

**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
Monday, February 8, 2021**

**House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Monday, February 8, 2021**

Testimony of Secretary Lourdes R. Padilla

Good afternoon Chairman Griffith, Chairman Reznik and members of the Committee. Thank you for the opportunity to appear before you today to discuss the Department's budget request for the Office of Home Energy Programs (OHEP). With me today are the Acting Executive Director of the Family Investment Administration, La Sherra Ayala, Director of the Office of Home Energy Programs, Bill Freeman, and the Department's Chief Financial Officer, Stafford Chipungu.

The Office of Home Energy Programs administers energy assistance benefits through a network of local Departments of Social Services, Community Action Agencies, and local municipalities throughout the state. Energy assistance benefits make energy bills more affordable and to help with the prevention of loss or restoration of home energy service. The program achieves this through benefits paid for customers' electric and heating bills.

The Office of Home Energy Programs' electric benefit consists of two components; bill payment assistance to make monthly bills more affordable and arrearage retirement assistance to help customers pay past due electric and gas bills. Electric benefits are funded through special



ratepayer funds and the Maryland Strategic Energy Investment Fund.

The Office of Home Energy Programs' heating benefit assists customers with numerous types of heating sources, including electric, gas, propane, oil, kerosene, coal and wood. Benefits keep heating costs affordable for customers and help those low on or without heating fuel with expedited delivery of assistance during the winter season. Heating benefits are 100% funded through the federal Low Income Home Energy Assistance Program, known as LIHEAP.

OHEP's fiscal year 2022 budget allowance totals \$144,358,897. Approximately \$76,367,767 million of this total comes from the federal LIHEAP block grant. \$35,643,611 million comes from the Electric Universal Service Program ratepayer surcharge. The remaining \$32,347,519 million comes from special ratepayer funds and funding from the Strategic Energy Investment Fund. There are no general funds in the Office of Home Energy Programs budget allowance.

This hearing takes place at a time when we are reminded of the importance of energy assistance to keeping Marylanders safe, warm, and connected to life-sustaining home energy. In the middle of this winter season, the economic fallout from the COVID-19 pandemic continues to challenge families throughout the state while students engage in remote learning and many are working remotely. The important utility termination and late fee moratorium put in place by Governor Hogan in response to the COVID-19 pandemic protected many households from devastating terminations of service. The Department is now fully engaged in ensuring that energy assistance continues to protect these households following the end of the moratorium and the return of utility collection activities. Funding has proven to be adequate in recent years to meet demand and improve key metrics of program quality, such as reducing household energy burden and preventing terminations.



Office of Home Energy Programs Enrollment and Average Benefit Data

The Office of Home Energy Programs provides critical benefits to thousands of households in Maryland and continues to target the benefits to the most vulnerable households. In fiscal year 2020:

- heating benefits: 88,590 households received a total of \$50.8 million, with an average benefit of \$575;
- electric bill assistance: 84,079 households received a total of \$41.3 million, with an average benefit of \$492;
- electric arrearage retirement benefits: 12,218 households received a total of \$9.5 million, with an average benefit of \$779; and
- gas arrearage retirement benefits: 7,185 households received a total of \$4.5 million, with an average benefit of \$636.

COVID and Moratorium Effects

Governor Hogan acted early in the pandemic to ensure households affected by the economic fallout from the public health emergency maintained their electric and gas utility service. The series of Executive Orders prohibiting the termination of utility service and late fees protected many households during a time of great uncertainty. The Public Service Commission, following hearings and deliberations in Public Conference 53, authorized utilities to begin issuing termination notices October 1st and provided customers forty-five days to address their accounts by making payments, seeking energy assistance, or entering payment plans. With terminations of service underway, the demand for energy assistance is now increasing significantly and OHEP is prepared to respond to the needs of Marylanders.



Early in the pandemic, OHEP convened regular stakeholder meetings to discuss the challenges posed by the eventual return to normal collections activities. As a result of these convenings:

- Processes to allow for handling applications over the phone were established, electronic signatures were enabled, and outreach to returning customers was expanded;
- Local office ensured access to paper applications and secure dropoff points for all customers;
- Applicants were given forty-five days to complete applications that were initially denied for missing information;
- Energy assistance and Maryland Energy Assistance Program benefit payments on July 15th to help alleviate the burdens of customers;
- Local Administering Agencies revised their crisis response plans based on the new October 1st timeline;
- Prominent messaging on website and outbound Departmental materials;
- Messaging was coordinated with partner utilities through the widespread public service campaign;
- Energy assistance was prioritized in the call center queue and additional agents were added to address an increase in demand; and
- The OHEP Data Management System was upgraded to expand the capability of mailing forms and following up with those with missing information.

All of these measures were taken to ease the burden on customers and ensure access to the benefits for which they are eligible.



A critical activity in recent months has been intense direct outreach to those receiving termination notices from their utility companies. Resulting from a request made by OHEP in Public Conference 53, Maryland utilities confirmed on September 10th that they would provide OHEP with a listing of customers that receive a disconnection notice to allow OHEP to perform outreach and assess the scale of the need for energy assistance in each service territory. These lists have proven valuable to connect directly with those households facing a challenging financial burden. To date, OHEP has reached over 500,000 of these customers and continues to use direct mail, email, and phone calls to make these customers aware of their energy assistance options.

OHEP continues to drive robust outreach to utility customers facing termination of service and continues to enhance communication with utilities about the status of these efforts.

Focus on Vulnerable Populations

A focus area of the Local Administering Agency annual outreach plan process is the development of strategies to reach households with children under age 6. All approved outreach plans have clear strategies for improving service to this population through collaborations with local school systems, Head Start, Judy Centers, and child care operations. Plans that do not provide adequate outreach to these populations are returned for revision and resubmission for approval. This process resulted in clear strategies built on strong partnerships to ensure children have the light and heat necessary to stay safe and healthy. The Local Administering Agency annual outreach plan process for fiscal year 2021 placed significant emphasis on outreach and the accessibility to OHEP programs for vulnerable populations in light of ongoing COVID-19 restrictions and closures.



In addition to energy assistance benefits used to resolve crises, the OHEP budget includes funding provided to the Department of Housing and Community Development to repair or replace furnaces and cooling systems. The \$3.25 million in LIHEAP/MEAP funding provided in fiscal year 2020 repaired or replaced heating equipment for 397 households headed primarily by seniors or the disabled.

Critical Medical Needs Program

The Critical Medical Needs Program (CMNP) provides expedited access to energy assistance for those facing significant medical challenges to ensure that their homes have energy when they return from treatment. On October 1, 2019, the Critical Medical Needs Program within the Office of Home Energy Programs officially launched following the 2018 bill passed unanimously in the House and the Senate and signed by Governor Hogan.

The program works by training navigators in hospitals, cancer centers, and similar facilities. To date, OHEP has trained 298 navigators with 80 more ready to be trained in the coming months. This year OHEP also began a joint training partnership with the Maryland Office of People's Council to still further expand the network of CMNP navigators throughout the state. The Department is pleased to offer this expedited service to the most vulnerable who can least afford to wait for help as they continue on their road to recovery. OHEP continues to work to expand the navigator network and improve upon its navigator training process to ensure that all patients in need have access to the benefits that will help them stay safe and warm with no delay.



Innovation

OHEP is in the process of exploring and evaluating administrative and technological innovations designed to improve applicant communications and aid in the successful completion of energy assistance applications. For fiscal year 2021 OHEP in conjunction with the Maryland State Central Distribution Center has improved its process for requesting missing documentation from applicants. Historically, OHEP has lacked the ability to provide necessary forms to applicants when requesting missing application documentation. Now, necessary forms will accompany OHEP's requests for additional information, easing some of the burden on applicants.

OHEP is working to incorporate text messaging reminders and communications to improve communication with applicants and aid in the submission of missing application documentation.

In the coming years, the integration of OHEP energy assistance programming with the Family Investment Administration Eligibility and Enrollment system within MD THINK, which is currently in its piloting phase, will continue to improve customer service and benefit access for vulnerable populations across the state while increasing efficiency and reducing costs. The Department is working to align OHEP's eligibility and screening criteria with those of other FIA programs to expand automatic enrollment, allow for simultaneous screening for multiple FIA benefits, and condense the parallel administrative infrastructure for energy assistance. The full integration of OHEP with the other FIA benefit programs is anticipated to be completed in July of 2022.

Conclusion

This concludes my testimony. Thank you again for having me here today. I am happy to answer any questions you may have.



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Response to Issues

Issue#1: - DHS should comment on efforts by LAAs and OHEP to ensure that households receive benefits prior to any utility termination that the household may be facing. (page 6)

Response to Issue: The resumption of collections activities and terminations of service by utilities permitted by the Public Service Commission's Public Conference 53 rulings provided utility customers 45 days to address their account and seek assistance prior to a termination of service. An important result of Public Conference 53 was the utilities' agreement to provide OHEP and Local Administering Agencies detailed lists of all customers receiving 45-day notices. These lists have been central to OHEP's outreach activities since October 2020. As of January 31, 2021, OHEP has received information for approximately 485,000 utility customers who have received termination notices. Each of these customers received a mailed application, a phone call, and/or an email to encourage an expeditious application for energy assistance.

OHEP and Local Administering Agencies also continue to receive lists of customers for whom utilities have filed affidavits with the Public Service Commission to proceed with a termination of service. OHEP immediately follows up with these households to expedite an application. The provisions of telephonic applications put in place during the pandemic have proven effective at completing applications quickly for households facing termination of service.

By regulation and LIHEAP statute, all off-service or out-of-fuel applications must be addressed within 18 hours and all applications at risk of termination or imminent fuel exhaustion must be addressed within 48 hours. State OHEP and Local Administering Agencies monitor all crisis



applications on a daily basis and OHEP provides a weekly crisis response assessment to each agency.

OHEP Local Administering Agencies place a 55-day hold on applicants' utility accounts to allow for the review of an application. This is an important tool in helping to prevent terminations of service since half of all applications for energy assistance are received after a termination notice has been issued by a utility. The 55-day hold removes the account from the collections cycle to allow for the application to be processed. Once an application is finalized and approved, benefits are committed directly to the utility through an online portal or phone line to continue to protect the account from termination.

Issue #2: DHS should comment on how it monitors spending to ensure that sufficient funds will be available to all those who qualify. (Page 8)

Response to Issue: The development of the OHEP benefit matrix is completed on an annual basis to provide careful consideration of projected eligibility numbers, projected energy costs, arrearage data reported by utilities to the Public Service Commission, and other factors that drive demand for energy assistance. The primary goal of the benefits matrix development is to ensure the availability of funds for those eligible with the provision of benefits adequate to reduce energy burdens.

Throughout the year, the Department of Human Services works closely with the Department of Budget and Management to review benefit payment trends and projections as well as additional federal funding appropriated to DHS to ensure that funds will be available throughout the program year. The Department will honor and ensure that benefits are provided to all eligible individuals and households.

Issue #3: DHS should comment on a planned timeline for determining if that transition will occur and the potential timing of any transition. DLS recommends committee narrative requesting an update on the status of the implementation of categorical eligibility, the integration of the program into the new E&E system, and any other changes in the program operations. (Page 26)

Response to Issue: The Department plans to fully integrate OHEP into the MD THINK Eligibility & Enrollment (E&E) System by July 1, 2022. This will allow for the implementation of categorical eligibility and additional administrative streamlining. The Department will provide details on these administrative changes to the Committee by October 15, 2021. Additional information regarding these administrative changes will be included in the implementation of this process in the EUSP Operations Plan submission to the Public Service Commission and the U.S. Department of Health and Human Services related to its program operations for fiscal 2023.

Response to Recommended Action

Recommended Action #1

Adopt committee narrative requesting information on energy assistance application processing times. **(Pages 2 and 27)**

Response: The Department will provide details regarding the processing times for energy assistance applications by December 30, 2021, and June 30, 2022.

Recommended Action #2

Adopt committee narrative requesting an update on the implementation of categorical eligibility and other administrative changes. **(Pages 2, 27 and 28)**

Response: The Department will provide detail regarding the implementation of categorical eligibility and other administrative changes by October 15, 2021.

