Department of Aging - D26A07
FY 2021 Budget

Testimony of Rona E. Kramer, Secretary
Maryland Department of Aging

Senate Budget & Taxation Committee, Health and Human Services Subcommittee
February 7, 2020

House Appropriations Committee, Health and Social Services Subcommittee
February 12, 2020

Thank you for this opportunity to respond to the Department of Legislative Services (DLS) analysis of the Maryland Department of Aging's (Department's) FY 2021 budget request. The Department extends its appreciation to the DLS analyst, Grace Pedersen, who reviewed the budget and programs. Ms. Pedersen's questions were thought provoking and insightful. The Department's response to the discussion item and the recommendations noted in the analysis are included below.

Discussion Item

The Secretary of Aging should comment on the reasons for the persistent high vacancy rate.

Response

A significant issue for the Department is the hiring and retention of staff, in particular fiscal staff. In our small, non-glamourous department, there is the potential for professional growth but not the same potential for promotion. We have hired several fiscal members, only to train them and have them leave for a promotion and increased salary in another agency or in the private sector. The strong economy and labor market create a great deal of competition for competent professionals. During the long state hiring process several of our own candidates accepted positions with other employers before we were able to make an offer.

The size of the Department further exacerbates the difficulties of the hiring process as existing staff must complete their job responsibilities, those of the vacant positions, as well as recruitment activities.

Recommended Actions

1.) DLS recommends restricting $100,000 intended for general administration pending the submission of two reports regarding waitlist data collection and management.

The Department will gladly provide the reports.

2&3.) DLS recommends the reduction of $1,000,000 of the increase in grants for community services intended to increase staffing. DLS further recommends restricting $1,000,000 of the appropriation made for the purpose Senior Care, the Senior Assisted Living Group Home Subsidy, and the Congregate Housing Program pending the submission of a report describing how the funds will be used, including the amount of staffing to be supported by this increase, and a plan for distribution of the increased funding to the Area Agencies on Aging.

The Department opposes restricting any of the funds as it contradicts the intent of this funding which is to allow the Area Agencies on Aging (AAAs) to hire new staff and to begin fiscal matching at the start of FY2021.

Prior to FY2016, AAAs were reimbursed for providing Information and Assistance and Maryland Access Point (MAP) support through grants from Medicaid under the Department of Health. In FY2016, the Federal Government implemented a new reimbursement model called Federal Financial Participation (FFP). FFP allows AAAs reimbursement for their work on those programs based on the time they actually spend doing the work.

Our AAAs have been very successful in tracking those hours, which allows them to bring in federal funds that might otherwise not be available. This additional $2 million allows our AAAs to have more staff available to provide Information and Assistance and MAP support, thereby increasing their federal funding. This funding will prevent AAAs from having to pull staff away from other programs, such as Senior Care and SALGHS, which are complex and labor intensive, in order to support Information and Assistance and MAP.

This $2 million is essential to the Maryland Department of Health as a part of their Medicaid Sustainment Plan, without which Medicaid community services would be left incomplete. The AAAs are running up against the cap of state funding available to meet the required federal match. Without this funding, AAAs are failing to maximize their reimbursements from the federal government for Medicaid activity.

The Legislature, in its wisdom, understands the need for flexibility and the evolution of programs if they are to be successful. Our intention for the $2 million is to distribute the funding in a formula similar to that for Information and Assistance with a base minimum.

It would be a terrible mistake to reduce this funding at a time when the funding to serve older adults should be increasing to serve the growing population. Not only are we keeping older adults out of the nursing homes they dread, but at the very same time we are saving Medicaid $76,600 per person each year we help keep them out of those facilities.

4.) DLS recommends the deletion of funds to expand Community for Life (CFL) pilot program.

The Community for Life program is no longer a pilot as there are six fully functioning Communities for Life operating in the State.

There is a misunderstanding of the concept of financial sustainability that we would like to correct. The CFL state grants were intended to support each program in an amount not to exceed 50% of the program costs for the period of time it took to enroll enough members to create financial viability. A basic premise of CFL is that our non-profit providers will be carrying a great deal of the costs of providing the services to our members. Membership fees were never intended to and do not cover the full costs of the services that the members are receiving. It was assumed that our CFL providers would be able to establish their programs and recruit the membership necessary to breakeven, without state funds, within approximately four to six quarters. Though there are a few CFL providers who have not fully utilized their State funds that is not an indication that they are not fully functioning as a CFL.

The program has never had the expectation of being self-sustaining with “membership fees alone.” In fact, the Maryland Community for Life Requirements specifically state: “[t]he project’s plans for sustainable funding shall include periodic membership fees and may include philanthropic contributions, fundraising activities, local government funding or other revenue streams.” This program succeeds on a great deal of non-profit support provided by our generous and philanthropic non-profit providers. The use of local funds and a higher percent of nonprofit contributions than originally expected shows we have resourceful providers and that local elected officials recognize the immense benefit this program can have to our communities. Those funds are used to reduce membership fees and to support scholarships for residents who cannot afford a membership fee.

As the programs began at different times over the last year and a half, CFLs are in various stages of development and member recruitment. Though $1 million has been budgeted to the CFL program, only $525,000 has actually been spent. We are hoping that the balance will be used to support programs which are in discussion in Carroll, Howard, Montgomery, and Prince George's Counties, or any others which come to fruition during FY2020.

The goal of the CFL program is to prevent the falls, isolation, and financial fraud perpetrated on our older adults, all of which hasten entrance into a nursing home. If just 7 of our 123 current participants experienced any of those events, their cost to Medicaid in a nursing home would have been greater than the current state investment of $525,000. It should also be noted that this $525,000 includes a great deal of program infrastructure, such as a university developed service navigator training program and marketing materials which will not have to be duplicated as the program expands.

The CFL program has been extremely prudent in its use of state funds and is one of the very best deals that the State is getting for its financial contribution. To terminate a program that is the first in the nation and increasing in size synergistically, without giving all of the State's jurisdictions the opportunity to experience it, would be a terrible shame. It would be extremely short-sighted to terminate this program at a time when state contributions to the program are so small, but the potential return on investment is so large.

5.) DLS recommends that the Department submit a report describing expected timelines for when each Community for Life (CLF) grantee will achieve self-sufficiency on membership fees alone and on current participation for each grantee.

The Department does not believe such a report could be accurately generated.
There is no way for us to know exactly when these final expenditures will take place at the CFLs. A timeline of their programs would be impossible to predict. Every jurisdiction has unique aspects and all are in different stages.

Additionally, we encourage them to spend non-state funds first, the majority of which is philanthropic, before expending our state funds. Fiscally it is prudent to do so. To support this effort, the Department is pursuing a statewide marketing campaign. We hope the results of this will encourage additional philanthropy and increase membership faster than we have experienced to date.