DEVELOPMENTAL DISABILITIES ADMINISTRATION

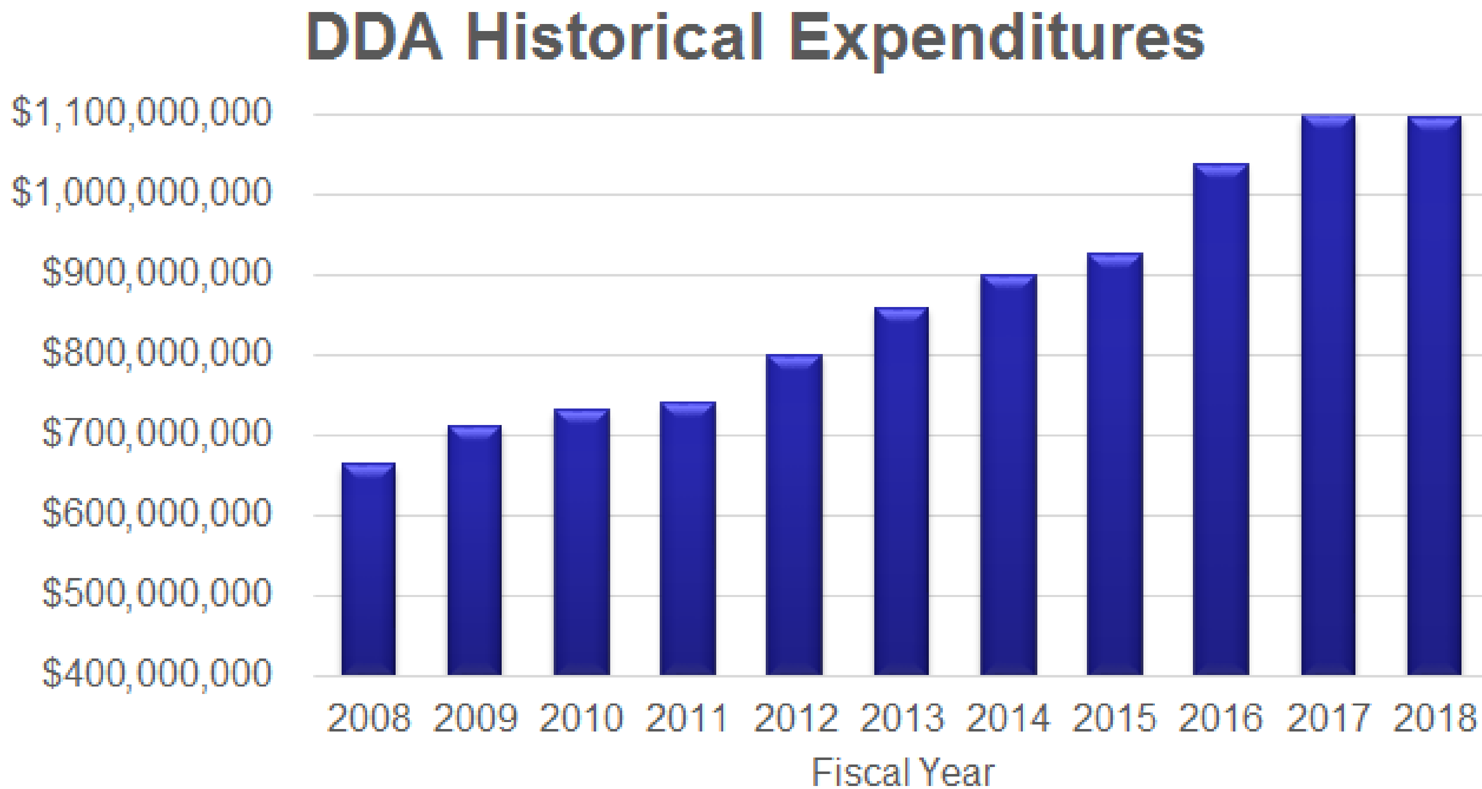
FISCAL YEAR 2018 BUDGET HEARING

BERNARD SIMONS, DEPUTY SECRETARY
Department of Health and Mental Hygiene

Health and Human Resources Subcommittee
March 1, 2017

Historical and Projected Expenditures

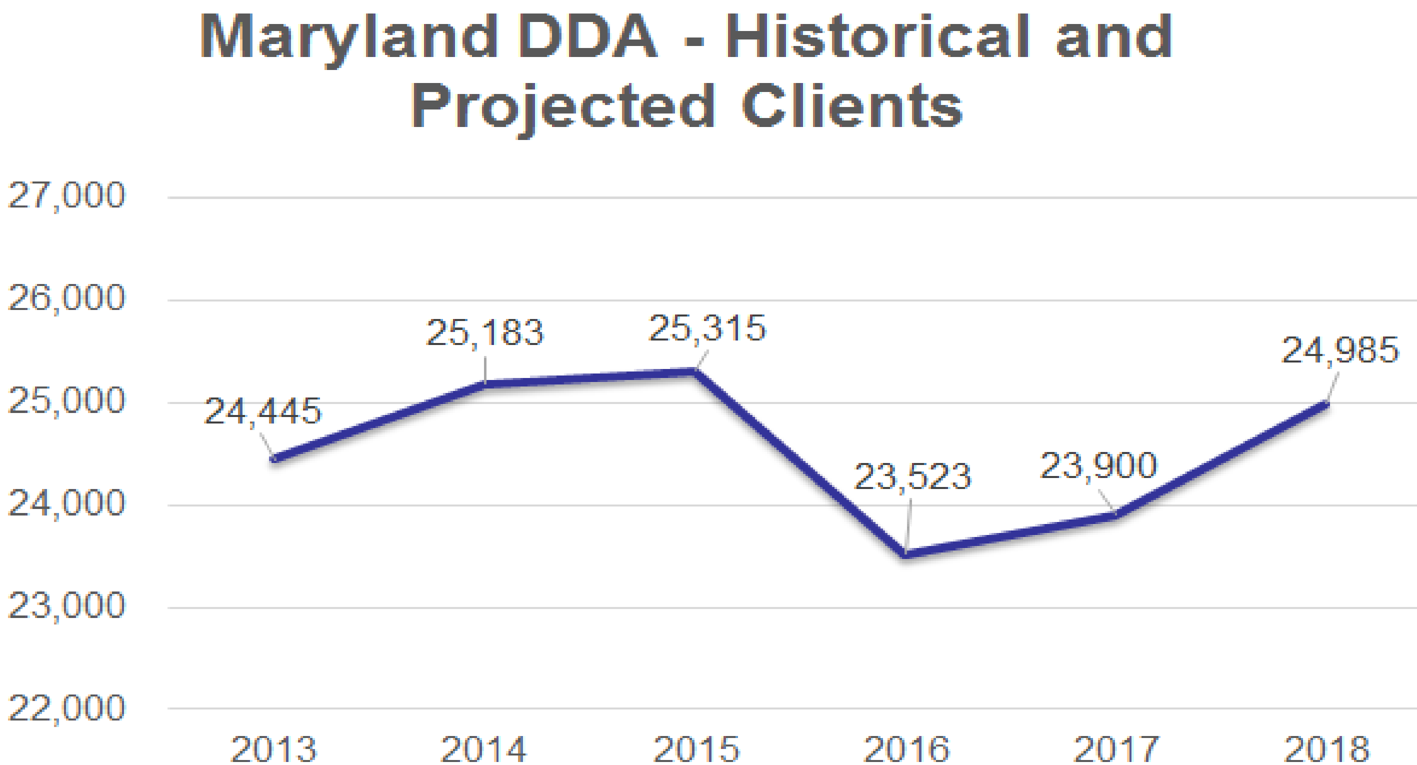
- Below are DDA community services expenditures from FY 2008 through the FY 2018 Budget*



*Does not assume the contingent reduction to FY 2018 provider rates.

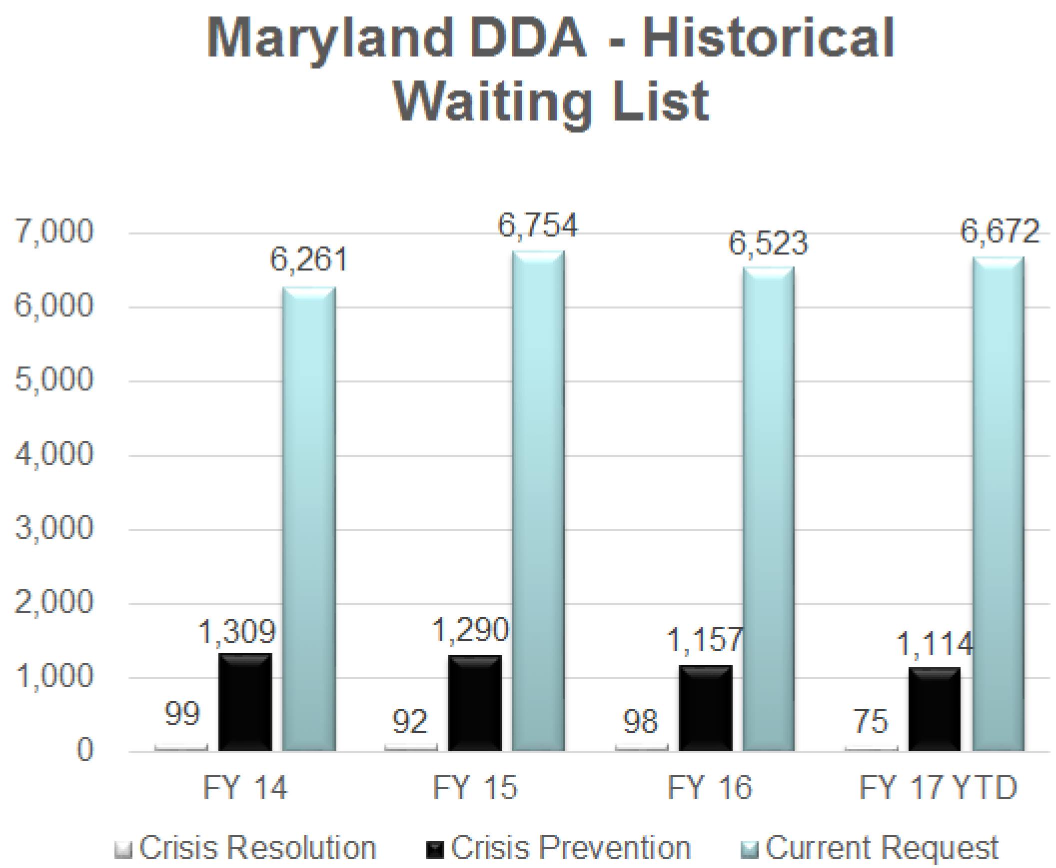
Number of Individuals in Service by Fiscal Year

- **The FY 2018 Budget is projected to increase the total number of people served by 4.5% bringing the total program participant count to 24,985**



Individuals on the Waiting List

- While spending by the DDA is at an all time high, the waiting list continues to grow
- The waiting list is defined as follows:
  - individuals with a need for services
  - COMAR defines the requirements for each of the priority categories
  - The guidelines for the time frames are:
    - Crisis Resolution – services needed within 6 months
    - Crisis Prevention – services needed within 2 years
    - Current Request – services needed in 2 years or more



FY17 Waiting List and Placements

Funding included in FY 2016, FY 2017 and FY 2018 Operating Budgets

	GF BUDGET		
PLACEMENT TYPE	FY 2016	FY 2017	FY 2018+
Crisis	$ 3,000,000	$ 4,474,671	$ 2,048,178
Emergency	$ 1,232,117	$ 3,652,166	$ 5,255,195
Total	$ 4,232,117	$ 8,126,837	$ 7,303,373

+ Assumes a 2% provider rate increase

Waiting List as of February 24, 2017

ELIGIBILITY	CRISIS RESOLUTION	CRISIS PREVENTION	CURRENT REQUEST	TOTAL
Developmental Disability	62*	792	4,791	5,645
Supports Only	13	322	1,881	2,216
Total	75	1,114	6,672	7,861

*59 individuals in Crisis Resolution have initiated the placement process

Placement History for FY 2015 through FY 2017 (July - February)

FISCAL YEAR	CRISIS	EMERGENCY	TOTAL
FY 2015	7	96	103
FY 2016	44	84	128
FY 2017 (July-Feb)	67	22	89

FY 2018 Budget Highlights

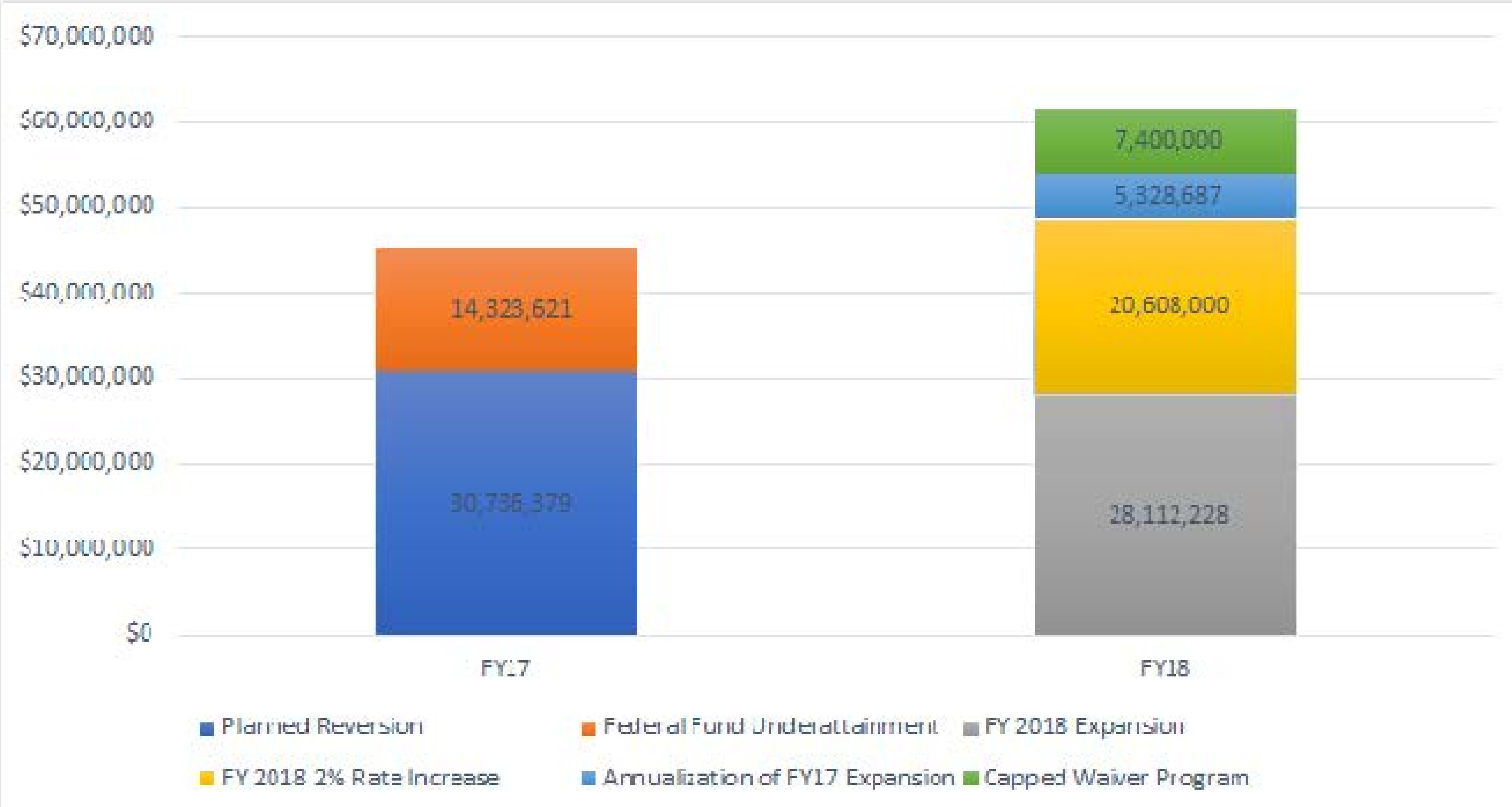
Major Drivers:

- Annualization of FY17 placements
- Placement of additional individuals into services including people on the Waiting List
- Two new capped waivers with 800 slots
- Annualization of the FY17 3.5% provider rate increase
- The FY18 2% provider rate increase

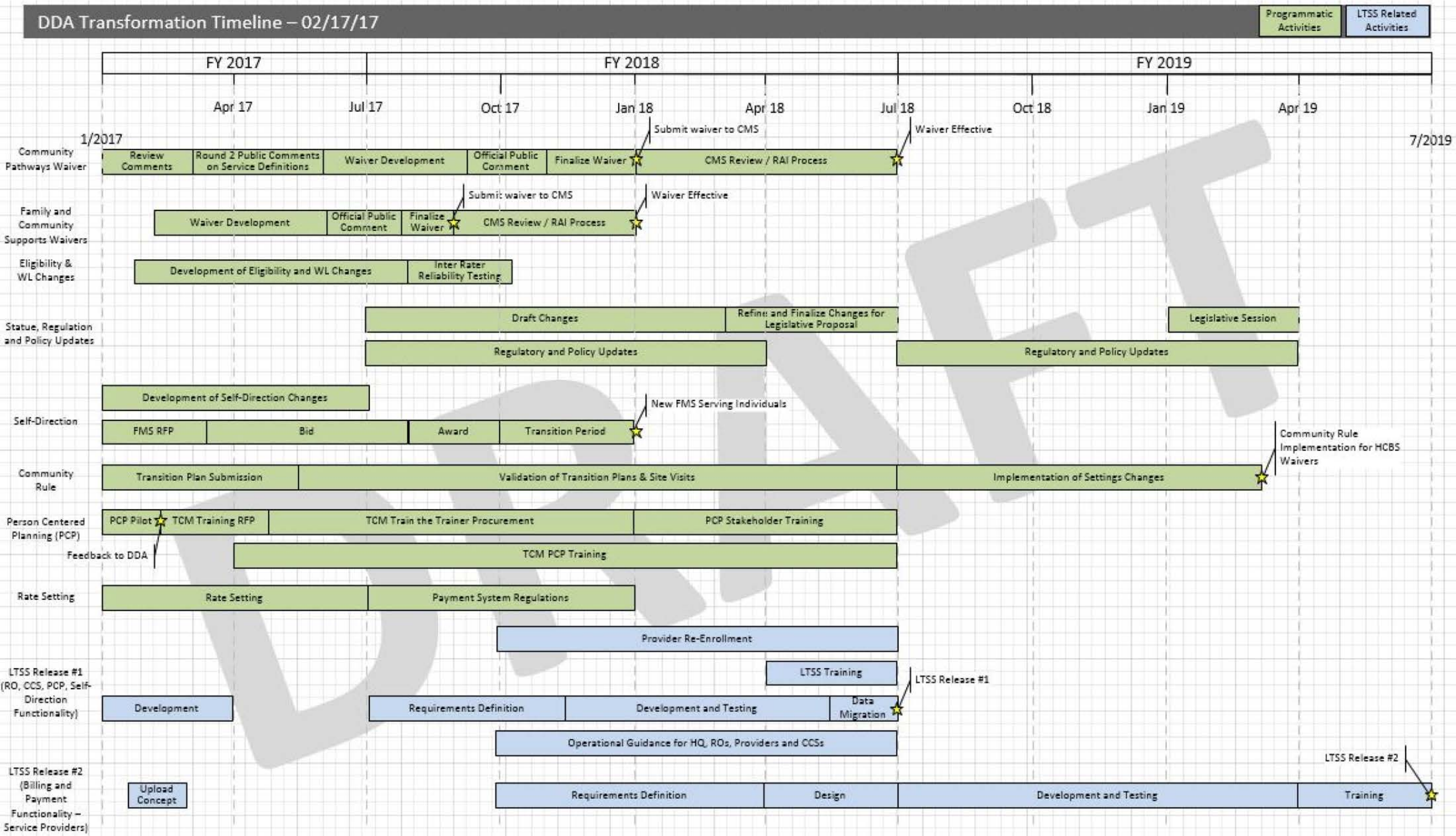
Maryland DDA FY 2018 Budget by Fund as of 2/22/17 - M0102

PCA	Service	Federal Funds	General Funds	Other Funds	Total Funds	Federal Funding Percentage
P201	Residential	$265,031,139	$295,338,030	$309,695	$560,678,864	47.29%
P202	Day Habilitation	$90,997,881	$99,204,706	$2,794,948	$192,997,535	47.15%
P203	Supported Employment	$28,780,564	$37,591,837	$32,627	$66,405,028	43.30%
P204	Resource Coordination	$19,328,749	$25,125,596		$44,454,345	43.48%
P205	Community Capped Waivers	$3,700,000	$3,700,000		$7,400,000	50.00%
P206	Summer Programs	$0	$450,653		$450,653	0.00%
P207	Self Directed Services	$17,196,569	$18,017,045		$35,213,614	48.80%
P208	Family Support Services	$549,849	$2,401,042		$2,950,891	18.66%
P209	Individual Family Care	$3,480,817	$3,994,360		$7,475,177	46.60%
P210	Individual Support Services	$11,642,360	$34,329,439		$45,971,799	25.30%
P211	Behavioral Support Services	$4,633,526	$5,711,474		$10,345,000	44.80%
P214	CSLA/PS	$33,725,505	$49,493,967	$48,992	$83,268,464	40.50%
P218	Community Learning Services	$6,757,858	$8,062,283	$9,456	$14,829,597	45.60%
P219	Employment Discovery and Custom	$322,417	$322,411		$644,828	50.00%
P250	Central Maryland Regional Office	$1,443,657	$1,951,652		$3,395,309	42.50%
P251	Southern Maryland Regional Office	$1,176,625	$1,596,482		$2,773,107	42.50%
P252	Western Maryland Regional Office	$657,461	$888,926		$1,546,387	42.50%
P253	Eastern Shore Regional Office	$619,502	$837,454		$1,456,956	42.50%
P255	Utilization Review	$5,191,211	$7,284,156		$12,475,367	41.61%
P298	Prior Year Activity	$0	$0	$2,500,000	$2,500,000	0.00%
	Total	**$495,235,690**	**$596,301,513**	**$5,695,718**	**$1,097,232,921**	**45.13%**

FY 2018 Budget Rebasing



Revised Transformation Timeline



DDA Transformation Initiatives

- **Status of transformation initiatives**
  - ✓ **<u>Self-Direction</u>**
    - ➢ Redesign and create a robust self-direction option
    - ➢ DDA worked with the Self-Directed Advocacy Network (SDAN) to form work groups to make recommendations regarding future changes
    - ➢ DDA met with SDAN on February 2nd
    - ➢ SDAN work groups submitted their reports to DDA on February 17th

DDA Transformation Initiatives

✓ **<u>Community Pathways Waiver</u>**

- ➢The DDA's current Community Pathways Waiver is currently in effect for 5 years: July 1, 2013 through June 30, 2018
- ➢The renewal application for the Waiver must be submitted to CMS by January, 2018. Given this timeline, the DDA will **no longer be submitting Amendment #2 this spring or pursuing Amendment #3**
- ➢The DDA will continue to engage stakeholders in its development of the updated service definitions and for input regarding DDA's renewal application for its Community Pathways Waiver

DDA Transformation Initiatives

- ✓ **Community Settings Rule**
  - ➢Provider Transition Plans & Validation
  - ➢Compliance by March 17, 2019
- ✓ **Family Support Waiver**
  - ➢Provide essential support to more families with children birth-21 on the Waiting List
  - ➢400 slots
- ✓ **Community Supports Waiver**
  - ➢Provide all supports available in the Comprehensive Waiver (Community Pathways) except provider managed residential habilitation
  - ➢400 slots

DDA Transformation Initiatives

- ✓ **Staff Stability**
  - ➢Focus to improve the quality and stability of the workforce of direct support professionals (DSPs)
  - ➢Exploring funding to create a career path for DSPs
- ✓ **CQL Network Accreditation**
  - ➢Consultation, training and certification services to organizations within DDA's provider community on person-centered and personal outcomes
- ✓ **Rate Setting**
  - ➢Independent Cost Driven Rate Study Report
  - ➢Communication of results and impacts by early summer of 2017

DDA Transformation Initiatives

✓ **LTSS**

- ➢Transition of DDA current IT platform (PCIS2) to Medicaid Long Term Support and Services (LTSS) platform
- ➢Release #1 and #2 of functionality in LTSS are being delayed to 7/1/18 and 7/1/19 to:
  - ➢better align with the waiver renewal;
  - ➢allow for the acquisition of infrastructure need to fully support the DDA's large user base;
  - ➢pursue functionality and processes to support the upload of data from 3rdparty systems to support service billing;
  - ➢enable the development of additional functionality to better support the DDA's transformed process; and provide for adequate testing, training, and transition time

2016 OLA AUDIT

- DDA has made significant improvements in its fiscal compliance since the 2013 OLA audit
  - Reduced the number of repeat findings from 7 to 3
  - Resolved 10 of the 13 findings from 2013
  - Continuing efforts to resolve the remaining 3 findings

2016 OLA AUDIT

- Finding #1- Contribution to the Cost of Care (CTC)
  - Waiver Eligibility Categories:
    - Categorically Eligible – Individuals are MA eligible apart from the waiver
    - Optionally Eligible – Individuals are not MA eligible but for the waiver because certain financial requirements are waived
  - Based on CMS guidance, people who are categorically eligible are not required to contribute to their cost of care
  - When DDA became aware of the guidance, DDA advised residential providers in January 2014 to cease collection of CTC from individuals who are categorically eligible

2016 OLA AUDIT

- At the request of the Joint Audit Committee, DDA agreed to work with residential providers to confirm the amount of CTC collected for CY 2013
- DDA is currently pulling the data to share with the affected providers
- Once the amount is confirmed for each person, DDA will work with Medicaid to submit a request to the Centers for Medicare and Medicaid (CMS) to waive the financial eligibility restrictions for a period of time to avoid adversely affecting the individuals involved
- Based upon the response from CMS, the DDA will develop a repayment plan to avoid the loss of Medicaid eligibility for the affected individuals.

2016 OLA AUDIT

- The DDA will send a letter to each affected individual, outlining the issue, the amount to be repaid, and the repayment plan.
- DDA will instruct residential providers to monitor the monthly asset limit for each affected individual to avoid loss of Medicaid eligibility

2016 OLA AUDIT

- Repeat Findings
  - Finding #2 – Monitoring of Resource Coordinators
    - Since the 2013 OLA audit, DDA has implemented several procedures to improve monitoring of Coordinators of Community Services (CCS). However, DDA recognizes the need for further improvement
    - DDA is implementing a process with the regional offices to confirm CCS agencies are implementing corrective action plans and completing the Individual Service Plan in accordance with COMAR
    - DDA is continuing to notify CCS agencies of upcoming redeterminations of waiver eligibility and to conduct random samples of individuals who lose eligibility to determine why eligibility was lost and to have the CCS pursue waiver re-enrollment

2016 OLA AUDIT

- Repeat Finding
  - Finding #7 – Lost Interest
    - This has been a finding in previous OLA audits
    - In 2002, OLA cited potential loss of $4 million
    - DDA has reduced the amount over the years to estimated $210,000 on $1 billion budget
    - The issue is by-product of the mandated prospective payment methodology
    - Rate setting study is underway
    - DDA is targeting FY 2019 for the implementation of the new reimbursement payment model and of the new service rates, which should all but eliminate lost interest

2016 OLA AUDIT

- Repeat Finding
  - Finding #8 – Community Supported Living Arrangement audits
    - DDA has had difficulty in securing a vendor to conduct utilization review audits
    - Had a contract that was terminated after 4 months
    - Conducted another solicitation but DDA was unable to select an acceptable vendor
    - Currently DDA is finalizing another solicitation that will include UR audits
    - DDA is working with its legal counsel to see if any recovery can be made from the last vendor for providing insufficient backup to allow DDA to pursue potential overpayments

2016 OLA AUDIT

- Findings # 4, 5 and 6
  - These findings concern contracts that were initiated under the previous administration
  - DDA recognizes that the contracts lacked specificity to enable DDA to better monitor deliverables and activity
  - Recent contracts include greater details around level of effort for deliverables
  - Despite the issues raised by these findings, the work performed by the contractor has enabled DDA to make significant progress in its transformation in all areas

2016 OLA AUDIT

- Finding # 9 and #10
  - These findings had to do with DDA's IT system – PCIS2
  - DDA developed a protocol to ensure that manual adjustments made to provider payments are verified
  - DDA will review roles in PCIS2 to ensure that access is limited to only what staff needs to perform duties
  - DDA implemented additional encryption technology to further protect personal information

The Department of Health and Mental Hygiene's
Responses to the DLS FY 2018
Developmental Disabilities Administration Budget Analysis
March 1, 2017 (House) and March 2, 2017 (Senate)

The agency should comment on whether the capacity at the new consolidated SETT unit is adequate. (pg. 8)

Capacity is adequate at the consolidated SETT. The bed capacity is unchanged (32) and current occupancy is even lower (29) - average daily population for FY 2016 was 29, as well. The SETT leadership has been able to manage the census to avoid any delays in admitting new placements.

The Department of Legislative Services (DLS) recommends reducing the fiscal 2018 appropriation [for personal supports] by $3 million. (pg. 17, 30)

The Department does not concur with this recommendation. The change in billing methodology for personal supports providers, whereby DDA reimburses based on hourly utilization as opposed to a uniform daily rate, is still relatively new; and both providers and DDA clients are still acclimating to it. Thus, the Department respectfully requests that the Legislature allow the Department to have the flexibility to utilize this $3 million for any unforeseen cost increases that may occur while still transitioning all personal support providers and DDA clients to this new billing methodology.

The agency should comment on the status of the wage survey and its plan to recoup funds from providers that have not expended funds as required. DLS recommends restricting $500,000 pending submission of the required report. (pg. 17, 30)

The report was submitted to the General Assembly on February 27, 2017. According to Health-General, §7-306.3(b), the first year to compare the percentage of operating expenses spent on direct care professionals is FY 2016. The wage surveys for FY 2016 have not yet been requested from providers. When they are received, the DDA will compare the percentage from FY 2016 to the base year of FY 2014 to determine any variances. If there are not mitigating circumstances to justify the decrease in the percentage spent on direct care professionals or if a plan of correction is not submitted, then DDA will notify the provider of its intent to recoup funds that were not spent according to Health-General, §7-306.3(b)(2).

DDA should comment on the availability of monthly caseload data. (pg. 20)

DDA has the capacity to pull data on a monthly basis to track new placements by category - Crisis Resolution, Emergency, Court Involved, Transitioning Youth (TY), and Waiting List Equity Fund.

The agency should comment on how it ensured that funded services were actually provided when no utilization review audits have been performed since fiscal 2013. DLS recommends a BRFA provision cutting $2.5 million of the fiscal 2017 funding for utilization review. (pg. 22)

DDA concurs with the recommendation. DDA has been unable to secure a vendor to perform utilization review of services. A new RFP is currently being finalized and DDA hopes to have a contract in place in FY 2018. Service providers are required to certify attendance, which indicates that a service has been provided. Additionally, the Office of the Inspector General has been conducting audits, per regular practice.

The agency should comment on how the community settings rule will affect rates paid to providers, particularly for day services. (pg. 24)

The Community Setting Rule will affect rates and staffing ratios. The rates assume an average ratio. The more integrated the service, the higher the rate will be.

The agency should comment on how the delay of both the study and the transition to LTSS will impact the submission of the fiscal 2019 budget with new rates. (pg. 27)

The DDA is analyzing the impact of the delay and assessing whether the new rates can be implemented using the current IT system before LTSS is fully operational in FY 2020.

DLS recommends that DDA include in its MFR measures, data on injuries to both staff and other residents in the SETT and Potomac Center. (pg. 29)

Safety data can be incorporated into the MFR tracker for both SETT and Potomac Center. Historically, this information was reported to State Stat. It continues to be reviewed at least monthly by the Health Safety Management Teams (HSMT) represented by Management and Union representatives at each facility.

The agency should comment on its plan to adequately staff the facilities, limit overtime payments, and reduce the risk of injury to staff. (pg. 29)

Both Holly and Potomac have dedicated HR staff which enables them to initiate the recruitment process timely when vacancies occur. The HR officer at Potomac also provides HR support for the SETT. Although the facilities try to fill vacancies quickly to mitigate overtime expenses, other factors such as staff leave (annual, sick, FMLA) and increased staffing ratios impact overtime.

Training will be offered to SETT staff to better prepare them for working with individuals with a dual diagnosis of developmental disability and mental illness or substance abuse disorder. Training is also planned to introduce a new behavioral response practice.

Staffing classifications at the SETT were revised a few years ago resulting in an increase in pay rates, however, it has not helped with the retention/vacancy rates.

DLS recommends striking contingent language reducing the provider rate increase from 3.5% to 2.0% and reducing the provider rate increase to 1.0%, which generates a savings of $13,492,324 GF and $11,708,128 FF. (pg. 30, 31)

The Department agrees with the recommendation to strike the contingent language associated with this reduction but does not concur with the recommendation to reduce DDA provider rate further to 1%.