

**Department of Human Services  
Fiscal Year 2023 Operating Budget  
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee  
Health and Human Services Subcommittee  
Senator Melony Griffith  
Thursday, February 10, 2022**

**House Appropriations Committee  
Health and Social Services Subcommittee  
Delegate Kirill Reznik  
Wednesday, February 9, 2022**

**Testimony of Secretary Lourdes R. Padilla**

Good afternoon, Chair and members of the Committee. Thank you for the opportunity to appear before you today to discuss the FY 2023 budget for the Office of Home Energy Programs (OHEP). With me today are the Director of the Office of Home Energy Programs, Lauren Molineaux, and the Department's Chief Financial Officer, Stafford Chipungu.

The Office of Home Energy Programs administers energy assistance benefits through a network of Local Administering Agencies (Local Departments of Social Services, Community Action Agencies, and local municipalities) throughout the state. Energy assistance benefits make energy bills more affordable and 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 is comprised 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.



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.

The number of applicants served by the Office of Home Energy Programs has remained consistent over the last four years. Funding has proven to be adequate to meet demand and improve key metrics of program quality, such as reducing household energy burden and preventing terminations. In recent years the program has, in fact, been able to increase average benefits to its customers to reflect increases in energy costs, particularly those costs related to home heating by way of propane, oil, and natural gas. These increases have helped households reduce their energy burdens, as detailed in the LIHEAP Performance Measure reports submitted to the U.S. Department of Health and Human Services.

### **Office of Home Energy Programs Enrollment and Average Benefit Data**

OHEP provides critical benefits to thousands of households in Maryland and continues to target the benefits to the most vulnerable households. In FY 2021:

- 82,358 households received a total of \$42.4 million in heating benefits with an average benefit of \$515;
- 80,013 households received a total of \$40.3 million in total electric bill assistance with an average benefit of \$504;
- 16,159 households received a total of \$16.9 million in electric arrearage retirement



benefits with an average benefit of \$1,044

- 8,593 households received a total of \$6.8 million in gas arrearage retirement benefits with an average benefit of \$791 and
- Maryland Energy Assistance Program and EUSP average benefits were raised \$200 (66%) and \$150 (100%) respectively for FY 2022.

In addition to its regular funding, OHEP received supplemental funding to help mitigate the impacts of the COVID-19 pandemic on vulnerable households. OHEP receives \$19.2 million from the CARES funding to provide 25,728 households with a supplemental benefit, with an average benefit of \$747.43

### **Focus on Vulnerable Populations**

OHEP continues to focus on improving access for the most vulnerable populations and streamlining processes to ensure those eligible for benefits can navigate the application process. The percentage of eligible households with applicants 60 years of age or older receiving MEAP and/or EUSP benefits increased by 10 percentage points in fiscal year 2021—the fourth consecutive year with an increase. Households with a disabled member also saw a 10-percentage point increase in fiscal year 2021.

These increases among the most vulnerable populations are the result of processing improvements and targeted outreach. For example, the OHEP redetermination process launched in fiscal year 2019 allowed seniors and disabled applicants that applied the previous year to receive a pre-filled simplified OHEP application, which requires only their signature to process. All approved outreach plans have clear strategies for improving service to this population



through collaborations with local school systems, Head Start, Judy Centers, and childcare operations 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 implementation of year-round processing, refined policy guidance, and training of local agencies resulted in significant positive outcomes related to processing times. Average processing times statewide improved by nearly 30% since 2015, with average processing times declining from 30 days on average in 2015 to 22 days in 2021.

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. The \$5 million in LIHEAP/MEAP funding provided in fiscal year 2021 repaired or replaced heating equipment for 590 households headed primarily by seniors or the disabled. OHEP allocated \$11 million in additional funding to this program in FY 2022.

### **Critical Medical Needs Program**

On October 1, 2019, OHEP launched the Critical Medical Needs Program (CMNP). CMNP provides expedited access to energy assistance for Marylanders facing significant medical challenges to ensure that their homes have energy when they return from treatment.

The program works by training navigators in hospitals, cancer centers, and similar facilities. To date, OHEP has trained 383 navigators with 56 more ready to be trained in the coming months.



OHEP 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 to ensure that all patients in need have access to the benefits that will help them stay safe and warm.

In FY 2023 OHEP will launch the Power to the People Pilot program in partnership with the United Way of Central Maryland and the Fuel Fund of Maryland. This pilot program will establish 2 part-time Navigator positions at the United Way 211 call center and 1 part-time Navigator position at the Fuel Fund of Maryland in order to ensure continued access to the CMNP to applicants who may not have a CMNP Navigator.

### **Low-Income Household Water Assistance Program**

The Low-Income Household Water Assistance Program (LIHWAP) is a new federal program created as part of the Consolidated Appropriations Act of 2021 and targeting low-income households that have past due water bills. Additional funding was provided by the American Rescue Plan Act of 2021, and between the two funding sources Maryland received approximately \$14 million dollars. The program is administered by OHEP, with benefits provide through the same network of Local Administering Agencies. Benefits range from \$100 to \$2,000 and are paid directly to the water utility. This program is now operational starting January 31, 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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**N00I0006**

**Response to Issues**

*Issue#1: - DHS should comment on any factors impacting the year-to-date decreases in applications and total number of households receiving energy assistance as well as outreach efforts to ensure eligible households received these benefits given the high level of total funding available due to supplemental federal stimulus funds. (Page 7)*

**Response to Issue:** Marylanders have seen a variety of assistance in the form of arrearage forgiveness, child care tax credits, stimulus payments, and extended unemployment. These supplemental programs have been used to pay a variety of bills such as rent, utilities, and other recurring household expenses. DHS anticipates an increase in applications by the end of FY 2022 due to the expiration of many assistance programs.

DHS is working with existing program infrastructure such as Supplemental Nutrition Assistance Program outreach networks to identify eligible households that may not be receiving energy assistance.

*Issue #2: DHS should comment on the number of additional households with an individual age 67 or older that have benefited from the increase in income eligibility for individuals in this age group. (Page 8)*

**Response to Issue:** The number of additional households with an individual age 67 or older are reflected below by month and the FY 2022 total to date is 489 households.



Month	# of Households with an individual 67 or older & income 175%-200% of the FPL
June	49
July	72
August	63
September	90
October	76
November	74
December	65
<b>Total</b>	<b>489</b>

*Issue #3 DHS should comment on any impacts on overall denial rates and denials for incomplete information that have occurred as a result of these changes. (Page 19)*

**Response to Issue:** A comparison of denial rates during the first five months of FY 2022 and the total FY 2021, reflect a steady decline. The denial reasons reflect a policy change which allowed applicants additional time to submit documentation resulting in a significant reduction in denial rates.

When a denial report is generated after the 90 day window where an applicant may return documentation, the primary case denial reasons shift and “incomplete information” moves from the first reason to the third reason for case denials. Thus, application denial data pulled for months within 90 days of the data report date, is subject to significant changes based on the opportunity for an applicant to submit outstanding documentation.

Denial rates will continue to decrease when 90 days have passed the data reporting timeframe. This allows time for applications that were denied for “incomplete information” to potentially be reassessed and approved, denied for other reasons, or remain denied for the initial reason.





**Issue #4 DHS should comment on any factors impacting the mid-year increases in denial rates, particularly for arrearage assistance benefits. (Page 21)**

**Response to Issue:** The primary reason for denial for Electric Arrearage Retirement for July, through December 2021 was “Previously Received Assistance in the last 5 years” or the “Benefit Amount Was Less than Minimum Required”. For the Gas Arrearage Retirement grant, the primary denial reason was the “Benefit Amount Was Less than Minimum Required” for July through December 2021.

When households apply for Energy Assistance, they are most inclined to check all programs available to apply for. Even with the recent update to policy that allows customers to receive arrearage assistance once every five years rather than once every seven, this remains the primary barrier for accessing arrearage benefits. The second most common reason, “Benefit Amount Was Less than Minimum Required” suggests that applicants are not waiting to be in a state of emergency before applying.

As Marylanders saw unprecedented arrearages relief through Maryland RELIEF funds, this supports the overall decrease in applications as turn off notices are predictable drivers of applications. Finally, another commonly cited denial reason “Ineligible - Other” for Gas Arrearages is the result of applicants selecting to apply for all available resources, even when Gas Assistance is not applicable. Such as in the case of an applicant seeking Gas Arrearage assistance whose home is heated with electric.

The charts below provides a synopsis of denials by month for Electric and Gas Arrearage:

**Electric Arrearage Denials – FY 2022**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Primary Reason	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	INCOMPLETE INFORMATION	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS
Secondary Reason	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	INCOMPLETE INFORMATION	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	INCOMPLETE INFORMATION



**Gas Arrearage Denials – FY 2022**

	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Primary Reason	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED	BENEFIT AMOUNT IS LESS THAN THE MINIMUM REQUIRED
Secondary Reason	OTHER - INELIGIBLE	OTHER - INELIGIBLE	OTHER - INELIGIBLE	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS	INCOMPLETE INFORMATION	PREVIOUSLY RECEIVED ARREARAGE ASSISTANCE IN THE LAST 5 YEARS

***Issue #5 DHS should comment on the increases in application processing times and percentage of applications processed beyond 55 days that have occurred for the Howard County Community Action Council and the Southern Maryland Tri-County Community Action Committee. (Page 24)***

**Response to Issue:** Application processing times increased in Howard County and Southern Maryland due to significant staffing turnover in both agencies. Howard County experienced a significant turnover in staff, including several senior staff members whereas Southern Maryland experienced turnover in program staff as well as program leadership.

***Issue #6 DHS should comment on the status of implementing LIHWAP, including an update on when it anticipates that applications for benefits will open and when the first benefits will be paid out. The Department of Legislative Services (DLS) recommends committee narrative be adopted requesting an update on the establishment of LIHWAP in Maryland, including the use of federal stimulus funding and any other funding needs for the program. (Page 25)***

**Response to Issue:** The Low-Income Housing Water Assistance Program (LIHWAP) began accepting applications on January 31, 2022. Similar to LIHEAP, processing agents have 45 days to make a determination on an application. Once approved and certified, it may take an additional two weeks for the payments to be issued to the appropriate water and/or wastewater vendor. Prior to receipt of funds, the water and/or wastewater utilities will receive notification of committed funds and will be able to make adjustments to approved applicants’ bills and/or service as necessary prior to receipt of guaranteed assistance.



## **Response to Recommended Action**

### **Recommended Action #1**

Report on Application processing times and denial rates Report Due December 31, 2022.

Report on Application processing times and denial rates Report Due June 30, 2023.

**(Pages 3 and 26)**

**Response:** The Department concurs with this recommendation.

### **Recommended Action #2**

Report on the status of implementation of categorical eligibility and other administrative changes. Report Due December 31, 2022. **(Pages 3, 26 and 27)**

**Response:** The Department concurs with this recommendation.

### **Recommended Action #3**

Report on LIHWAP water assistance program Report Due November 1, 2022.

**(Pages 3 and 27)**

**Response:** The Department concurs with this recommendation.

