



MDH ATTENDEES: Meena Seshamani, MD, PhD, Secretary, MDH
Marlana R. Hutchinson, Deputy Secretary, DDA
Robert White, Chief Operating Officer, DDA
Nicholas Gabor, Director of Finance, DDA

Available For Questions: TBD

Maryland Department of Health (MDH) Developmental Disabilities Administration
Fiscal Year 2027 Operating Budget
Response to Department of Legislative Services Analysis

House Appropriations Committee
Health and Social Services Subcommittee
Delegate Emily Shetty
February 26, 2026

Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray
February 27, 2026

The Department thanks the Governor, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services for its insightful budget analysis.

Considering the importance of timely PCP reviews in participants' access to services, the Department of Legislative Services (DLS) recommends adopting narrative requesting a report on PCP review processing times, including the impact of delayed PCP approval on a participant's access to services and any efforts being taken by DDA and CCS to improve timely PCP submissions by CCS (p. 11).

The Department concurs with this recommendation.

DLS determined the report on fiscal closeout and advance payments to be in compliance with the language and therefore recommends that \$500,000 in withheld general funds be released and will process a letter to this effect if no objections are raised during the hearing. DDA should comment on when the recoupment process will be completed (p. 12).

The Department thanks DLS for its review and the recommendation to release withheld funding. In less than two years, DDA is proud to report that, of the original \$468.6 million in advance payments due to the Department, approximately \$422.6 million has been collected or is in approved payment plans, representing almost 90% of the total balance. Of the 255 providers that received PCIS2 reconciliations, 179 have entered into a payment plan, are in active appeals with the Office of Administrative Hearings, or no longer carry a balance owed to the Department, with several providers in active negotiation with the Department. DDA anticipates resolving the remaining balance by the end of FY 2026.

DDA should comment on the current fund balance of the Community Services Trust Fund and whether the fund has a sufficient balance to support the total transfer of \$32.6 million in fiscal 2026. DDA should also discuss its plans to work with the Department of Budget and Management to replace the \$15.0 million general fund need if additional special funds are not available (p. 15).

The current fund balance is \$17,770,528. We are working with our DBM partners on a supplemental deficiency to adjust the current-year special fund appropriation for this item to better align with available revenue.

DDA should comment on the reason for the decrease of \$127.8 million in fiscal 2026 and whether higher spending is anticipated in the second half of fiscal 2026, including any concerns regarding the sufficiency of the fiscal 2026 working appropriation (p. 17).

In FY 2025, DDA spent \$3,223,731,693 in total funds, which, when combined with the Schedule F deficiency of \$356,572,170 for FY 2025 claims, totals \$3,580,303,863 in total funds. While there are a number of factors that impact expenditure changes between fiscal years, DDA would like to note that these expenditures include approximately \$237,945,856 in claims from previous fiscal years that lacked FY 2024 accrual support and were therefore paid in FY 2025. Reducing FY 2025 expenditures to account for expenditures tied to prior service year claims results in reduced FY 2025 expenditures of \$3,342,358,007. In comparing the revised FY 2025 total of \$3,342,358,007 to the proposed FY 2026 budget level of \$3,410,746,572, we now see an increase in costs rather than a decrease. This increase reflects an expenditure growth rate of 2% (4.33% without FY 2026 cost containment), which is in line with current DDA expectations for annual expenditure growth.

DDA is continually refreshing its projections as new Medicaid claims are submitted to monitor the potential for an increase in utilization in the second half of the fiscal year, including prior FY 2025 claims compared to the Schedule F projections. DDA will continue to work with its partners at the Department of Budget and Management to review ongoing FY 2026 projections in the event that service utilization increases in the second half of the fiscal year and additional budget support is needed.

To better understand and monitor service utilization trends, DLS recommends adding language restricting funds pending submission of a report on utilization trends in LTSS, including a comparison of service utilization and PCP budget utilization in LTSS compared to the legacy billing system, as well as utilization trends in LTSS in fiscal 2025 and 2026 (p. 22).

The Department concurs with this recommendation.

DDA should discuss (1) the impact of vacant developmental disabilities program coordinator positions on timely review and approval of participant PCPs; (2) the reasons for challenges in filling these roles; and (3) efforts being taken to improve recruitment and retention for these positions (p. 23).

The vacant positions have had minimal impact on DDA's ability to review and approve participants' PCPs in a timely manner. Variables impacting timely review include waiting for documents, documents submitted without signatures, plans returned due to insufficient documentation to support the assessed need, delays in responding to clarification requests beyond DDA's service-level agreement, the five-day requirement (five business days), and plans pending an appeal hearing. DDA has been successfully working through the process to obtain exceptions to the statewide hiring freeze for recruitment for the program coordinator positions. DDA's current vacancy rate is driven by hurdles in the recruitment cycle, including extended posting and vetting timelines compounded by a high rate of candidate drop-off and interview cancellations. Additionally, a high number of applicants do not meet our position qualifications or decline our offer due to salary concerns. We are actively investigating ways to leverage technology and feedback to streamline these processes and improve our ability to efficiently secure qualified candidates. While key recruitments are underway, DDA has implemented a system to reallocate internal resources and team members, when necessary, to support other team members in meeting our 20-day service level agreement approval timeline.

DLS determined that the second quarterly report on community services spending to be in compliance with the language and therefore recommends that \$500,000 in withheld general funds be released and will process a letter to this effect if no objections are raised during the hearing (p. 36).

The Department thanks DLS for its review and for its recommendation to release the withheld funding.

To continue monitoring community services spending, DLS recommends adding language restricting funds pending the submission of quarterly reports with spending data in LTSS for fiscal 2026 and 2027, including updated spending, participation, and service provision data (p. 36).

The Department supports this recommendation, as we believe it is important for legislators and the public to have visibility into DDA spending. DDA respectfully requests reconsideration of the deadlines associated with this requirement. To better enable DDA to produce accurate reports, we respectfully request that the deadlines listed on page 47 be extended by two weeks, as

the proposed deadlines fall during particularly busy periods that will challenge our ability to produce accurate and timely reports.

DLS determined that the report on cost containment actions implemented in fiscal 2026 to be in compliance with the language and therefore recommends that the \$500,000 in withheld general funds be released and will process a letter to this effect if no objections are raised during the hearing (p. 40).

The Department thanks DLS for its review and the recommendation to release withheld funding.

DDA should provide the average wage and range of wages paid to direct support employees in the traditional services model for services that would be impacted by this cost containment action in the self-directed services model (p. 43).

DDA would like to clarify that any changes to Reasonable and Customary wages or the wage exception process in the Self-Direction model will not affect the rates or wages paid to direct support employees in the community provider-managed model. The rates in the community provider-managed model are set using the CMS-endorsed BRICK methodology, which is also vetted by the Rate Review Advisory Group (RRAG). Providers have the flexibility to set their Direct Support Professional (DSP) rates based on statutory minimum wage requirements or the minimum wage in their respective locality. Based on the most recent Maryland Wage Data from the 2024 National Core Indicators (NCI) State of the Workforce Survey, which our providers are required to complete, the average hourly rate for DSPs was \$18.48, the median rate was \$18/hour, the minimum was \$15/hour, and the maximum was \$29.06.

Please see Appendix A, which includes an infographic published by NCI with more information.

To monitor the implementation of fiscal 2027 cost containment actions, DLS recommends adding language restricting funds pending the submission of a report with details on the implementation of cost containment actions, impacts to participants, and updated estimates for cost savings (p. 45).

The Department acknowledges this recommendation.

Appendix A:

NCI State of the Workforce in IDD 2024 Survey Results

AGENCY CHARACTERISTICS

70% provided residential supports
 49% provided in-home supports
 56% provided non-residential supports

Private for-profit: 62%

Private nonprofit: 35%

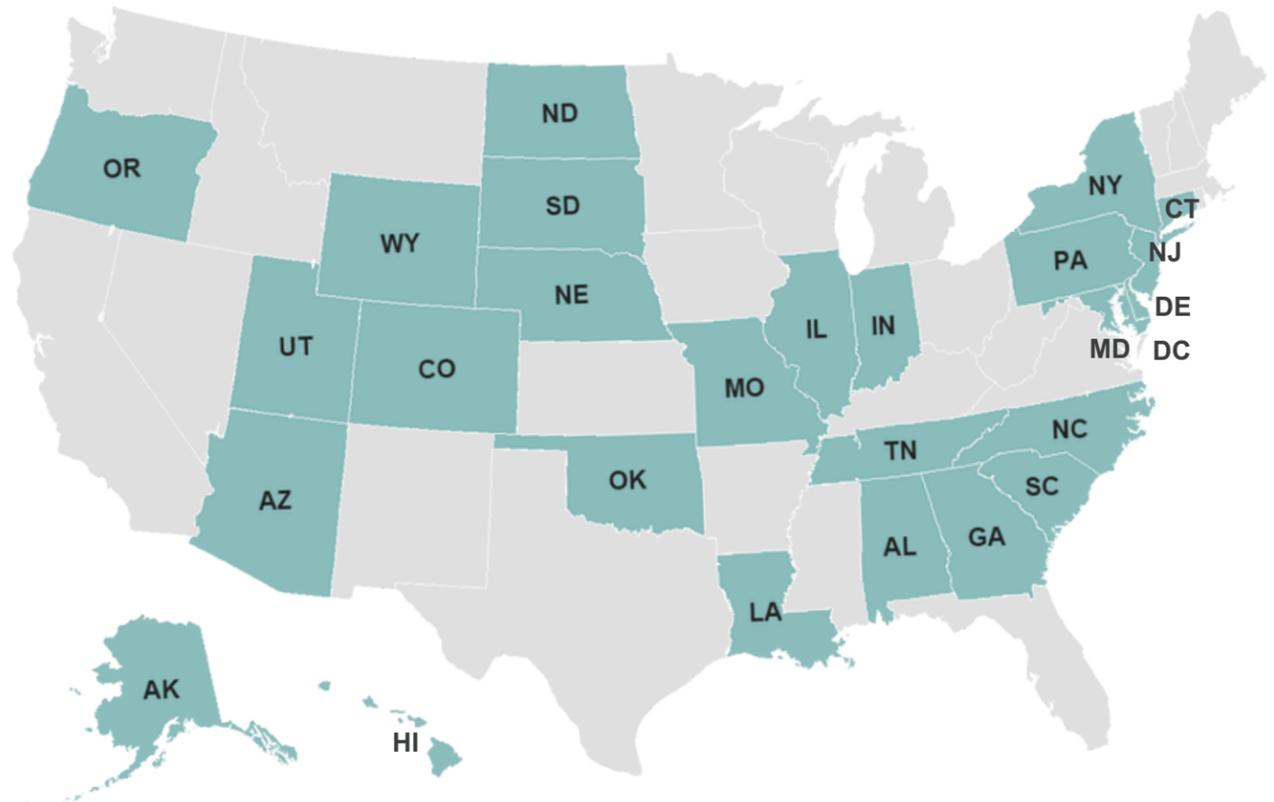
Government-run entity: 5%



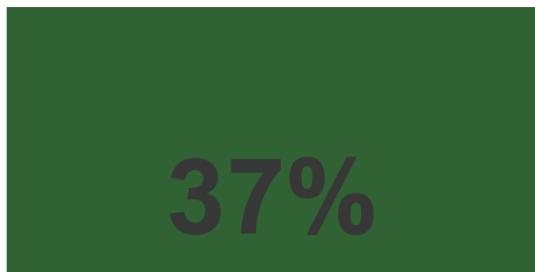
1 in 4 agencies (26%) stopped accepting or turned away new referrals due to staffing issues. This is down from 38% in 2023.

PARTICIPATING STATES & AGENCIES

More than **344,179** DSPs with **3,936** provider agencies in **26** states & D.C.



TURNOVER AND TENURE



Average turnover ratio

Turnover ratios ranged from 17%-54% across participating states

Among 24 states that participated in both the 2023 and 2024 survey, 14 states had a decrease in average turnover between 2023 and 2024.

● Less than 12 months ● 1-3 years ● 3+ years

Tenure among DSPs on payroll 12/31/24



Tenure among DSPs who separated



This figure shows the tenure of DSPs—or the length of employment—with the top bar reflecting the tenure of DSPs who were employed with their agency on Dec 31, 2024. The bottom bar shows tenure of DSPs who separated from their employer between Jan 1, 2024 and Dec 31, 2024.

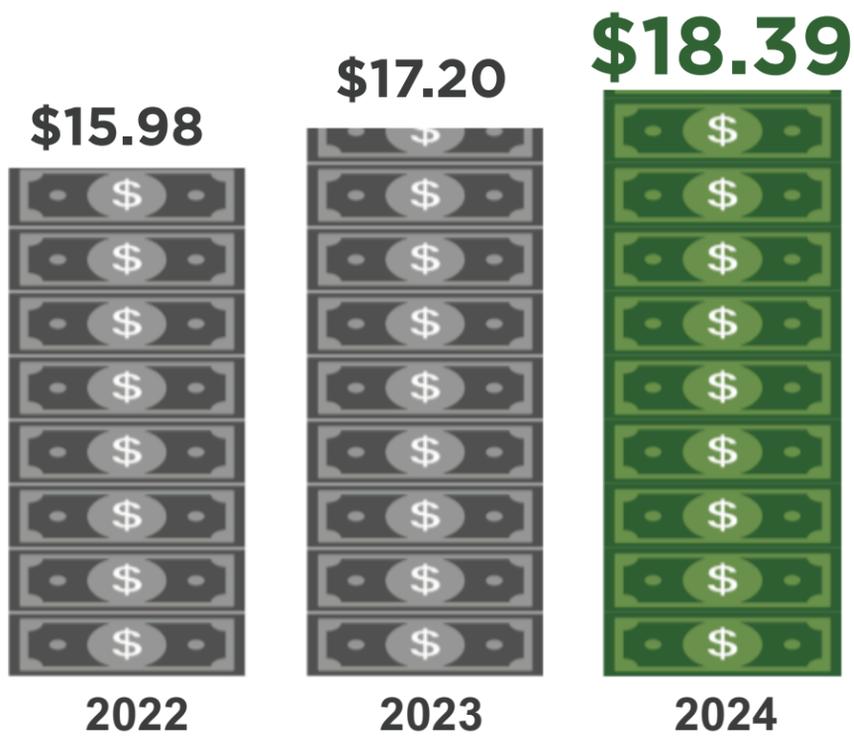
Nearly one in three DSPs who stayed have been with their agency for more than 3 years. **Nearly two in three DSPs who left their agency were employed there for less than 1 year.**

ABOUT THE SURVEY

Each year National Core Indicators® Intellectual and Developmental Disabilities (NCI®-IDD) implements the State of the Workforce Survey. The survey collects comprehensive data on the **Direct Support Professional (DSP)** workforce providing direct supports to adults (age 18 and over) with intellectual and developmental disabilities (IDD). The goal of the survey is to help states describe their workforce, measure challenges, and monitor improvements. The full survey can be accessed [here](#); the data presented in this summary represent the weighted NCI-IDD average survey results and refer to the period between **Jan. 1, 2024, and Dec. 31, 2024.**

WAGES

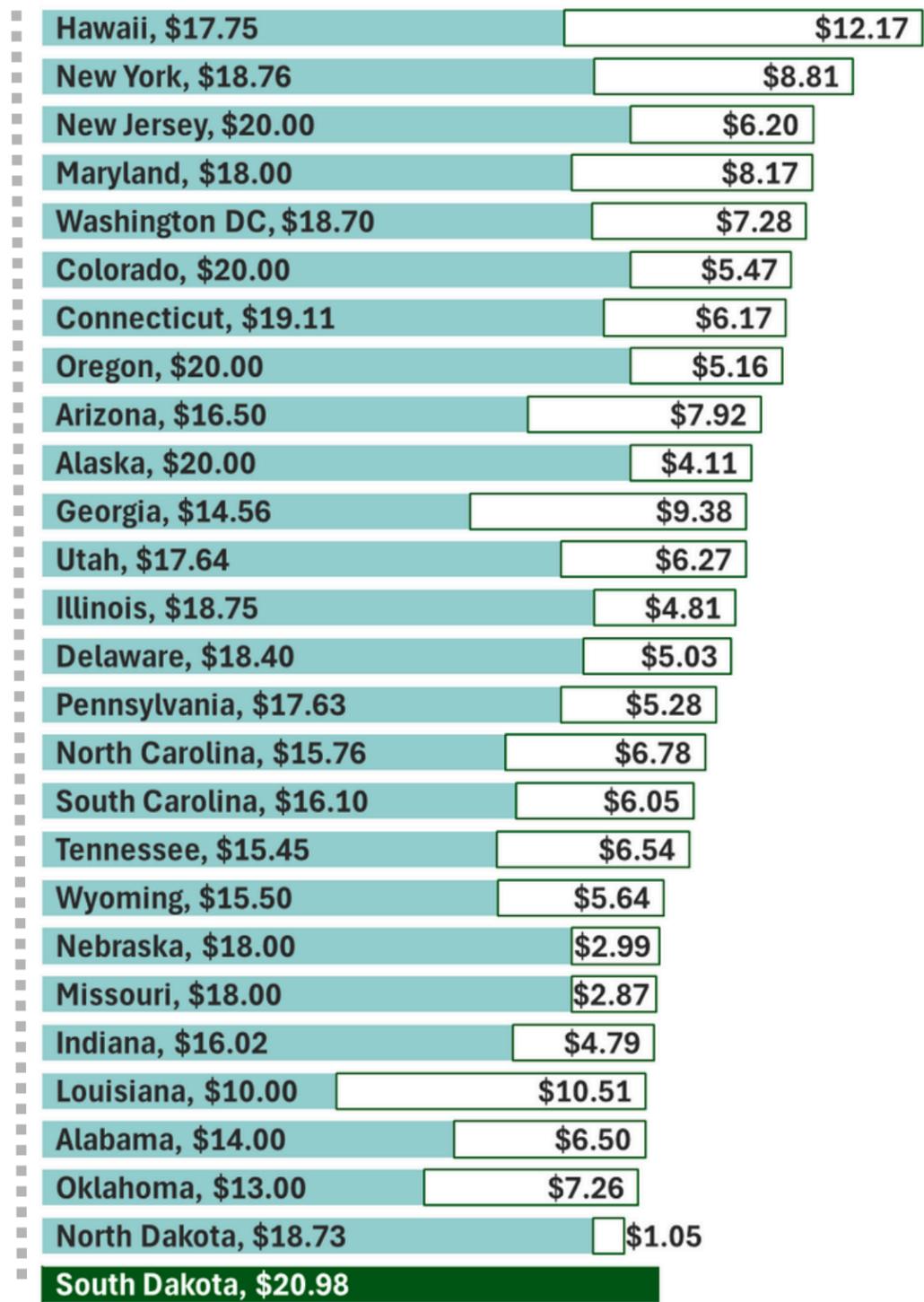
Median hourly wage for all DSPs



States have made significant efforts to increase wages for DSPs in recent years. The graph above shows that **median wages for DSPs continue to increase each year.**

Living wage is the hourly wage one full-time worker must earn to cover the cost of their family's minimum basic needs where they live while still being self-sufficient. The graph to the right shows the median wage for DSPs by state, along with the difference between median wages and **living wage for one adult without any children.**

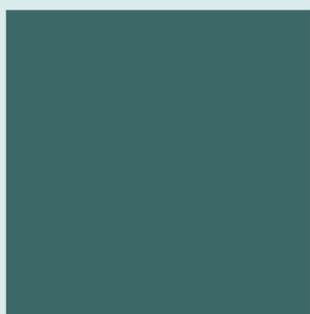
Difference between **hourly wage** and **living wage**



Only one state currently pays DSPs median wages at or above living wage for one adult, while other states would need to increase hourly wages between \$1.05 and \$12.17.

BENEFITS

On average, agencies offered benefits to some or all DSPs as described below:



Paid time off



Health insurance



Dental insurance



Vision insurance



Employer sponsored retirement

RECRUITMENT & RETENTION



More than 3 out of every 4 agencies (**80%**) offer **realistic job previews** as part of *recruitment efforts*



About 2 out of every 4 agencies (**48%**) offer **pay incentives or bonuses to new hires** as part of *recruitment efforts*



About 1 out of every 3 agencies (**36%**) **engage high schools and colleges** as part of *recruitment efforts*

57% Use DSP recognition programs to support retention efforts

52% Use DSP engagement surveys to support retention efforts

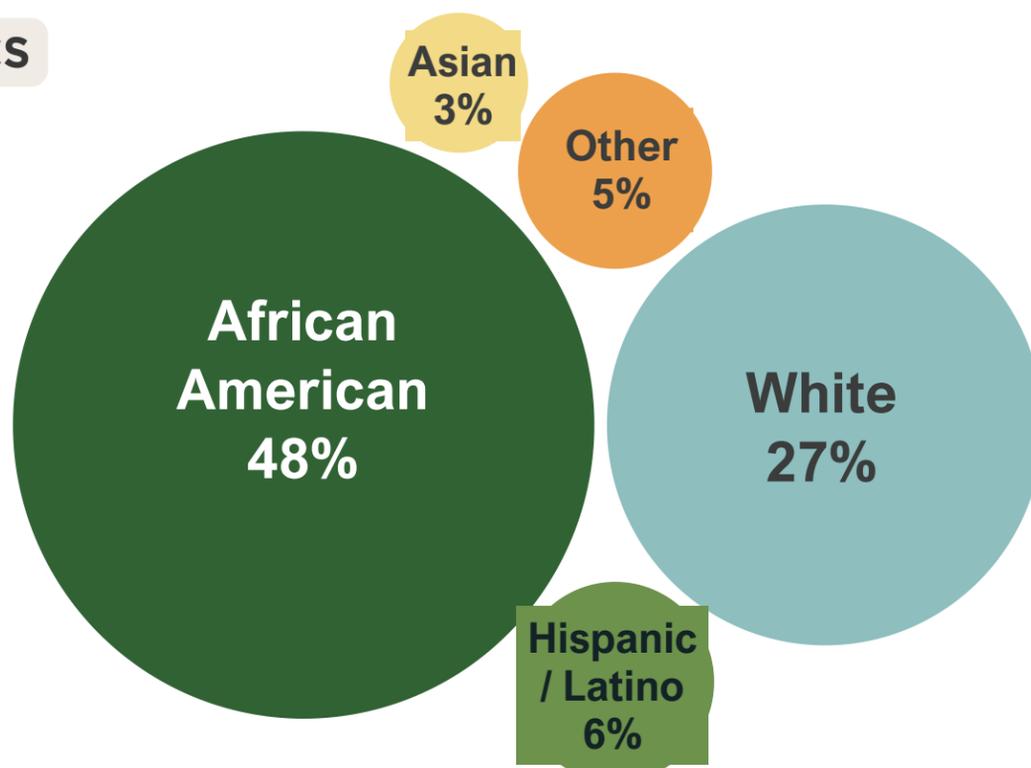
33% Use DSP ladders to retain workers in DSP roles

31% Support staff to get credentialed

29% Bonuses/raises tied to credentials

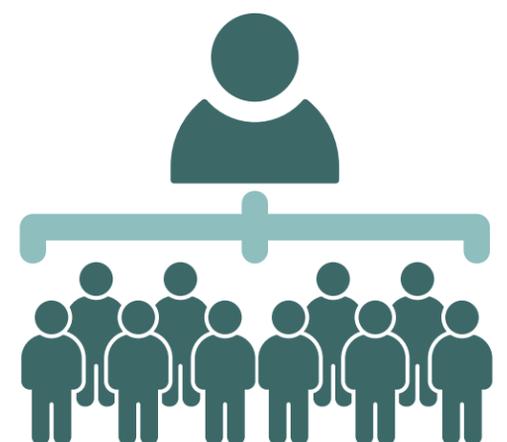
22% Include DSPs in agency governance

DSP DEMOGRAPHICS



*Other category includes DSPs who are American Indian/Alaskan Native (1%), Pacific Islander (2%) Other (1%) and More than one race/ethnicity (2%)

FRONTLINE SUPERVISORS



Average ratio of **1 Frontline Supervisor to 10 DSPs**