Department of Human Services
Fiscal Year 2022 Operating Budget
Response to Department of Legislative Services Budget Analysis

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Melony Ghee Griffith
Thursday, February 18, 2021

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Thursday, February 18, 2021

Testimony of Secretary Lourdes R. Padilla

Good afternoon, Chairman Griffith, Chairman Reznik and members of the Committee. Thank you for the opportunity to discuss the FY 2022 budget. With me today are Deputy Secretary for Programs, Netsanet Kibret; Deputy Secretary for Operations, Gregory James; Executive Director of the Social Services Administration, Michelle L. Farr; and our Chief Financial Officer, Stafford Chipungu.

The Department of Human Services (DHS) believes that children, youth and vulnerable adults do better in strong families, and families do better in supportive communities. DHS's Social Services Administration (SSA) works to help families stay safe, stable, and healthy so that our children, youth, and vulnerable adults are protected from abuse and neglect. Safety and well-being are at the center of our child welfare and adult services. The scope of our services includes family preservation, child protective services, foster care and adoption, services to vulnerable adults, and adult protective services.

The Governor's Fiscal Year 2022 Allowance for SSA totals $619,578,000 representing a 1.6% percent increase from the 2021 Appropriation. This increase is substantially due to the increase in foster care maintenance payments.

Program Operations During COVID-19

The global COVID-19 pandemic created unprecedented challenges for every human services agency across the country. The children, families, and vulnerable adults we serve, as well as our staff, have found themselves in a very different world, and their daily lives have changed in ways big and small. We are keenly aware of the stress and strain these changes can cause, and the impact this can have on the mission of the Social Services Administration. During the past year, DHS has been focused on promoting the health, safety, and wellbeing of the children, youth, families, and vulnerable adults we work with, as well as the health of our staff and provider partners, while continuing to deliver our vital services. Where necessary and appropriate, DHS/SSA has adjusted its policies and practices and taken other steps to reflect the COVID-19 realities. For example:

- To support our older youth that were poised to transition out of foster care into a challenging COVID-19 economy, we suspended our normal age-out requirements and are allowing youths to remain in care even after they turn 21; this will continue until June 2021 – or longer, as our federal partners may permit;
- To maintain contact with the children in our care while respecting social distancing so children and our worker stay safe, we have modified our visitation policy to allow for "virtual visits" using video conferencing in alignment with federal guidance, and where needed have distributed Chrome books and other tools to the children in our care;
- Likewise, to help the vulnerable adults that we work with maintain the contacts that we know are so essential to their wellbeing, we provided technology to support virtual visitations;
- To offset the increased costs of operating in a COVID-19 environment, we provided supplemental payments to our foster families and other placement providers;
- Because sometimes there is no substitute for direct contact, we have continued to do in-person visits – with appropriate Personal Protective Equipment (PPE) – for all Child Protective Services investigations, because the safety of children comes first;

- When in person visitation resumed, we provided our workers new social distancing protocols and safety equipment, including PPE and infrared thermometers;
- To provide placement options for youth who need COVID-19 quarantine or isolation, SSA contracted with two (2) organizations to provide these emergency placement options;
- To help our foster families obtain or maintain their license, we modified our licensing practices – but maintained critical safeguards to ensure child safety;
- To assist our staff with the transition to teleworking and televisits, we conducted virtual learning opportunities on effective use of technology, especially for virtual visits;
- To address the myriad of other challenges presented by COVID-19, we made other policy and practice changes, and will continue to look for opportunities to adjust and improve our delivery of services to children, youth, and families while we navigate the disruptions of the pandemic and its ongoing effects.

COVID-19 made it increasingly clear that our long-standing efforts to re-orient our system and services towards supporting and strengthening families have been on target. COVID-19 has shown us that large systems, child welfare included, can pivot quickly when needed, and make structural changes at a pace that would have once been unimaginable.

Implementation of Family First Prevention Services Act

As a broad and comprehensive transformation effort, the Family First Prevention Services Act ("FFPSA" or "Family First") infuses new resources to strengthen the ability of families to care for their children safely in their homes and communities. Maryland is at the forefront of this effort and is taking the first bold steps to be a leader in transforming the nation's child welfare system. To date seventeen states have submitted Family First Prevention Plans with nine plans receiving approval, of which Maryland was the third. To bolster Maryland's efforts as a leader in this cutting-edge work, SSA is one of twelve jurisdictions invited to join the Thriving Families Safer Children initiative, a first-of-its-kind partnership to work across the public, private and philanthropic sectors to assist jurisdictions in creating more just and equitable systems that benefit all children and families and breaking harmful intergenerational cycles of trauma and poverty.

To advance the implementation of FFPSA, SSA has intentionally focused on building buy-in around our vision and the use of FFPSA as a tool to support transformation efforts. This led to the development of a cross agency FFPSA Implementation Team focused on the three core components driving DHS/SSA's strategy:

- Placing a priority on Prevention that supports families' well-being and their ability to keep kids safely at home.
- Focusing on family before foster care by enhancing kinship resourcing and kinship navigation services to families, including fictive kin, to prevent children from entering foster care. And ensuring that, whenever possible, children who must spend time in the care of someone other than their parents will stay with family or friends whom they already know and love.
- Reducing the reliance on congregate care settings by reimagining the use of congregate care, ensuring that foster care is a brief intervention, and there is an increase in the number of children and youth exiting foster care to lasting permanency.

As SSA has worked to garner the cooperative investment crucial to our success, and has accomplished key milestones including:

- Conducting virtual town hall meetings outlining Maryland's child welfare transformation approach and the role of Family First in these efforts;
- Supporting local departments in using a data informed approach to identify evidence-based prevention services to be implemented or expanded within their region;
- Completing a preliminary assessment of current placement provider readiness to implement Qualified Residential Treatment Provider (QRTP) requirements;
- Developing a process to build placement provider capacity to implement QRTP requirements; and
- Amending policies for compliance with FFPSA requirements

To continue our forward progress towards full implementation of FFPSA, DHS will be working to obtain the remaining approvals from our federal partners, solidifying the identification of QRTP

providers, finalizing the procurement methodology to support the expansion of prevention evidence-based programs (EBPs) across the state, and ensuring that a plan for implementing continuous quality improvement and evaluation requirements are in place. We understand that families need solutions to the barriers they face, not separation from their loved ones. We know that removal is a traumatic experience for children, and we are committed to reducing the need for both foster care and congregate care while rethinking the entry points to both so that they are used as a last resort.

Evidence Based Practices

A key provision in FFPSA is to deepen and broaden the use of evidence-based practices (EBPs) to strengthen families and communities. We are committed to innovating and developing strategies to keep families together and get them what they need to prevent challenges from escalating. This includes scaling up evidence-based prevention services to maintain children safely in their own homes and communities. DHS/SSA's prevention plan builds on Maryland's Title IV-E Waiver experience by deepening and expanding our investment in EBPs. Through Family First our focus is on five specific EBPs; Healthy Families America, Nurse Family Partnership, Functional Family Therapy, Multisystemic Therapy, and Parent Child Interaction Therapy. These EBPs are designed to support the development of parenting skills and strengthen families' ability to care for their children with behavioral health challenges. We are starting with a solid foundation and there is an opportunity for flexibility and expansion. We can make shifts, enhance, and grow by embodying our values as a learning organization that is actively using Continuous Quality Improvement (CQI) to inform mid-course improvements and updates to what we do and how we do it.

Foster Care Placement Trends

DHS remains committed to achieving positive outcomes for children and families, with a priority on providing services that keep children safely at home and assist families in meeting their needs. The number of Maryland children in foster care has decreased by more than half since 2007.

In SFY 2020, DHS saw a decrease in entries into foster care of approximately 26% compared to SYF 2019. As of December 31, 2020, there are 4,630 children in out-of-home placement. Of these, 3,303 children and youth are in family foster care settings, and 438 youth are placed in group homes or similar settings with the remaining 889 youth in independent living, residential treatment,

or other settings. The placement of children in group home settings has decreased from nearly 20% in 2007 to 9.5% in 2020. SSA anticipates that, with a continued focus on providing and expanding supportive services for families, these positive trends in foster care caseloads and placements will continue, even as we maintain safety as our top priority.

To meet the needs of the children and youth who come into our care, it is important that we maintain a continuum of out-of-home placement options. DHS appreciates the rate increases for providers included in the SFY2022 allowance.

Adoption, Guardianship and Reunification Trends

Since SFY 2012, over 18,000 children have exited foster care and safely returned home, moved to guardianship, or been adopted. In SFY 2020, 1,105 children achieved permanency, which represents 77% of total exits from foster care and an 11% improvement over the 66% rate in SFY 2008. Specifically, 620 children were reunified with their families, 225 went to a permanent guardianship home, and 260 children were adopted.

The COVID-19 pandemic has had a significant impact on overall exits from care, and on exits to permanency in particular. The reduction can be attributed to the impacts COVID-19, which led to changes in the frequency of court hearings during the last quarter of FY 2020.

In the first four months of the SFY 2021 there have been 267 total permanent exits from foster care, a third fewer than the same time last year. As the pandemic continues, SSA projects this trend will continue throughout the current fiscal year and into SFY 2022.

Adoptions decreased 14% from SFY 2019 (302) to SFY 2020 (260). The goal for Adoption Services is to develop permanent families for children who cannot live with or safely be reunited with their birth parents. Maryland's Adoption Services continue to assist LDSS and other partnering adoption agencies in finding adoptive families for children, especially older youth, in the care and custody of the State.

Guardianships decreased by 26% from SFY 2019 (304) to SFY 2020 (225). Local Departments are working to extend resources to relative caregivers to ensure that youth maintain a stable

environment and lasting connections. SSA in conjunction with its court partners have worked together to prioritize permanency efforts across the State.

COVID-19 impacts notwithstanding, the trends for exits from care remain generally positive; however, due to the pandemic, there was a 19% reduction in total exits during SFY 2020 compared to SFY 2019. In addition to the impact of court closures, the decision to allow older youth to remain in care and not age-out at twenty-one -- a major response to the pandemic -- has also impacted the exit rate.

Inter-Agency Rates Committee (IRC) and Provider Rate Setting Workgroup and Reform

Maryland's Interagency Rates Committee (IRC) has continued its interagency work to restructure its rate setting process. This effort, known as the Children's Quality Service Reform Initiative (QSRI), is working to align rate setting with multiple state and federal program objectives and requirements, including the FFPSA and Medicaid.

The QSRI process will produce a new methodology for establishing rates for several types of residential placement services, including Residential Child Care and Child Placement Agency programs. In addition, a new class of service, "residential intervention," is being created to specifically cover programs that provide clinical treatment services that can qualify for Medicaid reimbursement.

In June 2020, the IRC workgroup committed to the new structure for rate setting. The new methodology will shift to a class-based rate instead of individualized rates. The classes will be based on the current IRC rate categories, with the addition of the new residential intervention class. The new methodology will create one common rate for all providers within a class for direct residential care (which includes basic room and board). A separate rate will be issued for any clinical or other supplemental services. The clinical rate will cover those clinical and/or behavioral health components of service which may qualify for Medicaid reimbursement.

To transition to this new rate methodology, initial service descriptions, provider qualifications, and medical necessity criteria for the tiered residential intervention service, have been created and reviewed by the Maryland Department of Health (MDH) to support alignment for a future submission of a Medicaid State Plan Amendment (SPA). The workgroup is currently finalizing

the medical necessity criteria, provider qualifications, service descriptions, and staffing levels for residential interventions. The next critical step in this effort is the development and execution of an actuarial study, consistent with Medicaid standards, to support the setting of both the direct care and clinical rates.

The rate reform timeline which DHS shared in the JCR Report submitted in December 2020 called for full implementation of the residential child care rates in SFY2023 and child placement agency rates in SFY2024. However, DHS has encountered challenges in securing the technical expertise to perform the actuarial work to develop the actual rates. DHS is currently pursuing a new vendor to provide this service. As a result, DHS and the IRC now expect to have the implementation for residential child care providers in SFY 2025, and child placement agency providers in SFY 2026. The State anticipates being able to claim Medicaid for foster care placements no later than SFY 2026, subject to federal acceptance of the Medicaid state plan amendment.

Reducing Out-of-State Placements

The Department is committed to keeping children and youth in placements in Maryland to the greatest extent possible, while ensuring that the needs of the children in our care are met. The utilization of out-of-state (OOS) placement providers has decreased significantly since 2016 when 49 youth were placed outside of Maryland. As of January 1, 2021, there were 26 youth placed outside of Maryland. This is less than 1 percent of the total youth in care, and we continue to work on reducing this number. The youth in these placements present with the most challenging behaviors.

Hospital Overstay for Youth

DHS is focused on reducing the number of youth that remain in a hospital setting longer than medically necessary. The children and adolescents who experience emergency room and hospital overstay are typically those who require intensive ongoing treatment or support services for a stable and successful placement.

The issue of hospital overstays is not a DHS problem - it is a Maryland problem, and all of Maryland's child serving agencies are working together to tackle this challenge. Under the leadership of the Children's Cabinet, representatives from DHS and the departments of Health,

Juvenile Services, Disabilities, and Education, with the support of Governor's Office of Crime Prevention, Youth, and Victim Services, have been working on a range of strategies to address the multi-faceted problem of hospital overstays, including developing additional placement resources to serve the complex and diverse health challenges facing Maryland's youth. These strategies are contained in the *Interagency Plan: Developing Resources To Address the Complex Needs of Maryland Youth in Care*.

Based on this work, the Governor's FY 2022 Budget included $5 million for the Department of Health to fund the development of 18 additional psychiatric residential treatment center beds to provide crisis and transition placements.

To complement the new MDH capacity, DHS, through targeted procurements with current in-state providers, has created additional bed capacity specifically to address youth with high levels behavioral health needs, but may not require RTC level of care. DHS is also moving forward to create additional psychiatric respite bed capacity. Collectively, the new MDH and DHS beds will create a stronger continuum of placement options to help reduce the instances of hospital overstays.

Adult Services

The Office of Adult Services provides support and services to the vulnerable adult population in Maryland. In SFY 2020, the Office of Adult Services: handled 6,467 adult protective services investigations; served as the Adult Public Guardianship to 1139 vulnerable adults; provided In-Home Aide Services to 1701 individuals; helped 428 clients remain in their homes and avoid more costly institutional placements through Project Home; and provided other supports to 2563 vulnerable adults through Social Services To Adults cases.

During the pandemic, ongoing technical support has been provided to local departments to support vulnerable populations most often at risk of contracting COVID-19. The In-Home Aide Services (IHAS) program has continued to provide personal care services to the state's most vulnerable adults during this pandemic which ensures these individuals can remain safely in their homes. Funding was identified through the CARES Act that provided Adult Services clients with support such as safe transportation to essential health care visits when a virtual visit was unavailable. Caregiver support and food delivery was provided when no other resources were available.

Conclusion

This concludes my testimony. Thank you again for the opportunity to testify, and I am happy to answer any questions you may have.

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Response to Issues

Issue#1: Therefore, the Department of Legislative Services (DLS) recommends deleting the general fund deficiency appropriation while still providing the temporary rate increase. (**page 8**).

Response to Issue: The Department respectfully disagrees with the Analyst's recommendation to delete the general fund deficiency appropriation for the much needed provider rate increase. The estimates are susceptible to any minor change in the caseload and given the current pandemic environment, the Department believes it would be prudent to leave the funds in the budget as is. Furthermore, since the general fund appropriation in this program is restricted and any funding that will not be spent will be reverted in the closeout process without jeopardizing operations. It should also be noted that leaving the funds in this program has a potential to mitigate the Analyst concern regarding the TANF balance.

Issue #2: DLS recommends the release of the $100,000 in general funds restricted for this purpose and will process a letter to this effect if no objections are raised at the budget hearing. (Page 10)

Response to Issue: The Department concurs with the Analyst's recommendation of the release of the $100,000 in general funds restricted for youth in hospitals that are not covered by Medicaid due to not being medically necessary.

Issue #3: DHS should discuss how it is working with BHA on this initiative and how the estimated number of beds needed was determined given that the agencies indicated a comprehensive review of additional beds needed was not yet complete in November 2020 **(Pages 23 and 24)**

Response to Issue: The Department is currently providing technical assistance to BHA as needed as it seeks to identify additional residential treatment center resources to service youth identified in the analysis that are not currently able to receive services utilizing the current in-state RTC providers. DHS provided data regarding the complex needs of youth to BHA to inform the drafting of the REOI scope. DHS will continue to coordinate with BHA on this effort.

Because there was no single data source that would allow the departments to identify a number of beds needed, BHA extrapolated data based on a variety of data sources. The 18 beds is an estimate with the understanding that the numbers may fluctuate. The administrations are committed to ensure the resources needed to address the hospital overstay issue will be provided.

Issue #4: DLS recommends budget bill language restricting funds until DHS submits recent data on hospital stays, ER visits, and placements after discharge. **(Page 24)**

Response to Issue: The Department respectfully disagrees with the budget bill language to restrict funding until the submission of a report. However, the Department concurs with the Analyst's recommendation to provide the requested report on hospital stays, emergency room visits, and placements after discharge by November 30, 2021.

Issue #5: DHS should discuss the new timeline and when it anticipates being able to claim Medicaid for foster care placements. **(Page 26)**

Response to Issue: The Department concurs with the Analyst's recommendation to adopt committee narrative requesting information on the implementation of the new provider rate structure.

The new rate structure is contingent on securing a vendor for the actuarial work to support the actual rate-setting. The RFP process is estimated to take one year (completion in February 2022). Based on the new contract start date, new rates likely will be fully implemented for residential childcare providers in FY2025 and child placement agencies in FY2026. DHS and MDH will be outreaching to the new federal Administration to ensure that the planned approach for potential Medicaid reimbursement continues to be approvable. The State hopes to be able to claim Medicaid for foster care placements no later than FY2026, subject to the federal approval of a Medicaid State Plan amendment.

Issue #6: DHS should comment on the potential impact of the delay in the QRTP process and the timing of beginning to claim for these placements. (Page 27)

Response to Issue: The Department can not assess the potential impact of the delay. If the QRTP process is not in place by July 2021, the delay may result in the denial of additional IV-E funding. However, this program is still quite fluid at the federal level, and processes and standards are still being defined by HHS. As of today, we are not aware of any state that is claiming IV-E funds.

Issue #7: DHS should comment on when it anticipates receiving approval of its Cost Allocation Plan and any other plans or amendments needed to receive federal reimbursement for prevention services. In addition, DLS recommends committee narrative requesting DHS provide an update on the prevention services programs and QRTP implementation. **(Page 31)**

Response to Issue: The Department is working with the Children's Bureau to ensure that all required documents submitted meet the provisions outlined in FFPSA. The final version of the Cost Allocation Plan (CAP) was submitted in January 2021 and the Children's Bureau (CB) has until April 2021 to provide a response. There are no other federal approvals required to begin claiming federal reimbursement for prevention services. While the CAP is under CB review, the Department is working diligently to ensure that all the needed infrastructure activities are in place to support full implementation of FFPSA allowing for the receipt of federal reimbursement for allowable costs.

Issue #8: DHS should comment on its efforts to comply with the public awareness campaign requirements and to reengage with those youth that left care during the pandemic. **(Page 32)**

Response to Issue: In lieu of receipt of official guidance from our federal partners, SSA is collaborating with its Communication's Department to develop strategies to engage older youth who left care and are eligible to return and benefit from foster care services. SSA is working with the Communications department to initiate a public service announcement, including outreach and information to youth through social media platforms, and to reach the foster alumni through the Fostering Change Network. Other strategies pending implementation to provide public awareness to youth and stakeholders include: posting on the MYLife website, circulating a public service announcement on the DHS social media platforms, creating an animated video with informational messages offered through a collaboration of the State Independent Living Coordinators, Youth Advisory Boards and the Ombudsman.

Issue #9: DHS should comment on the status of its efforts to implement these changes and support older youth. **(Page 33)**

Response to Issue: SSA contracts out the Education Training Voucher (ETV) services to a vendor, Foster Care 2 Success. SSA's Well Being Unit met with Foster Care 2 Success staff to explore how to implement the newly passed Consolidations Appropriations Act and how it impacts

the ETV. The new act would require a contract modification. As a result, a list of questions was developed to pose to our federal partner, Administration for Children and Families, Children's Bureau to request additional guidance on the act. SSA is awaiting feedback from the Children's Bureau for additional guidance and response to questions.

In lieu of receipt of federal guidance, SSA has held strategic planning meetings with its partners to develop a training curriculum by July 31, 2021 to support the Youth Transitional Plan (YTP) and incorporate youth voice in YTP processes for the purpose of ensuring a successful transition to independence.

In addition, SSA conducted a webinar in partnership with the National Center for Housing and Child Welfare to provide housing resources for Fostering Youth Independence (FYI) to provide housing stability for youth transitioning from care. In addition, SSA is partnering with the Maryland Department of Disabilities to provide housing opportunities for youth with disabilities.

Issue #10: DHS should comment on efforts to fill vacant caseworker and supervisor positions so that the department is well positioned to meet the standards when case activity returns to a more typical level. **(Page 34)**

Response to Issue: The Department believes that its current efforts to attract and retain staff have been successful based on our data which indicates that DHS is meeting the CWLA caseload standards. It should be noted that the Department has continued to recruit and hire caseworker positions throughout the COVID pandemic. Based on that authorization, the Department has been proactive in continuing to hire these positions. As a result, as of February 1, 2021, there are 53 more filled caseworker positions than there were on February 1, 2020.

Response to Recommended Action

Recommended Action #1
Add language restricting general funds until a report is submitted on hospital stays, emergency room visits, and placement after discharge. **(Pages 3,36 and 27**)

Response:
The Department concurs with the Analyst's recommendation to provide the requested report on hospital stays, emergency room visits, and placements after discharge by November 30, 2021. However, the Department respectfully disagrees with the budget bill language to restrict funding until the submission of a report.

Recommended Action #2
Adopt committee narrative requesting an update on the implementation of the Families First Prevention Services Act. **(Pages 3 and 37**)

Response:
The Department concurs with the analyst's recommendation to submit a report outlining the status of the implementation of Family First Prevention Services Act to include all requested information by October 15, 2021.

Recommended Action #3
Add language restricting the general funds in Foster Care Maintenance Payments to that purpose only. **(Pages 3 and 37**)

Response:
The Department will comply with this perennial budget bill language as recommended.

Recommended Action #4
Adopt committee narrative requesting information on the implementation of the new provider rate structure. **(Pages 3 and 38**)

Response:
The Department concurs with the Analyst's recommendation to adopt the committee narrative requesting information on the implementation of the new provider rate structure by December 15, 2021.

Recommended Action #5
Adopt committee narrative requesting information on the Foster Youth Savings program and conservation of funds on behalf of youth. **(Pages 3, 38 and 39**)

Response:
The Department concurs with the Analyst's recommendation to adopt the committee narrative on the Foster Youth Savings program and conservation of funds on behalf of youth by December 30, 2021.

Recommended Action #6
Add language restricting the general funds in Child Welfare Services to that purpose. **(Pages 3 and 39**)

Response:
The Department will comply with this perennial budget bill language as recommended.

Recommended Action #7

Adopt committee narrative requesting information on child welfare caseloads. **(Pages 3, 39 and 40**)

Response:
The Department concurs with the Analyst's recommendation to provide the requested information on child welfare caseloads by December 1, 2021.

Recommended Action #8
Delete a general fund deficiency appropriation for provider rate increase due to surplus funding in program. **(Pages 3, 39 and 41)**

Response:
The Department respectfully disagrees with the Analysts recommendation to delete the general fund deficiency appropriation for the much needed provider rate increase. The estimates are susceptible to any minor change in the caseload and given the current pandemic environment, the Department believes it would be prudent to leave the funds in the budget as is. Furthermore, since the general fund appropriation in this program is restricted and any funding that will not be spent will be reverted in the closeout process without jeopardizing operations. It should also be noted that leaving the funds in this program has a potential to mitigate the Analyst concern regarding the TANF balance.