close to 25,000 individuals in the community in fiscal 2010. This number is in sharp contrast to the 183 individuals served in the SRCs and the forensic units. Providing services to individuals in the community, rather than in a facility, continues to be the model of service delivery that DDA pursues. As the largest arm of the agency serving individuals, the CS program experiences significant budgetary growth in fiscal 2010.

The operating budget for the CS program increases by \$45.9 million, as shown in Exhibit 4. The CS program is responsible for planning, developing, and directing a statewide, comprehensive system of services for individuals with developmental disabilities and their families. The major changes in the budget associated with CS program components are discussed below:

- ***\$13.9 Million for Annualized Costs Associated with Placements in Fiscal 2009:*** Annualization costs result from the expansion of services in the previous fiscal year. When an individual is placed in the community for the first time in fiscal 2009, the costs are included as part of the base of services for fiscal 2010. Due primarily to the deinstitutionalization of individuals residing in Rosewood in fiscal 2009, annualization costs for fiscal 2010 increases the budget by \$13.9 million.
- ***\$9.6 Million for Transitioning Youth Program:*** The Transitioning Youth Program identifies individuals graduating from the school system who are eligible for DDA services such as supported employment and other day services. The program is intended to ease the transition of individuals previously served through the public school system into the DDA system. In fiscal 2010, DDA expects to serve 608 additional individuals through this program.
- ***\$6.5 Million for Community Provider Rate Adjustment:*** The Governor has included a 0.9% provider rate adjustment in the fiscal 2010 allowance for all community providers.

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- ***\$6.0 Million for Rebasing Services Used by DDA Clients:*** Each year, DDA adjusts its budget to account for the actual placement and services provided to clients in community settings. Rebasing services is a way for DDA to more accurately account for services provided to clients relative to what services were projected to be needed in the previous year. Due to the large increase of individuals served with the deinstitutionalization of Rosewood, the rebasing costs for fiscal 2010 are especially high. In fiscal 2009, rebasing costs only accounted for a \$0.6 million increase, whereas in fiscal 2010, \$6.0 million of the increase is attributable to rebasing services. **The agency should comment on whether the same increase can be expected from expansion services provided in fiscal 2010. The agency should also comment on ways to more accurately anticipate the budget for community services.**
- ***\$3.1 Million for Costs Associated with Emergency Services:*** Emergency services are provided when an individual becomes homeless, their caregiver passes away, or any other situation arises that threatens the life and safety of the individual. The DDA budget estimates that it will provide residential, day, and support services to approximately 70 additional people in emergency situations in fiscal 2010.
- ***\$2.8 Million for Waiting List Equity Fund Placements:*** Currently, the waiting list has approximately 18,000 individuals waiting for one or more of three basic services – residential, day, and support services. When an individual requests service, need is classified based on a four-tier model of need. The four tiers include Crisis Resolution, Crisis Prevention, Current Request, and Future Need. Requests for service that are classified as Crisis Resolution are served first. For example, an individual with an elderly caregiver who is unable to provide adequate care constitutes a Crisis Resolution level of need. The Waiting List Equity Fund is supported through investment earnings from the sale of properties owned by DDA as well as savings associated with the movement of an individual from institutional care to community care. The funds dedicated to expansion of services for individuals on the waiting list account for an increase of \$2.8 million and are estimated to serve 80 additional individuals by the end of fiscal 2010.
- ***\$0.6 Million for Utilization Review:*** Utilization review services determine a level-of-need for all individuals who are newly receiving DDA community services for residential, day, and support services. In fiscal 2010, DDA will begin a new contract for utilization review. The level-of-need rating determines the amount of payment for services that a provider receives. The service payments vary substantially among the twenty-five levels of need determined by the DDA matrix.
- ***\$0.4 Million for Money Follows the Person Activity:*** DHMH receives an enhanced match from the federal government through the Money Follows the Person program to transition individuals from nursing facilities to community placements. DDA has a goal of moving 250 individuals from SRCs to community placements through this program. Part of the operational protocol requires DDA to develop family-to-family mentoring supports for family members of SRC residents to aid in the transition. DDA has entered into a memorandum of understanding with the Maryland Developmental Disabilities Council to facilitate this

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component at a cost of \$117,074. Also, DDA will provide housing through the Bridge Subsidy Program, a program that aims to provide funding for individuals ready to move into the community, but who have not yet received federally funded housing opportunities. This program is administered by the Maryland Department of Housing and Community Development, with an estimated cost in fiscal 2010 of \$250,000.

- ***\$2.0 Million Decrease for Maryland False Claims Act:*** Contingent upon enactment of separate legislation, DDA could save up to \$2.0 million total funds due to recovered funds from false Medicaid claims. The Deficit Reduction Act of 2005, passed by the U.S. Congress on February 8, 2006, contained provisions which create incentives for states to enact anti-fraud legislation modeled after the federal False Claims Act. DHMH estimates that cases of Medicaid fraud in Maryland could save the State \$22.0 million.

State Residential Centers

The major change for the SRCs in fiscal 2010 is the closure of Rosewood and the expansion of bed capacity at the other SRCs to accommodate the transition of dually diagnosed individuals from State psychiatric facilities to a DDA facility. The budget plan as introduced identifies Brandenburg as the SRC chosen to expand capacity to serve the dually diagnosed individuals.

Expansion at Brandenburg

Currently, there are 84 individuals with developmental disabilities receiving treatment in State operated psychiatric facilities. At the time of their admission, they were experiencing acute psychiatric symptoms and were placed accordingly in a psychiatric hospital. However, after treatment, DHMH believes that these individuals can be best served in the DDA system. In fiscal 2010, 64 individuals from MHA facilities will be deinstitutionalized and served in the community by DDA community providers at a cost of \$5.0 million.

The remaining 20 individuals will be transferred to a DDA SRC, most likely Brandenburg. Expanding bed capacity to serve these individuals will incur about \$2.8 million of increased costs in fiscal 2010, primarily for the addition of regular and contractual employees needed to staff the facility for 20 extra beds. Sixty-one positions will be transferred from Rosewood to staff the facility at a cost of \$2.2 million. Some of the transferred positions will be reclassified, resulting in a decrease of \$0.3 million. Also, funding for contractual employees increases by \$0.3 million. Other nonpersonnel costs associated with a 20-bed expansion will cost approximately \$0.6 million for contractual services, supplies, and equipment.

Hospital recoveries partially offset these costs due to higher Intermediate Care for the Mentally Retarded expenditures at Brandenburg. The State bills Medicaid for care provided to Medicaid clients in the SRCs. Federal funds associated with that care are deposited into the general fund. For the 20-bed expansion at Brandenburg, the agency estimates that additional hospital patient recoveries will be \$2,824,603 in fiscal 2010.

Rosewood Closure

The Rosewood Center will be fully closed on June 30, 2009, and will result in \$6.6 million in decreased expenditures in fiscal 2010. The costs associated with operating Rosewood are largely eliminated when the last individual leaves the facility. However, the facility will continue to have 3.0 FTE positions on staff for security personnel as well other ongoing costs that the State will have to bear until the facility is sold. **Exhibit 5** shows the out-year costs associated with maintaining Rosewood including workers' compensation claims, the energy loan, Maryland Environmental Service costs, insurance, security personnel, and heat and maintenance costs.

Exhibit 5 Out-year Operating Expenses for Rosewood Fiscal 2010 and 2011

IWIF – Workers' Compensation	\$1,640,521
Energy Loan	586,347
Maryland Environmental Service	21,447
Insurance	55,078
Security	200,000
Heat and Maintenance	500,000
Total	\$3,003,393

IWIF: Injured Workers' Insurance Fund

Source: Department of Health and Mental Hygiene

Forensic Facilities

In coordination with stakeholder input, emergency regulations were submitted and approved by the Joint Committee on Administrative, Executive, and Legislative Review (AELR) in June 2008 for two new forensic units— a therapeutic evaluation unit at Jessup and a therapeutic long-term unit at Sykesville. The permanent regulations were approved in January 2009. The forensic units will serve individuals that have been ordered into DDA's care by the court system. Although the units were established in fiscal 2009, the cost to serve individuals in the forensic facilities for a full year is included in fiscal 2010, and increases the budget for contractual physicians and medical professionals (\$370,672); dietary, maintenance, and housekeeping services provided by Perkins Hospital and Springfield Hospital (\$82,891); and pharmaceutical costs (\$56,700).

The therapeutic evaluation component is a secure unit on the grounds of the Clifton T. Perkins Hospital, named Jessup Secure Evaluation and Therapeutic Treatment (SETT) unit. The unit was operational in July 2008 and houses a maximum of 12 individuals for 21 to 90 days. During the

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evaluation phase, DDA will complete competency and behavioral evaluations and develop comprehensive service plans for the individual.

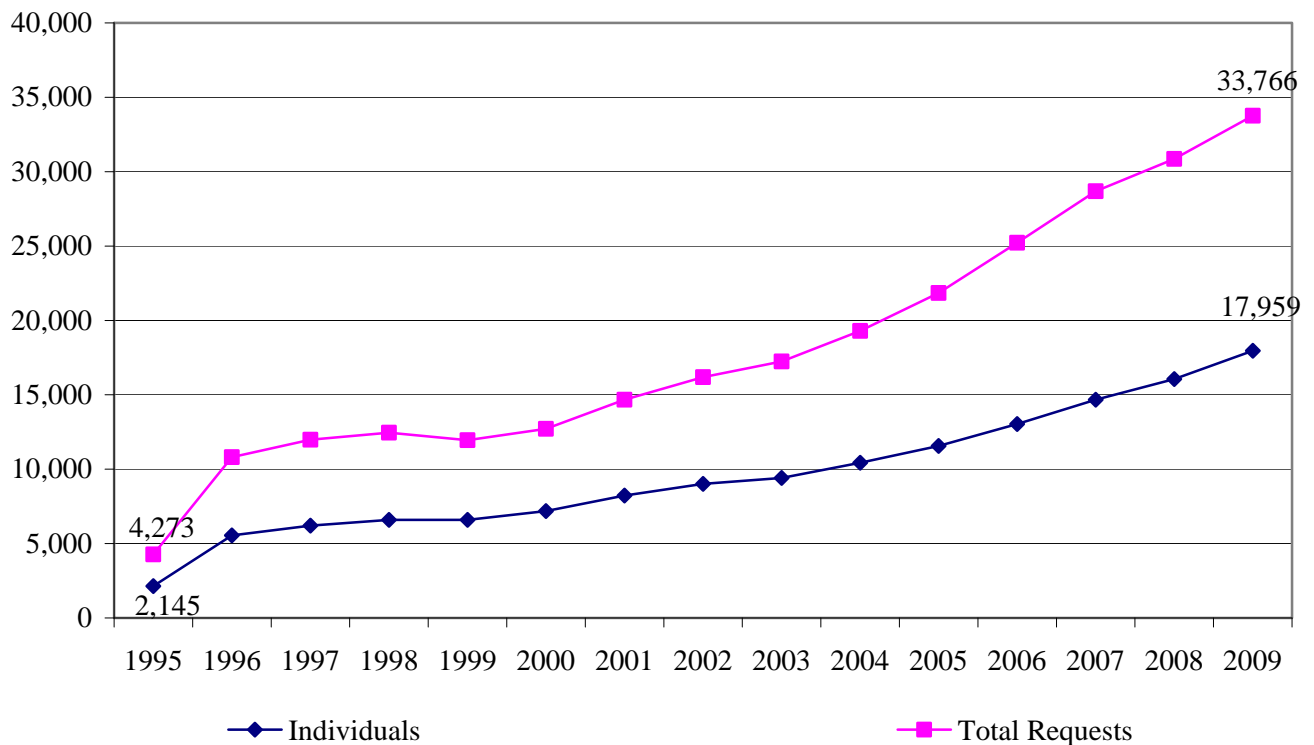
The therapeutic long-term care facility, Sykesville SETT unit, is a secure unit on the grounds of Springfield Hospital. The unit was operational in December 2008 and has capacity for 22 individuals who have been identified through the Jessup evaluation unit.

Issues

1. Sizeable Waiting List for DDA Clients

DDA’s waiting list is a database of individuals requesting residential, day, or support services from DDA. Some individuals on the waiting list currently receive some DDA services, but anticipate the need for additional services in the near or immediate future. Others on the waiting list currently do not receive any DDA services. In its annual report on the activities of the Waiting List Equity Fund (WLEF) for fiscal 2008, DHMH reported that there were 17,250 individuals waiting for one or more of three basic services (residential, day, and support services); totaling 31,352 service requests. **Exhibit 6** shows the growth of the waiting list between fiscal 1995 and 2009. As the chart demonstrates, the number of individuals and total service requests has grown significantly from 2,145 individuals requesting 4,273 services in fiscal 1995, to 17,959 individuals requesting 33,766 requests in fiscal 2009.

Exhibit 6
Waiting List Growth
Fiscal 1995-2009



Source: Department of Health and Mental Hygiene

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Individuals on the waiting list are currently placed in one of four categories of need that determine the order in which they are served – Crisis Resolution, Crisis Prevention, Current Request, and Future Need. Eligibility guidelines for the different categories of the waiting list are spelled out in the Code of Maryland Regulation. To qualify for the highest level of need, Crisis Resolution, an individual must be:

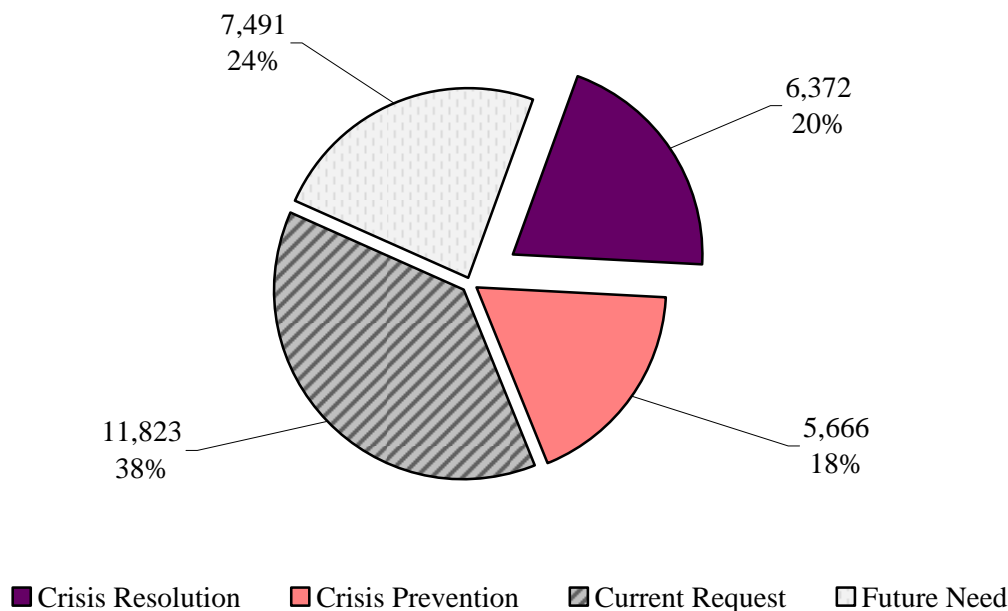
- homeless or living in temporary housing with clear, time-limited ability to continue to live in this setting with no viable non-DDA-funded alternative;
- at serious risk of physical harm in the current environment;
- at serious risk of causing physical harm to others in the current environment;
- in danger of losing DDA-funded residential services because of a lack of current day services;
- one who has lost DDA-funded day services; or
- living with a caregiver who is unable to provide adequate care due to the caregiver’s impaired health, which may place the applicant at risk of serious physical harm.¹

An individual who is determined to have an urgent need for services, is at risk of becoming eligible for Crisis Resolution within one year, and has a caregiver who is 65 years old or more, is placed in the Crisis Prevention category. The Current Request and Future Need category of the waiting list are reserved for non-crisis requests. Individuals in the Current Request category simply have an identified need for DDA services that are currently unfulfilled. Individuals in the Future Need category anticipate a need for DDA services at some point in the future. An individual that has multiple service needs may be in more than one category on the waiting list. **Exhibit 7** shows the distribution of service needs currently on the waiting list by category.

As the chart shows, there were 6,372 requests for services from individuals that qualify as Crisis Resolution, representing 20% of the waiting list in fiscal 2008. There were also 5,666 requests that qualify as the second highest crisis level, Crisis Prevention.

¹ COMAR 10.22.12.07

Exhibit 7
Distribution of Waiting List Requests by Category
Fiscal 2008



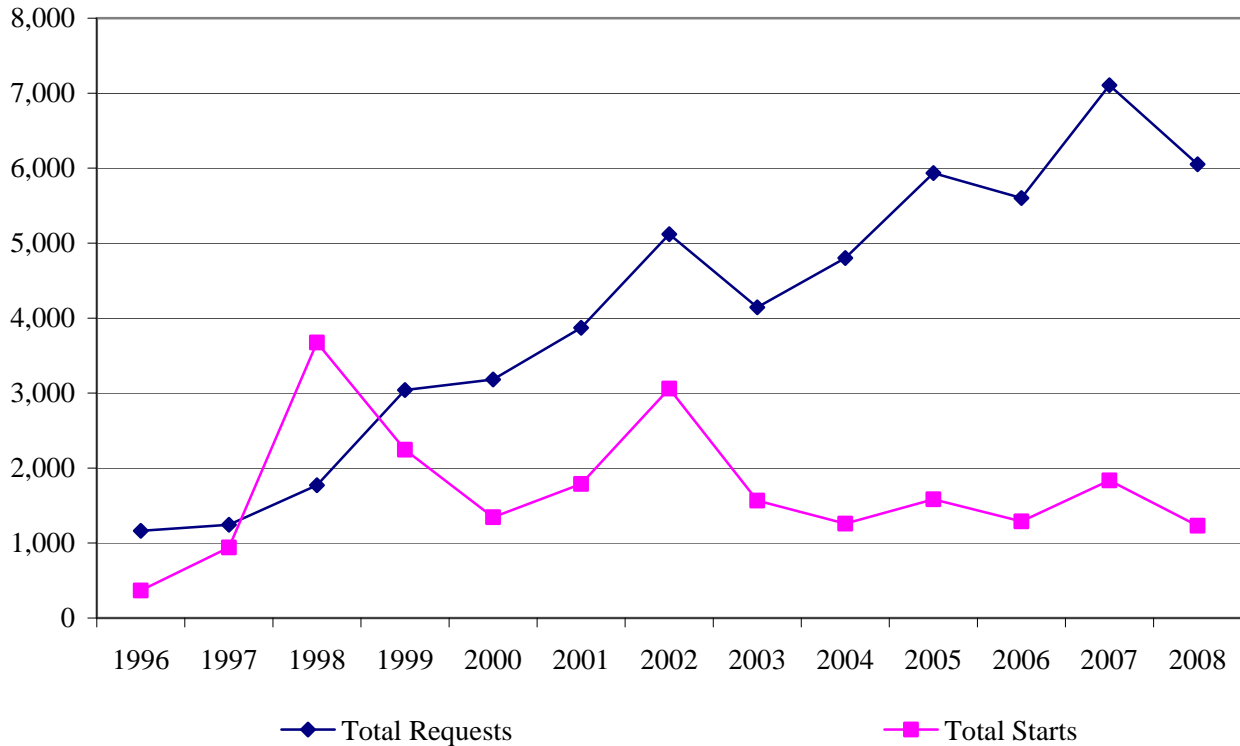
Source: Department of Health and Mental Hygiene

Efforts to Eliminate the Waiting List

Unfortunately, DDA does not have the resources to provide all of the services requested through the waiting list. **Exhibit 8** shows the total new requests received by DDA compared to the total number of service starts between fiscal 1996 and 2008. As the chart demonstrates, the trend of new requests has steadily increased since fiscal 1996, whereas the number of new starts has remained relatively flat. The exception on the chart occurs between fiscal 1998 and 2002, due to the Waiting List Initiative.

In July 1998, Maryland launched a five-year initiative, the Governor's Waiting List Initiative, to address the growing waiting list for community services, and was able to serve 6,000 individuals by the end of fiscal 2003 at a cumulative cost of \$481 million. The initiative grew the DDA budget by an average of \$32 million each year of the initiative. The Waiting List Initiative was supported by a combination of general, special, and federal funds. Special funds were available from two sources: the WLEF; and the Waiting List Initiative dedicated purpose account.

Exhibit 8
New Requests and Service Starts from the Waiting List
Fiscal 1996-2008



Source: Department of Health and Mental Hygiene

A similar initiative for today's waiting list would be just as costly. To eliminate the Crisis Resolution category only, for which there are currently 6,372 service requests, the State would have to dedicate \$171.9 million in general and federal funds. **Exhibit 9** shows the cost to provide residential, day, and support services to the individuals that are in the Crisis Resolution category as of January 1, 2008.

DDA has reinstated the Waiting List Advisory Commission which brings together community providers, resource coordinators, and DDA staff to study the waiting list. The agency is in the process of evaluating the number of individuals requesting service and the level of need that each request represents. **The agency should comment on the findings of the Waiting List Advisory Committee as well as its own evaluation of waiting list clients. The agency should submit a report to the committees on the latest data for the waiting list.**

Exhibit 9
Estimated Cost to Serve Crisis Resolution Category
Fiscal 2008

	<u>Crisis Resolution Only</u>	<u>Average Cost Per Client</u>	<u>Cost to Eliminate Crisis Resolution Only</u>
Residential	1,259	\$49,817	\$62,719,603
Day	1,696	15,694	26,617,024
Support	3,417	24,155	82,537,635
Total			\$171,874,262

Note: Residential services include community residential placements and individual family care. Day services include day programs and supported employment. Support services include individual supports, family supports, Community Supported Living Arrangements, and the New Direction waiver

Source: Department of Health and Mental Hygiene

2. Rosewood Closure Progress

In January 2008, the Governor announced the closure of Rosewood Center, amid repeated findings by the Office of Health Care Quality (OHCQ) concerning safety issues related to the buildings and grounds of the facility, as well as behavioral issues between clients and staff. These findings threatened to violate the conditions for Medicaid funding. The facility is planned to fully close by June 2009.

When the closure was announced, there were 166 individuals residing at Rosewood – 136 were non-court-involved, and 30 were placed in the custody of DDA by the court. Rosewood Center had been the almost exclusive referral site for individuals that were incompetent to stand trial and ordered by the court into DDA's care. As a result of OHCQ's findings, all admissions to Rosewood were frozen and redirected to Potomac Center and Holly Center.

The plan to close Rosewood Center includes transitioning all non-court-committed individuals to community placements; placing court-committed individuals in community care settings or in an alternative long-term care forensic unit; and transitioning employees from Rosewood, to the extent possible, to the newly created forensic units or other positions within DHMH.

Non-court-committed Individuals

In the original transition plan submitted by DHMH in January 2008, all 136 non-court-committed individuals living at Rosewood at the time of the closure announcement were determined to be best served in community settings. To appropriately plan for transition into the community, DDA employs an Essential Life Planning (ELP) process which assists in discerning the individuals' needs, outlines a service plan, and helps to identify an appropriate community service provider. The current placement status of the 136 non-court-committed individuals is as follows:

- 49 have moved into community settings that meet both service and habilitation needs;
- 3 have moved to an alternate SRC;
- 9 have since deceased;
- 57 remain at Rosewood and have a provider commitments with a specified move date identified between January 2009 and April 2009;
- 11 remain at Rosewood and have a provider commitment, but no move date identified; and
- 7 remain at Rosewood, but have no provider commitment and no move date identified.

DDA will consider admission to an existing SRC if an individual and their family have participated in the planning process but have not found a viable community option that will meet the service and habilitation needs. If a suitable community placement is not found, an application to an SRC must be submitted, and the individual must meet the requirements for admission to an SRC as outlined in Health General Article §7-502.

Court-committed Individuals

In coordination with stakeholder input, emergency regulations were submitted and approved by the Joint Committee on AELR in June 2008 for two new forensic units: a therapeutic evaluation unit at Jessup and a therapeutic long-term unit at Sykesville. Permanent regulations were approved in January 2009.

The Jessup therapeutic evaluation component will be a secure unit on the grounds of Clifton T. Perkins Hospital. The unit was operational in July 2008 and is intended to house a maximum of 12 individuals for 21 to 90 days. During this time, DDA completes competency and behavioral evaluations and develops a comprehensive service plan for the individual. The current census at Jessup as of January 31, 2009, is 10.

After the evaluation period, an individual will either be placed at the long-term unit at Sykesville or in an appropriate community placement. DDA is also seeking to expand community

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placement opportunities to safely manage individuals with court involvement and has developed an Invitation for Proposals from community providers to expand these services.

The therapeutic long-term care facility is a secure unit on the grounds of Springfield Hospital at Sykesville that houses a maximum of 22 individuals. The unit was operational in December 2008, and the current census as of January 31, 2009 is 13.

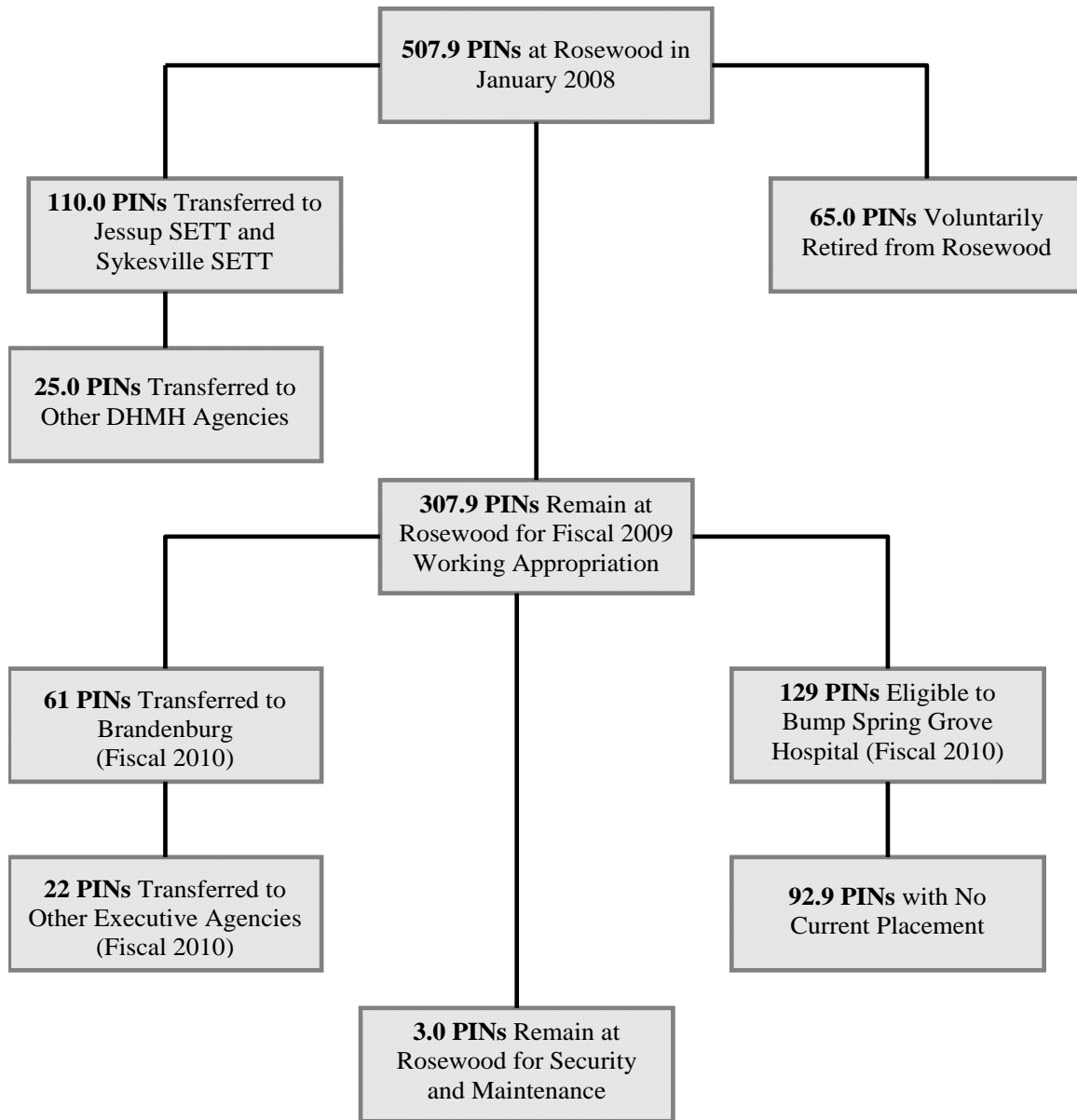
At the time that the Rosewood closure was announced, there were 30 forensic individuals residing at the facility. As of January 23, 2009, their placement status is as follows:

- 11 have transitioned to Sykesville SETT;
- 1 has been transferred back to the jail system;
- 13 have transitioned to community placements;
- 2 remain at Rosewood with a provider commitment and an identified move date;
- 2 remain at Rosewood with a provider commitment, but have no identified move date; and
- 1 remains at Rosewood with no provider commitment.

Employees of Rosewood

When the closure of Rosewood was announced, there were just over 500 FTE positions at the facility. DDA will transition approximately 110 positions to the new forensic units at Jessup and Sykesville. Additionally, DHMH is in the process of transferring positions from Rosewood to other departments within DHMH. Additionally, many of the employees have displacement, or bumping rights at Spring Grove Hospital Center. This means that there will be some individuals at Spring Grove who will lose their job as a result of a former Rosewood employee exercising the right to bump. **Exhibit 10** shows the progression of positions lost due to the closure of the facility and the current status of the positions.

Exhibit 10
Positions Abolished or Transferred from Rosewood Center
Fiscal 2009 and Fiscal 2010



DHMH: Department of Health and Mental Hygiene
PIN: position identification number
SETT: Secure Evaluation and Therapeutic Treatment

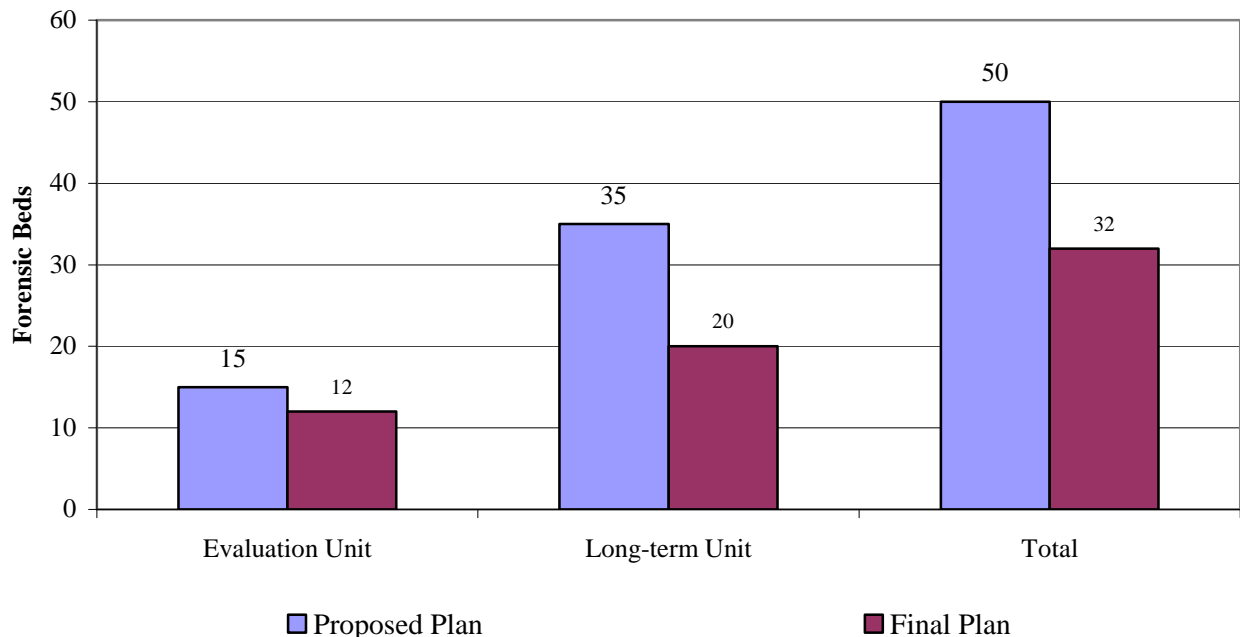
Source: Department of Health and Mental Hygiene

Ongoing Policy Concerns

Forensic Capacity

In the original budget plan submitted to the committees in January 2008, DDA requested a total of 50 beds for the forensic units: 15 at the evaluation ward and 35 across two long-term care facilities. The revised September 2008 plan provides for only 32 beds for court-committed individuals: 12 at the evaluation unit at Jessup and 20 at the long-term care unit at Sykesville. DDA concedes that capacity may ultimately be an issue at Sykesville. **Exhibit 11** shows the capacity disparity between the two plans.

Exhibit 11
Comparison of Bed Allocation for Forensic Units



Source: Department of Health and Mental Hygiene

While DDA makes recommendations for service and habilitation needs for each court-committed individual, the court system makes the final decision as to the service plan. Although the courts usually concur with DDA’s findings and recommendations, there are instances when the court overrules DDA’s decision. In these instances, DDA may not have full control over whether an individual is ultimately placed in Sykesville or a community setting. The inability to expand the number of beds to meet the demand placed on DDA from the courts may pose a problem in the future.

Lingering Resistance to Community Placement

Despite the fact that the department is making progress completing the ELP process, there still remain a number of individuals who will need an appropriate community placement by June 2009. Indeed, some family members and guardians continue to oppose community placement. DDA must work with those families to reach a suitable long-term care plan in a timely manner.

Property Disposition

Another policy consideration faced by the General Assembly will be the disposition of the Rosewood facility and the land after the facility is closed sometime next year. During the 2008 session, two bills were introduced in the House and the Senate that would have established a commission to determine how best to use the land or turned the land into a State park, respectively. Ultimately, both bills were similarly amended and established a Commission on Land Use at the Rosewood Center, staffed by the departments of Health and Mental Hygiene, General Services, and Planning. The bills failed but were of significant interest to residents living near Rosewood, Baltimore County, and advocates for the developmentally disabled.

Although the bills failed, language was included in the 2008 *Joint Chairmen's Report* requesting DHMH to submit a report addressing, among other things, the viability of retaining portions of the property to provide day programs, medical services, and inpatient and outpatient services for individuals receiving services in central Maryland. DHMH is to report 90 days prior to declaration of Rosewood as excess property, and the Department of Planning is to report the findings and recommendations within 7 days of completing the clearinghouse review. Since the closure of Rosewood is inevitable and imminent, it is likely that the General Assembly will again be considering legislation during the 2009 session dealing with the disposition of the property.

Given the fiscal situation of the current budget and the size and scope of the waiting list, it is in the best interest of the State to sell the Rosewood property at fair market value, the proceeds of which will go into the Community Services Trust Fund and subsequently the Waiting List Equity Fund to serve individuals on the waiting list. **The Department of Legislative Services recommends an amendment to House Bill 101 that would direct the State to bypass the clearinghouse process and move to sell the facility at fair market value.**

Census and Cost of Forensic Population

The number of forensic individuals that DDA will serve each year is hard to predict and varies from year to year depending on the number of individuals identified through the court system. With the implementation of the Jessup SETT and Sykesville SETT, the cost to serve forensic individuals in a facility setting will be budgeted separately. What is unclear, and not separately budgeted, is the cost to serve individuals in the community. **Exhibit 12** shows the number of forensic individuals discharged into community placements each year.

Exhibit 12
Community Service Costs for Court Committed Individuals
Fiscal 2005-2009

<u>Fiscal Year</u>	<u>Number Discharged into Community Placements</u>	<u>Estimated Annual Cost (\$ in Thousands)</u>
2005	18	\$1,109
2006	11	714
2007	24	1,759
2008	18	1,410
2009*	30	2,501

*First seven months of fiscal 2009: July 1, 2008 to January 31, 2009.

Source: Department of Health and Mental Hygiene

The agency should submit a report on the cost to serve forensic individuals in the community in fiscal 2009 and the possibility of budgeting for those expenditures in a separate subprogram.

Recommended Actions

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

, provided that \$1,500,000 of this appropriation shall not be expended until the Department of Health and Mental Hygiene submits a written report on the actual number and type of services requested in the highest level of need category on the Waiting List. The report shall be submitted by July 1, 2009, and the budget committees shall have 45 days from receipt of the report to review and comment.

Explanation: The Waiting List Equity Fund (WLEF) is designated to serve individuals with the highest level of need on the Waiting List in community placements. The Department of Health and Mental Hygiene (DHMH) reports that its record of individuals in the Crisis Resolution category may be incomplete or inaccurate. This language restricts the use of WLEF special funds until DHMH has full and clear knowledge of the individuals in the highest level of need on the Waiting List. DHMH shall submit a report on the findings to the committees.

Information Request	Author	Due Date
Waiting List Report	DHMH	July 1, 2009

2. Adopt the following narrative:

Annual Cost to Serve Court-Committed Individuals in the Community: The Developmental Disabilities Administration (DDA) is ordered to serve individuals that are involved with the court system. In most cases, these individuals can be served on a long-term basis in community settings. Currently, DDA does not budget separately for costs associated with serving court-ordered individuals in the community. The agency is asked to submit a census and cost report for serving the forensic population in the community. The report should be submitted annually.

Information Request	Author	Due Date
Annual report on cost to serve court-ordered individuals in the community.	DDA	December 1, 2009, and annually thereafter

Updates

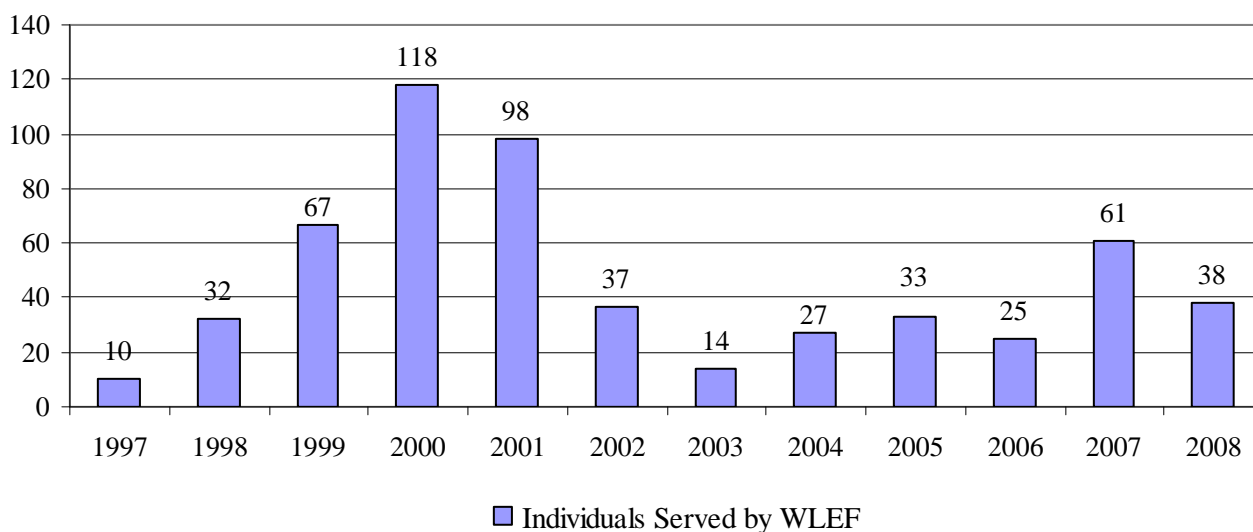
1. Waiting List Equity Fund Placement

In accordance with Health-General Article §7-206 of the Annotated Code of Maryland, DHMH is required to submit an annual report on the activities of the WLEF. The report details the amount of money that has accrued to the fund, the number of individuals admitted to or discharged from a State residential center, the number of individuals served by the WLEF, and the number of individuals on the waiting list.

Fiscal 2008 Update

In fiscal 2008, DDA was able to serve 38 individuals from the waiting list with 40 total services at a total cost of \$0.9 million. **Exhibit 13** shows the number of individuals served with WLEF payments since fiscal 1997. The numbers on the chart are especially high for the period of fiscal 1998 through 2002, which correlates to the Waiting List Initiative discussed above. Also, in fiscal 2007 there were an abnormally high number of clients served as a result of a high number of discharges (including deaths) from the Brandenburg and Holly Centers.

Exhibit 13
Waiting List Equity Fund Community Placements
Fiscal 1997-2008



WLEF: Waiting List Equity Fund

Source: Department of Health and Mental Hygiene

The amount of money available for WLEF placements is a function of the amount of money saved when an individual is discharged from the State’s residential centers, the interest earned on investment of the Community Services Trust Fund, and the interest earned from the WLEF balance. **Exhibit 14** demonstrates the receipts and expenditures from the WLEF during fiscal 2008. The deposit from facilities is determined by the number of discharges, less the number of admissions in a particular year. In fiscal 2008, the deposit is a result of four discharges at Brandenburg Center and three discharges from Holly Center (less the cost associated with two admissions).

Exhibit 14
Waiting List Equity Fund Balance, Revenue, and Disbursement
Fiscal 2008

Waiting List Equity Fund

Balance on July 1, 2007	\$3,398,794
Deposits from Facilities	101,562
Interest Earned*	912,909
Disbursements	917,411
Balance on June 30, 2008	3,495,854

*This includes the interest earned from the Community Services Trust Fund of \$740,851 as well as interest earned from Waiting List Equity Fund of \$172,058

Source: Department of Health and Mental Hygiene

2. Task Force to Study the Community Provider Rate Payment System

The 2007 session authorized a task force to study the DDA rate payment system for community providers. The task force was directed to review the existing rate system for community-based services funded by DDA and determine its strengths and weaknesses; compare the cost of current mandates for service delivery to the level of funding provided by the State; consider best practices from other states; identify changes in the reimbursement system; and develop recommendations to address the problem of the structural under-funding of community services.

The task force met between October 2007 and May 2008 and heard public testimony from advocates, consumers, providers, the Board of Nursing, the Community Services Rate Reimbursement Commission (CSRRC), and a national expert on developmental disabilities payment systems.

Current Payment System

Maryland switched to a Fee Payment System (FPS) in 1998, which was modeled after the previously used Prospective Payment System. The FPS has two rate components that determine a provider's reimbursement: a consumer component based on a 5x5 matrix of health/medical needs and supervision/assistance needs; and a provider component based on administrative, general, capital, and transportation costs.

The provider component is a flat rate per client based on a congregate services model which may present barriers to effectively delivering individualized services. As an example, if a provider is staffing a three-person alternative living unit (ALU) and one person moves out, the provider still has the full expenses for the ALU but one-third less revenue.

The consumer component is a 5x5 matrix, called the Individual Indicator Rating Scale (IIRS), which assesses an individual's health needs and supervision needs to determine how much a provider will be reimbursed for services. The matrix assessment is based on documentation from multiple sources including medical professionals, education professionals, and families. However, in 1997 a freeze was put on matrix levels indicating that an individual would have the same matrix score for as long as they were in the DDA system, even if their service needs changed. Instead of updating the matrix, add-on rates are used to account for additional support needs. The current system does not taken into account inflation, increased needs, unfunded mandates such as nursing requirements, and increased transportation costs.

Payment Systems in Other States

For payment purposes, other states use tools to measure functional status and quality of life to compute an appropriate provider payment rate that accurately reflects the amount of support and services that an individual requires. Maryland utilizes both a functional status (IIRS matrix) and quality of life measurement (Ask Me! Survey). As discussed above, the IIRS matrix presents numerous problems to accurately capture an individual's current functional status as well as determining an appropriate payment rate for the provider. On the other hand, Maryland's quality of life measurement, the Ask Me! Survey, is a nationally recognized model. The task force explored measures of functional status used in other states that might be applicable to Maryland.

Functional Assessment

The functional assessment tools utilized by states measure an individual's basic functional abilities and the level of corresponding support that is needed. Examples include the Supports Intensity Scale (SIS), Inventory for Client and Agency Planning (ICAP), Developmental Disabilities Profile, and Support Needs Assessment Profile.

Domains that are common across the functional tools include health and safety, home or daily living skills, social/relationship skills, behavior support needs and communication. **Exhibit 15** illustrates the domains measured in the five most popular functional assessment tools.

**Exhibit 15
Domains Measured in Functional Assessment Tools**

<u>Supports Intensity Scale</u>	<u>Vineland II Adaptive Behavior Scale</u>	<u>Developmental Disabilities Support Needs Assessment Profile</u>	<u>The Inventory for Client and Agency Planning</u>	<u>Developmental Disability Profile</u>
Home Living	Communication	Daily Living Supports	Motor Skills	Health
Community Living	Daily Living	Health Care Supports	Communication Skills	Adaptive Behaviors
Lifelong Learning	Socialization	Behavior Supports	Personal Living	Maladaptive Behaviors
Employment	Motor Skills		Community Living	
Health and Safety			Maladaptive Behavior Index	
Social Activities				
Protection/Advocacy				

Source: National Association of State Directors of Developmental Disabilities Services

The two most popular tools are SIS and ICAP. SIS measures support requirements in 57 life activities and 28 behavioral and medical areas. The assessment is done through an interview with the consumer and those who know the person well. SIS measures support needs in the areas of home living, community living, lifelong learning, employment, health and safety, social activities, and protection and advocacy. The scale ranks each activity according to frequency, amount, and type of support required. Finally, a Support Intensity Level is determined based on the Total Support Needs Index, which is a standard score generated from scores on all the items tested by the scale. The Support Intensity Level is used to determine the payment amount to provide all of the needed services.

ICAP is a short, standardized assessment instrument that measures adaptive and maladaptive behavior. Its strong psychometric properties make it a valuable tool for determining eligibility, planning services, evaluating, reporting progress, or analyzing for funding reports. The ICAP recommends that individuals be assessed at intake and at least every three years thereafter, or more frequently if needed. The tool measures an individual’s skill level across four main domains: motor skills, social and communication skills, personal living skills, and community living skills. The tool also has a maladaptive behavior index to determine any problem behaviors.

Findings and Recommendations

The task force found that the financial condition of providers has worsened in recent years as measured by the number of providers reporting negative operating margins and negative net assets.

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Additionally, the task force concluded that an adjustment to the rates paid for services to individuals with developmental disabilities is warranted.

The recommendations are as follows:

- Assess consumers receiving DDA-funded services on a regular basis using a reliable assessment tool.
- Adjust the rates annually to account for changes in costs.
- Revise the matrix to add components that will replace add-ons to rates by accounting for those services within the matrix.
- Revise the matrix to recognize the costs for the nursing assessment and training. Further, the Board of Nursing should provide more guidance to the DDA on ways to reduce the frequency of nursing assessments and training hours. Finally, the task force encourages the Board of Nursing to work with the DDA on future regulation and statute changes to include the fiscal impact on providers.
- Revise the calculation for the day services rates to change from a seven-day basis to a five-day basis.
- Phase-in rate system changes in a manner that does not reduce revenues for providers.
- Inform community providers of the methodology for creating service hours in CSLA to allow providers to count hours provided to two or three individuals at the same time and place.
- Inform community providers of exceptions to the attendance requirements for supported employment of four hours per day.

Finally, the task force recommended that DDA assemble a workgroup to develop specific changes in the rate system based on the findings above. The cost to implement these recommendations is considerable and might not be feasible given the current fiscal environment. The task force advises DDA to act prudently and to give priority to improving the rate system for supported employment and day services, which are the services with the greatest level of underfunding on recent cost reports produced by CSRRC.

Current and Prior Year Budgets

Current and Prior Year Budgets
Developmental Disabilities Administration
(\$ in Thousands)

Fiscal 2008	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Legislative Appropriation	\$473,750	\$3,414	\$265,804	\$104	\$743,071
Deficiency Appropriation	599	0	0	0	599
Budget Amendments	1,622	0	1,544	1,033	4,199
Cost Containment	-3,560	0	-41	0	-3,601
Reversions and Cancellations	0	-6	-157	0	-163
Actual Expenditures	\$472,411	\$3,408	\$267,149	\$1,137	\$744,105
Fiscal 2009					
Legislative Appropriation	\$484,886	\$4,444	\$296,965	\$105	\$786,401
Cost Containment	-7,343	0	-1,811	0	-9,154
Budget Amendments	5,493	0	1,833	0	7,326
Working Appropriation	\$483,037	\$4,444	\$296,987	\$105	\$784,573

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

Fiscal 2008

In fiscal 2008, the budget for the Developmental Disabilities Administration closed at \$744.1 million, an increase of \$1.0 million over the original legislative appropriation.

The general fund appropriation decreased by \$1.3 million. The most significant changes to the programs within DDA include the following:

- \$1.0 million increase for fiscal 2008 cost-of-living adjustment;
- \$0.6 million increase in deficiency appropriation for the four state residential centers to cover the Intermediate Care Facility for the Mentally Retarded provider fee;
- \$0.3 million increase to realign funds among the programs of DHMH to cover costs within DDA including environmental clean up expenditures for the Henryton Center, Waiting List Equity Fund payment, increased electricity expenditures, among others;
- \$0.3 million increase to reallocate the appropriation for electricity rate increases to DHMH facilities, including Rosewood, Holly, Potomac, and Brandenburg Centers;
- \$1.5 million decrease for BPW position elimination. The measure abolished 72.5 FTE positions; and
- \$2.1 million decrease from cost containment measures approved by the Board of Public Works. The measure decreased the appropriation for such things as salaries, motor vehicle operations, travel, contractual services, and supplies and materials.

Only the Program Direction and Community Services programs receive federal funding, which increased by \$1.3 million over the legislative appropriation. An increase for community services of \$1.5 million was offset by the two cost containment measures mentioned above (\$41,421) and cancelled federal fund appropriation (\$157,257).

Reimbursable funds increased by \$1.0 million to cover the cost of 150 individuals transitioning from Medicaid's medical day care services to the DDA waiver for day services.

Fiscal 2009

The fiscal 2009 working appropriation is currently \$1.8 million lower than the original legislative appropriation due to \$7.3 million of total budget amendments and \$9.1 million in reductions taken by BPW.

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Budget amendments account for a \$5.5 million general fund increase and \$1.8 million federal fund increase. The major changes include:

- \$6.5 million increase for the provider rate adjustment (\$4.7 million general funds and \$1.8 million federal funds). This action raised the rate for community providers from 1.5%, as was originally provided in the fiscal 2009 appropriation, to 2.7% based on lottery overattainment. However, it should be noted that subsequent BPW action in October 2008 reduced the rate increase to 2.0% total for fiscal 2009.
- \$0.9 million general fund increase for the fiscal 2009 cost-of-living adjustment.
- \$78,961 reduction of general funds to pay for the newly created Office of Behavioral Health and Disabilities.

BPW met twice during the interim to reduce costs across the Executive agencies. In June 2008, actions taken by BPW reduced personnel expenses in DDA by \$898,852 in general funds and \$21,371 in federal funds.

In October 2008, actions taken by BPW reduced DDA's budget by a further \$6.4 million in general funds and \$1.8 million in federal funds. Of that amount, personnel expenses were reduced by \$3,457,296 to eliminate 49.30 full-time equivalent vacant positions, to eliminate OPEB funding, and to use statewide employee health insurance balances in lieu of budgeted funds. The abolished vacant positions came from all subprograms with the exception of the forensic unit.

The remaining balance of the October BPW reduction was to reduce the community service provider rate for fiscal 2009 from 2.7 to 2.0% (\$2,390,000 general funds and \$1,790,000 federal funds), fuel and utilities at Rosewood (\$541,332 general funds), and motor vehicle operations at Holly and Potomac Centers (\$55,122 general funds).

Audit Findings (Rosewood Center)

Audit Period for Last Audit:	September, 26, 2005 – May 11, 2008
Issue Date:	September 2008
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0
Rating: (if applicable)	n/a

Audit Findings (Holly Center)

Audit Period for Last Audit:	August 1, 2005 – June 8, 2008
Issue Date:	October 2008
Number of Findings:	3
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Proper internal controls had not been established over the processing of certain disbursement transactions.

Finding 2: The Center had not established adequate internal controls over its materials and supplies inventories.

Finding 3: Adequate internal controls had not been established over the Center's collections.

*Bold denotes item repeated in full or part from preceding audit report.

Audit Findings (Thomas B. Finan Center and the Joseph D. Brandenburg Center)

Audit Period for Last Audit:	June 1, 2005 – June 30, 2008
Issue Date:	December 2008
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Note: The Finan Hospital Center is a State psychiatric hospital in the Mental Hygiene Administration. However, the Brandenburg and Finan Centers are in adjoining buildings and administrative functions are centralized.

Finding 1: The centers did not always procure goods and services in accordance with State Procurement Regulations.

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
DHMH – Developmental Disabilities Administration**

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,158.95	1,052.65	803.25	-249.40	-23.7%
02 Contractual	62.74	82.85	36.79	-46.06	-55.6%
Total Positions	1,221.69	1,135.50	840.04	-295.46	-26.0%
Objects					
01 Salaries and Wages	\$ 65,938,728	\$ 58,810,300	\$ 51,209,299	-\$ 7,601,001	-12.9%
02 Technical and Spec. Fees	2,540,784	3,573,842	2,507,080	-1,066,762	-29.8%
03 Communication	345,862	355,077	263,616	-91,461	-25.8%
04 Travel	70,004	62,551	66,757	4,206	6.7%
06 Fuel and Utilities	3,006,362	2,117,932	2,076,895	-41,037	-1.9%
07 Motor Vehicles	463,542	332,852	179,603	-153,249	-46.0%
08 Contractual Services	667,687,235	716,227,484	758,775,621	42,548,137	5.9%
09 Supplies and Materials	2,627,966	1,912,349	1,807,934	-104,415	-5.5%
10 Equipment – Replacement	370,033	144,921	144,986	65	0%
11 Equipment – Additional	112,831	62,693	12,507	-50,186	-80.1%
12 Grants, Subsidies, and Contributions	491,099	419,578	477,106	57,528	13.7%
13 Fixed Charges	450,010	553,144	600,708	47,564	8.6%
Total Objects	\$ 744,104,456	\$ 784,572,723	\$ 818,122,112	\$ 33,549,389	4.3%
Funds					
01 General Fund	\$ 472,410,867	\$ 483,036,692	\$ 494,402,118	\$ 11,365,426	2.4%
03 Special Fund	3,407,712	4,443,902	4,841,941	398,039	9.0%
05 Federal Fund	267,149,188	296,986,824	317,731,645	20,744,821	7.0%
09 Reimbursable Fund	1,136,689	105,305	1,146,408	1,041,103	988.7%
Total Funds	\$ 744,104,456	\$ 784,572,723	\$ 818,122,112	\$ 33,549,389	4.3%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

Fiscal Summary
DHMH – Developmental Disabilities Administration

<u>Program/Unit</u>	<u>FY08 Actual</u>	<u>FY09 Wrk Approp</u>	<u>FY10 Allowance</u>	<u>Change</u>	<u>FY09 - FY10 % Change</u>
01 Program Direction	\$ 5,819,824	\$ 5,903,824	\$ 6,284,923	\$ 381,099	6.5%
02 Community Services	662,753,094	713,988,775	762,006,675	48,017,900	6.7%
01 Rosewood Center	43,063,235	24,930,390	3,317,068	-21,613,322	-86.7%
01 Holly Center	18,490,877	18,668,441	19,282,209	613,768	3.3%
01 Court Involved Service Delivery	0	6,581,312	8,687,083	2,105,771	32.0%
01 Potomac Center	9,466,994	9,905,997	9,966,177	60,180	0.6%
01 Brandenburg Center	4,510,432	4,593,984	8,577,977	3,983,993	86.7%
Total Expenditures	\$ 744,104,456	\$ 784,572,723	\$ 818,122,112	\$ 33,549,389	4.3%
General Fund	\$ 472,410,867	\$ 483,036,692	\$ 494,402,118	\$ 11,365,426	2.4%
Special Fund	3,407,712	4,443,902	4,841,941	398,039	9.0%
Federal Fund	267,149,188	296,986,824	317,731,645	20,744,821	7.0%
Total Appropriations	\$ 742,967,767	\$ 784,467,418	\$ 816,975,704	\$ 32,508,286	4.1%
Reimbursable Fund	\$ 1,136,689	\$ 105,305	\$ 1,146,408	\$ 1,041,103	988.7%
Total Funds	\$ 744,104,456	\$ 784,572,723	\$ 818,122,112	\$ 33,549,389	4.3%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.