

**M00M**  
**Developmental Disabilities Administration**  
 Department of Health and Mental Hygiene

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$481,252	\$473,171	\$483,880	\$10,709	2.3%
Contingent & Back of Bill Reductions	0	0	-936	-936	
<b>Adjusted General Fund</b>	<b>\$481,252</b>	<b>\$473,171</b>	<b>\$482,944</b>	<b>\$9,773</b>	<b>2.1%</b>
Special Fund	4,917	4,842	4,262	-580	-12.0%
<b>Adjusted Special Fund</b>	<b>\$4,917</b>	<b>\$4,842</b>	<b>\$4,262</b>	<b>-\$580</b>	<b>-12.0%</b>
Federal Fund	297,011	310,010	317,571	7,561	2.4%
Contingent & Back of Bill Reductions	0	0	-157	-157	
<b>Adjusted Federal Fund</b>	<b>\$297,011</b>	<b>\$310,010</b>	<b>\$317,414</b>	<b>\$7,404</b>	<b>2.4%</b>
Reimbursable Fund	1,374	1,146	1,052	-95	-8.3%
<b>Adjusted Reimbursable Fund</b>	<b>\$1,374</b>	<b>\$1,146</b>	<b>\$1,052</b>	<b>-\$95</b>	<b>-8.3%</b>
<b>Adjusted Grand Total</b>	<b>\$784,553</b>	<b>\$789,169</b>	<b>\$805,671</b>	<b>\$16,502</b>	<b>2.1%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- The Governor's proposed fiscal 2011 allowance for the Developmental Disabilities Administration (DDA) increases by \$16.5 million, as shown in the Operating Budget Data table above. However, the fiscal 2010 working appropriation amount in this table does not include a \$3.0 million general fund specified reversion for the agency. Taking that reversion into account, the fiscal 2011 allowance actually increases by \$19.5 million over the fiscal 2010 working appropriation.
- The fiscal 2011 allowance also includes Back of the Bill reductions for employee furloughs, reduced health insurance payments, and reduced workers' compensation payments. The Department of Legislative Services has estimated that DDA's portion of those Back of the Bill reductions totals \$1.1 million.

Note: Numbers may not sum to total due to rounding.

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## ***Personnel Data***

	<b><u>FY 09 Actual</u></b>	<b><u>FY 10 Working</u></b>	<b><u>FY 11 Allowance</u></b>	<b><u>FY 10-11 Change</u></b>
Regular Positions	1,050.65	730.25	730.25	0.00
Contractual FTEs	<u>214.00</u>	<u>30.84</u>	<u>30.26</u>	<u>-0.58</u>
<b>Total Personnel</b>	<b>1,264.65</b>	<b>761.09</b>	<b>760.51</b>	<b>-0.58</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	35.86	4.91%
Positions and Percentage Vacant as of 12/31/09	57.00	7.81%

- There was no change to regular positions in the fiscal 2011 allowance. Contractual positions were reduced by a 0.55 full-time equivalent (FTE) position at the Holly Center and by a 0.03 FTE position at the Potomac Center.
- The turnover rate for the agency is set at 4.91% in the fiscal 2011 allowance, requiring the agency to hold 35.86 positions vacant. As of December 31, 2009, the agency had a vacancy rate of 7.81%, or 57.0 vacant positions. The agency uses the savings associated with the vacant positions in other areas of personnel to be able to sufficiently operate its State-run facilities.

## ***Analysis in Brief***

### **Major Trends**

***Community-based Services Continue to Be the Preferred Model of Service Delivery in DDA:*** One of the performance goals of DDA is to serve individuals in the community, rather than in institutions. In fiscal 2009, 21,192 individuals were served in the Community Service program within DDA. The agency expects that number to increase to over 22,715 by fiscal 2011. In contrast, there were only 230 individuals served at the State Residential Centers (SRCs) in fiscal 2009. With the closure of Rosewood, the agency expects that number to decrease to 161 by fiscal 2011.

***Secure Evaluation and Therapeutic Treatment Units for Court-committed Individuals Are Expected to Reach Capacity in Fiscal 2010:*** DDA operates two facilities for court-committed individuals for short-term and long-term treatment, called Secure Evaluation and Therapeutic Treatment (SETT) units. Individuals are identified through the court system, and DDA is charged with providing appropriate treatment services. DDA expects to reach capacity in both units in fiscal 2010.

## Issues

**DDA Continues Work to Verify Individuals on the Waiting List:** As of May 2009, the waiting list was reported to contain as many as 18,298 individuals. Since that time, DDA has taken on the task of verifying the individuals on the list and the status of their current service needs. The agency has done so by focusing on the 4,511 individuals thought to be in the Crisis Resolution category of the waiting list. DDA found that only 530 individuals originally included in the Crisis Resolution category actually qualify for the highest level of need, while others were determined to have a lower level of need. Most notably, 60% of the individuals originally identified in the highest level of need category have been removed from the list altogether due to a residence change or service need change.

**Waiting List Equity Fund Placements and Fund Balance:** After peaking in fiscal 2008 at \$3.5 million, the fund balance of the Waiting List Equity Fund (WLEF) declined in fiscal 2009 and is expected to decrease further in fiscal 2010 and 2011. This is due in large part to expenditures exceeding deposits to the fund in a given year. Because DDA has focused on serving individuals in the least restrictive settings, the population at the SRCs has been steadily declining. This results in lower possible deposits to the WLEF from individuals leaving the SRCs. At the same time, expenditures have increased since fiscal 2004, when DDA designated \$0.4 million to fund placements for 27 individuals from the waiting list. In fiscal 2009, DDA spent approximately \$1.0 million to fund placements for 54 individuals from the waiting list.

**Census and Cost to Serve Court-committed Population:** DDA is charged with serving individuals that are identified through the court system in need of treatment that qualify for DDA services. Although it is the court's final decision as to the placement status of the individual, DDA does make recommendations on the best place for treatment for the individual – in a community-based setting or in one of the SETT units at Jessup or Sykesville. In fiscal 2009, DDA served 55 court-committed individuals in the community at a cost of \$6.4 million. The SETT units were only established in fiscal 2010, and DDA expects to serve 32 court-committed individuals in the SETT units at a cost of \$8.3 million.

## Recommended Actions

	<u>Funds</u>
1. Reduce funding for the Transitioning Youth program.	\$ 2,000,000
<b>Total Reductions</b>	<b>\$ 2,000,000</b>

## Updates

**Update on Rosewood Center Closure:** DDA began the closure of the Rosewood Center in 2009, and by June 30, 2009, all individuals that previously resided at the center were transitioned to

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community-based placements, other SRCs, or the Sykesville SETT unit. DDA continues to monitor the individuals displaced by the closure to ensure that each client's treatment plan is followed. DDA also submitted a report evaluating alternate uses for the Rosewood Campus and has declared the property to be in excess of its needs.

***Community Services Reimbursement Rate Commission:*** Prior to fiscal 2009, funds were budgeted from DDA and the Mental Hygiene Administration (MHA) to support the Community Services Reimbursement Rate Commission in its mission to assess the adequacy of reimbursement rates for community service providers in the DDA and MHA community. However, in the fiscal 2009 and 2010 budgets, funds were not directly appropriated to support the commission, but rather budget bill language in each year restricted funding from DDA and MHA to that purpose. For a variety of reasons, the commission has not been active for some time. The department is working to rejuvenate the commission.

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**Department of Health and Mental Hygiene**

***Operating Budget Analysis***

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**Program Description**

A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities and which is likely to continue indefinitely. Examples include autism, blindness, cerebral palsy, deafness, epilepsy, mental retardation, and multiple sclerosis. The Developmental Disabilities Administration (DDA) provides direct services to these individuals in three State residential centers and through funding of a coordinated service delivery system that supports the integration of these individuals into the community. Because the majority of the individuals served are Medicaid-eligible, the State receives federal matching funds for services provided to Medicaid enrolled individuals. Goals of the administration include:

- empowerment of the developmentally disabled and their families;
- integration of individuals with developmental disabilities into community life;
- provision of quality support services that maximize individual growth and development; and
- establishment of a responsible, flexible service system that maximizes available resources.

**Performance Analysis: Managing for Results**

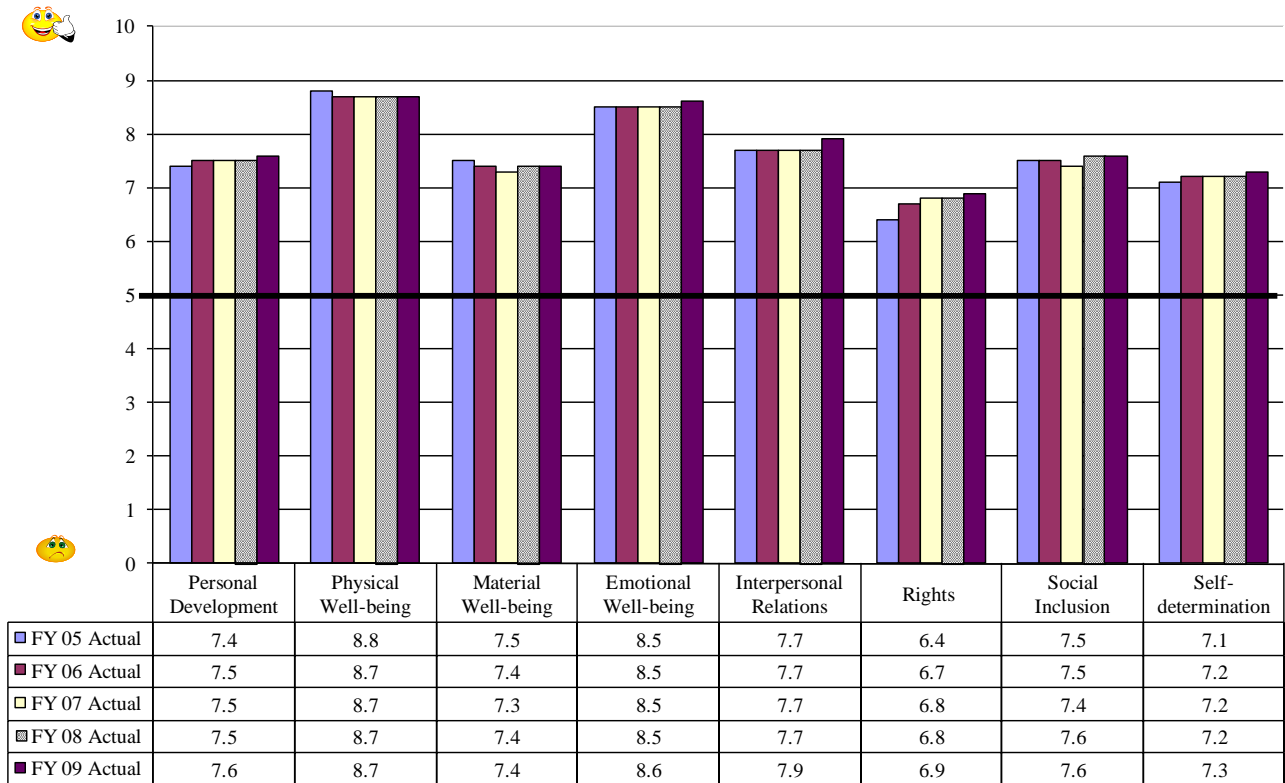
The goal of the DDA Community Services program is to empower individuals with developmental disabilities to foster personal growth, independence, and productivity by accessing quality supports and services through the DDA system. Functional improvement and quality of life measures are crucial in determining whether or not DDA, through its community service providers, is achieving the stated goal.

Maryland utilizes both a functional status and quality of life measurement tool, although the former presents significant disadvantages to accurately capture the amount of services needed for an individual to function at maximum capacity. On the other hand, Maryland's quality of life measurement, The Ask Me! Survey, is a nationally recognized model.

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The Ask Me! Survey is an annual survey administered by the Arc of Maryland that uses self-advocates to collect information from individuals receiving DDA-funded support services from all Maryland community providers. The Ask Me! Survey results presented in **Exhibit 1** indicate the satisfaction level of DDA service recipients in eight personal domain areas. Each individual is shown a set of three faces and asked to identify a face that best describes how they feel about a question: a face with a smile indicates a favorable response; a face with no smile or no frown indicates a neutral response or “not sure,” depending on the question; and a face with a frown indicates an unfavorable response. The replies are converted into a scale of 0 to 10 with 0 indicating unfavorable responses on all items, 5 indicating all neutral or equal number of favorable and unfavorable responses, and 10 indicating favorable responses on all items within a domain area.

**Exhibit 1**  
**Ask Me! Survey**  
**Fiscal 2005-2009**



Source: Department of Health and Mental Hygiene

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Stated in the Managing for Results objectives, DDA's goal associated with individuals receiving community services is to increase by 5.0% each year the average score on the domain of personal development and to maintain or improve the average scores of the other seven domains. Exhibit 1 shows that the average score for the domain of personal development increased by 1.3%, going from 7.5 in fiscal 2008 to 7.6 in fiscal 2009. The other seven domains have either remained the same or improved between fiscal 2008 and 2009.

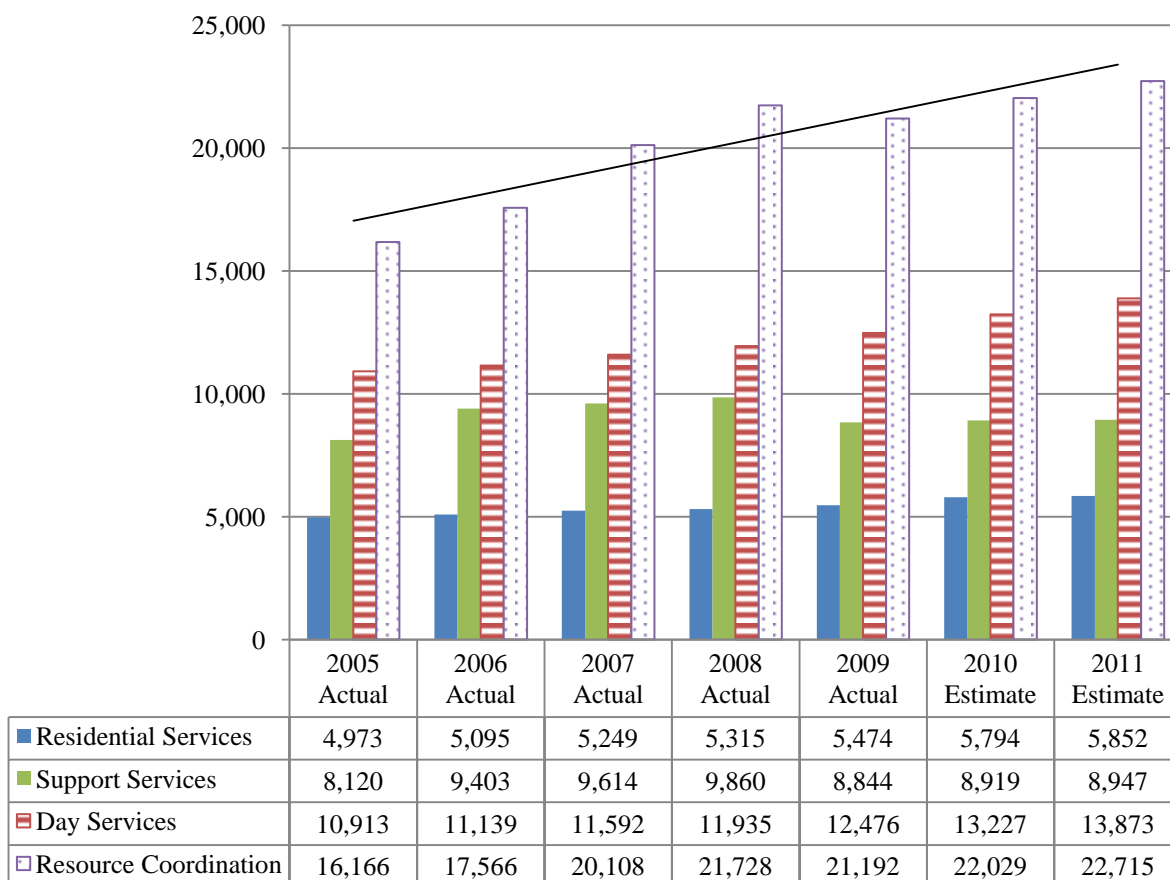
The functional status tool used by DDA is a 5x5 matrix, called the Individual Indicator Rating Scale, which assesses an individual's health and supervision needs. The matrix assessment is based on documentation from multiple sources including medical professionals, education professionals, and families. Unlike the quality of life survey, an individual is not annually assessed to see if their functional status has improved or worsened.

### **Community Services**

Another performance goal of DDA is to serve individuals in the community, rather than in institutions. In fiscal 2009, 21,192 individuals were served in the Community Service (CS) program within DDA. The agency expects that number to increase to over 22,715 by fiscal 2011. The CS program offers a variety of services to individuals for residential, day, and support services. Examples of residential services include community residential services and individual family care. Examples of day services that provide activities during the normal working hours include day habilitation services, supported employment, and summer programs. Examples of support services include individual and family support, resource coordination, Community Supported Living Arrangements (CSLA), and New Direction, a waiver program that allows individuals to choose their own services and providers. **Exhibit 2** shows the number of individuals receiving each of the major services. For purposes of this chart, resource coordination has been pulled out of the support services category as all individuals in the system receive resource coordination.

As Exhibit 2 shows, DDA provided residential services to 5,474 individuals, support services to 8,844, and day services to 12,576 in fiscal 2009. Individuals receiving services through DDA may receive more than one of the three basic services. Not captured in Exhibit 2 are behavioral support services provided to individuals to prevent reinstitutionalization. The trendline at the top of the chart corresponds to the number of individuals receiving resource coordination services by DDA and shows that there has been a steady increase in the total number of individuals served by DDA. The agency expects that trend to continue.

**Exhibit 2  
Community Services  
Fiscal 2005-2011**

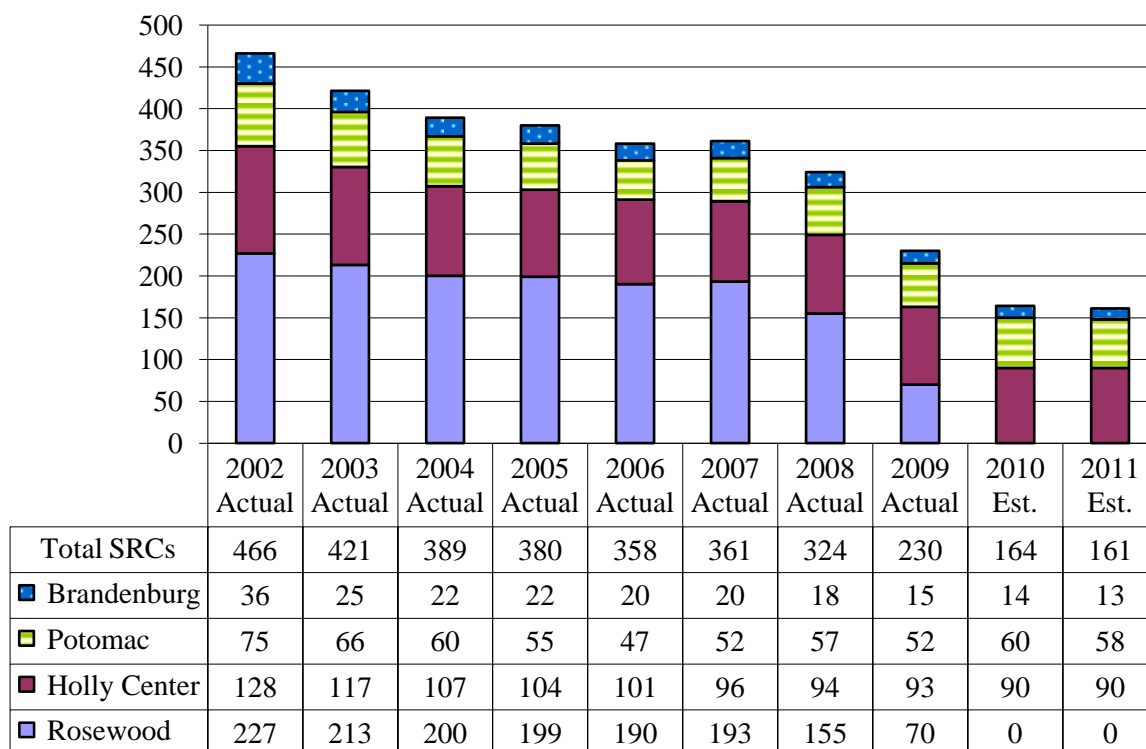


Source: Department of Health and Mental Hygiene

**State Residential Centers**

DDA’s mission is to serve individuals in the least restrictive setting. In most cases, this means serving individuals in the community instead of institutional settings. As a result, the number of individuals served in the State Residential Centers (SRCs) is far fewer than the number of individuals served in the community. The average daily population (ADP) has been steadily declining since fiscal 2005, as shown in **Exhibit 3**. In fact, there has been a 51% decrease in the average daily population between fiscal 2002 and 2009. The decline is seen at all of the State’s facilities; however, the closure of the Rosewood Center accelerates the decline in fiscal 2009 and 2010. The decline in the other three SRCs is due in large part to the policy of the department to serve individuals in the community rather than in an institution.

**Exhibit 3  
Average Daily Population of State Residential Centers  
Fiscal 2002-2011**



SRC: State Residential Center

Source: Department of Health and Mental Hygiene

**Secure Evaluation and Therapeutic Treatment Units**

Beginning in fiscal 2009, DDA began to serve court-ordered individuals in specialized centers, called Secure Evaluation and Therapeutic Treatment (SETT) units, instead of in the existing SRCs. There are two SETT units operated by DDA – one for evaluation and short-term treatment and one for treatment on a long-term basis.

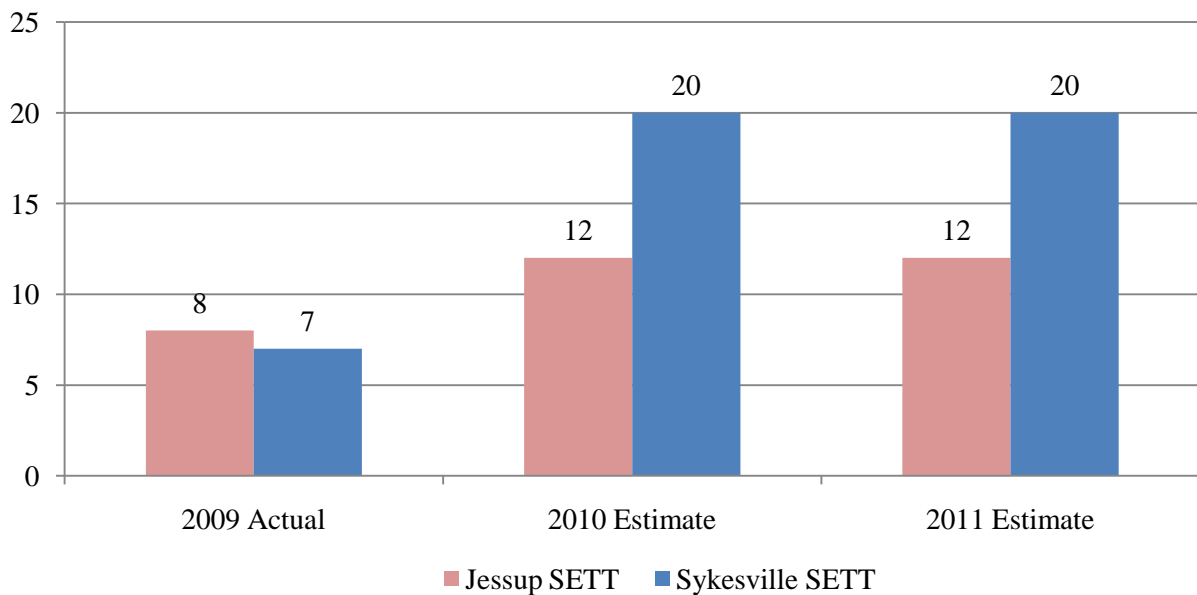
The therapeutic evaluation component is a secure unit on the grounds of the Clifton T. Perkins Hospital, named Jessup SETT unit. The unit was operational in July 2008 and houses a maximum of 12 individuals for 21 to 90 days. During the evaluation phase, DDA completes competency and behavioral evaluations and develops comprehensive service plans for the individual.

The therapeutic long-term treatment facility, Sykesville SETT unit, is a secure unit on the grounds of Springfield Hospital. The unit was operational in December 2008 and has capacity for 20 individuals who have been identified through the Jessup evaluation unit.

**Exhibit 4** shows the average daily population of each unit. As the chart shows, DDA expects to reach capacity in both units in fiscal 2010. In fact, as of December 31, 2009, there were 11 individuals at Jessup SETT and 16 individuals at Sykesville SETT.

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**Exhibit 4**  
**Average Daily Population of SETT Units**  
**Fiscal 2009-2011**



SETT: Secure Evaluation and Therapeutic Treatment

Source: Department of Health and Mental Hygiene

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## **Fiscal 2010 Actions**

### **Impact of Cost Containment**

Cost containment actions taken by the Board of Public Works (BPW) in 2009 have decreased the budget by \$29.3 million in total funds. Of that amount, the general fund appropriation was reduced by \$20.6 million and the federal fund appropriation was reduced by \$8.7 million. Some of the major reductions include:

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- **Community Service Provider Rate Adjustments:** BPW took two actions to reduce the payments to community service providers, totaling \$17.1 million (\$10.2 million in general funds and \$6.9 million in federal funds). In July 2009, BPW eliminated the 0.9% provider rate increase for community providers included in the original fiscal 2010 legislative appropriation. Then in August, rates were reduced by 2.0% for part of the year from October 2009 to June 2010.
- **Resource Coordination Services and Low-intensity Support Services:** BPW reduced funding for resource coordination services and low-intensity support services by a total of \$4.8 million (\$3.7 million in general funds and \$1.1 million in federal funds). The August 2009 BPW action reduced resource coordination services by 15% and low intensity supports by 10% on an ongoing basis. All individuals served in facilities and in the community require resource coordination. Only individuals that do not qualify for Medicaid use low-intensity support services.
- **Center for Excellence Relocation:** By moving the Center for Excellence from the Brandenburg Center to the Potomac Center, BPW reduced operating costs by \$2.0 million in general funds. The Center for Excellence will serve individuals that are dually diagnosed with mental health issues and developmental disabilities. Moving the Center to the Potomac Center will result in \$2.0 million in reduced costs, including the abolition of 14 positions that will no longer be needed to staff the unit.
- **Movement of Dually Diagnosed Individuals into the DDA System:** BPW reduced the budget by \$1.4 million (\$0.7 million in general funds and \$0.7 million in federal funds) due to the recognition of the delay in moving dually diagnosed individuals from State psychiatric hospitals to the Center for Excellence or DDA-funded community placements. The Department of Health and Mental Hygiene (DHMH) identified 84 dually diagnosed individuals that would be appropriately served in a DDA setting. The original plan was to transition 64 of those to community settings and 20 to the Center for Excellence. BPW actions reduced the budget due to the delayed transition of this population.
- **Ongoing Operating Cost Reductions at Holly and Potomac Centers:** BPW reduced general funds, totaling \$1.1 million, from the Holly Center (\$0.4 million) and the Potomac Center (\$0.7 million) to reflect budget savings based on leaving positions vacant; reduced overtime and contractual services; and fewer purchases of equipment, supplies, and advertising.
- **Increased Medicaid Participation:** BPW reduced general funds in the Community Services program and Program Direction based on the availability of federal funds due to increased Medicaid participation (\$1.0 million in general funds).
- **Statewide Employee Furloughs:** The implementation of employee furloughs reduced the budget by \$0.8 million in general funds.

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- **Consolidation of Cottages at Brandenburg Center:** BPW reduced the budget for the Brandenburg Center by \$0.7 million in general funds as a result of consolidating patient housing. As of July 1, 2009, there were 14 individuals receiving services at Brandenburg. Housing for these individuals was consolidated into one cottage, resulting in lower personnel costs and contractual services.
- **Miscellaneous Reductions to Operating Costs:** BPW reduced the budget for all subprograms within DDA for miscellaneous reductions to operating costs totaling \$0.2 million in general funds for travel, supplies and materials, vehicle expenses, fuel and utilities, and equipment.
- **Personnel Reductions:** BPW reduced personnel expenses within all subprograms of DDA by \$0.2 million in general funds for the consolidation of human resource management functions, the abolition of a position within the Executive Direction program, elimination of nurse retention bonuses at the SRCs, and reduction to personnel costs due to lower average daily population at the Sykesville SETT unit.

### **Federal Stimulus Fund**

Most individuals in the DDA system receive services through a Medicaid waiver. The State does receive an enhanced federal match in fiscal 2009, 2010, and for half of the year in fiscal 2011. The enhanced funds are budgeted in the Medicaid program.

### **Proposed Budget**

The Governor's proposed fiscal 2011 allowance increases by \$19.5 million, or 2.5%, over the fiscal 2010 working appropriation, as shown in **Exhibit 5**. The fiscal 2010 working appropriation includes a \$3.0 million specified reversion for increased utilization review of contractual expenses within the agency. The majority of the contractual expenses for the agency occur within the CS program to provide community-based services for residential, day, or support services.

### **Personnel**

Personnel expenses for DDA decrease by \$0.8 million in the fiscal 2011 allowance. The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services (DLS) has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

**Exhibit 5**  
**Proposed Budget**  
**DHMH – Developmental Disabilities Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
2010 Working Appropriation*	\$470,171	\$4,842	\$310,010	\$1,146	\$786,169
2011 Allowance	<u>483,880</u>	<u>4,262</u>	<u>317,571</u>	<u>1,052</u>	<u>806,765</u>
Amount Change	\$13,709	-\$580	\$7,561	-\$95	\$20,595
Percent Change	2.9%	-12.0%	2.4%	-8.3%	2.6%
Contingent Reduction	-\$936	\$0	-\$157	\$0	-\$1,093
Adjusted Change	\$12,773	-\$580	\$7,404	-\$95	\$19,502
Adjusted Percent Change	2.7%	-12.0%	2.4%	-8.3%	2.5%
<b>Where It Goes:</b>					
<b>Personnel Expenses</b>				<b>-\$751</b>	
Employee and retiree health insurance (as reduced by Section 19) .....					\$599
Contributions to employees' retirement system .....					518
Workers' compensation premium assessment (as reduced by Section 21 and 23) .....					-1,071
Regular earnings, including employee furloughs (per Section 18) .....					-758
Other fringe benefit adjustments .....					-38
<b>Administration</b>				<b>\$224</b>	
Indirect costs associated with information technology infrastructure .....					104
Environmental clean-up of Henryton Center .....					120
<b>Community Services</b>				<b>\$20,695</b>	
Transitioning Youth funding .....					11,776
Annualization from fiscal 2010 placements .....					5,932
Emergency placements .....					2,197
Waiting List Equity Fund placements .....					1,459
New court-committed placements in the community .....					1,098
Funding restored to move dually diagnosed individuals from State psychiatric hospitals to DDA placements, following the November Board of Public Works reduction .....					600
Increase in behavioral support services .....					198
Decrease in average cost of CSLA .....					-694
Reduced average cost of family support services .....					-269
Annualization of utilization review in fiscal 2010 .....					-1,567
Other .....					-35

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**Where It Goes:**

<b>State Residential Centers</b>	<b>-\$490</b>	
Decrease in fuel and utility costs at Holly and Potomac Centers .....		-185
Decrease in ICF-MR provider tax at Holly Center .....		-105
Elimination of Dental Health Grant from FHA in fiscal 2010 .....		-85
Decrease in ICF-MR provider tax at Brandenburg Center .....		-75
Decrease in expense paid to the Finan Center .....		-40
<b>SETT Units</b>	<b>-\$175</b>	
Decrease in contractual medical employment .....		-150
Decrease in medical supplies .....		-25
<b>Total</b>		<b>\$19,502</b>

- CSLA: Community Supported Living Arrangements
- CSRRC: Community Services Reimbursement Rate Commission
- DDA: Developmental Disabilities Administration
- DNR: Department of Natural Resources
- FHA: Family Health Administration
- ICF-MR: Intermediate Care Facility for the Mentally Retarded

\*The Department of Legislative Services has included a planned \$3 million general fund reversion in the fiscal 2010 working appropriation.

Note: Numbers may not sum to total due to rounding.

The driving force for the decrease in personnel is a result of lowered worker’s compensation payments which decreases by \$1.1 million. There are two factors that contribute to the lower payments for DDA. First, the across-the-board savings based on the change to the injured workers’ settlement policy and administrative costs account for a reduction of almost \$150,000. Also, the closure of the Rosewood Center accounts for \$0.8 million of the relative decrease.

Employee furloughs in fiscal 2011 reduce the budget by \$0.7 million. Other salary expenses that decrease in fiscal 2011 include decreased Social Security (\$31,000); decreased regular earnings, (\$29,000); lower overtime and shift differential expenses (\$16,000); and other fringe benefits (\$47,000). The decrease in Social Security payments, regular earnings, and other fringe benefits is due in part to the abolition of the position in November 2009. Lower overtime and shift differential expenses result from lower census at the SETT units.

The largest increase to personnel expenses for DDA is higher payments for employee and retiree health insurance, which increases by \$0.6 million. Even with the Back of the Bill reductions to health insurance payments, the budget for employee and retiree health insurance increases by 7.6% over the fiscal 2010 working appropriation.

Other increases to personnel expenses include contributions to the employees’ retirement system (\$0.5 million) and unemployment compensation (\$56,000).

## **Program Direction**

Expenses for Program Direction, the administrative arm of the agency, increase by \$0.2 million for an increase in Health Information Coordinating Committee User Assessment indirect costs associated with DHMH's information technology infrastructure (\$0.1 million) and environmental clean-up of the Henryton Center (\$0.1 million). DHMH has received a consent order to clean the environmental hazard spills at Henryton Center from the Maryland Department of the Environment (MDE). DHMH is required to clean the environmental hazard spills and is working with MDE to schedule the clean-up in fiscal 2011.

## **Community Services Program**

Providing services to individuals in the community, rather than in a facility, continues to be the model of service delivery that DDA pursues. As the largest arm of the agency serving individuals, the CS program experiences significant budgetary growth in fiscal 2011.

The operating budget for the CS program increases by \$20.7 million, as shown in Exhibit 5. The CS program is responsible for planning, developing, and directing a statewide, comprehensive system of services for individuals with developmental disabilities and their families. The major changes in the budget associated with CS program components are discussed below:

- **\$11.8 Million for Transitioning Youth Program:** The Transitioning Youth (TY) program identifies individuals graduating from the school system who are eligible for DDA services such as supported employment and other day services. The program is intended to ease the transition of individuals previously served through the public school system into the DDA system. In fiscal 2011, DDA expects to serve 608 additional individuals through this program. The number of individuals transitioning in fiscal 2010 was expected to be the same amount, but the budget allocated for the TY program in fiscal 2010 was only \$9.6 million. **DLS recommends deleting \$2.0 million from DDA's budget allocated for the TY program due to over-budgeting. The proposed reduction would leave the program with \$9.8 million, an increase of \$0.2 million over the fiscal 2010 working appropriation. This level of funding should be sufficient to transition 608 students from the school system to supported employment placements.**
- **\$5.9 Million for Annualized Costs Associated with Placements in Fiscal 2010:** Annualization costs result from the expansion of services in the previous fiscal year and account for a \$5.9 million increase in fiscal 2011. When an individual is placed in the community for the first time in fiscal 2010, the costs are included as part of the base of services for fiscal 2011. Annualization costs in the fiscal 2011 budget account for 70 individuals served through emergency placements and 80 individuals served through Waiting List Equity Fund (WLEF) placements.
- **\$2.2 Million for Costs Associated with Emergency Services:** Emergency services are provided when an individual becomes homeless, their caregiver passes away, or any other

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situation arises that threatens the life and safety of the individual. The DDA budget estimates that it will provide residential, day, and support services to approximately 50 additional people in emergency situations in fiscal 2011.

- **\$1.5 Million for Waiting List Equity Fund Placements:** The WLEF is supported through investment earnings from the sale of properties owned by DDA as well as savings associated with the movement of an individual from institutional care to community care. The funds dedicated to expansion of services for individuals on the waiting list account for an increase of \$1.5 million and are estimated to serve 40 individuals with residential care and an additional 40 with support services by the end of fiscal 2011.
- **\$1.1 Million for Community Placements for Court-ordered Individuals:** DDA is charged with serving individuals identified through the court system in either a community placement or at one of the SETT units. DDA expects to treat an additional 25 individuals referred by the courts at a cost of \$1.1 million. It should be noted that in fiscal 2009, DDA served 55 individuals in community settings referred by the courts at a cost of \$6.4 million. In the first half of fiscal 2010 alone, the agency has placed 18 individuals in community placements, at a cost of \$1.7 million. Based on the trends in fiscal 2009 and 2010, it appears that the costs associated with community placements of court-committed individuals is underfunded in the fiscal 2011 allowance.
- **\$0.6 Million for the Placement of Dually Diagnosed Individuals in Community Placements:** DHMH has identified individuals currently residing at a public psychiatric hospital that are dually diagnosed with a mental health illness and a developmental disability. In fiscal 2010, cost containment actions delayed the transition of these individuals out of the hospital setting and into a DDA-sponsored community placement. Funds are included in the fiscal 2011 allowance to transition the remaining 40 individuals.
- **\$0.7 Million Decrease Due to Lowered CSLA Costs:** CSLA services provide support for persons with disabilities in their own home. The support includes a range of activities including help with activities of daily living and assistance with medical needs. The average cost for individuals in this program decreased from \$35,781 per person in fiscal 2010 to \$34,903 per person in fiscal 2011.
- **\$1.6 Million Decrease for Annualization of Contract Utilization Review in Fiscal 2010:** Cost containment actions in fiscal 2010 directed DDA to conduct a more thorough review of contracts within the Community Services program to ensure that funds are appropriately disbursed to providers. The targeted savings is \$3.0 million and will be a planned reversion at the end of fiscal 2010. The heightened level of scrutiny on service contracts in fiscal 2010 will result in annualized savings to DDA in the amount of \$1.6 million in fiscal 2011.

Other increases to the budget in fiscal 2011 include costs associated with behavioral support services provided to individuals to prevent them from being readmitted to an institutional setting (\$0.2 million).

*M00M – DHMH – Developmental Disabilities Administration*

Other decreases to the CS budget include the decreased cost of family support services (\$0.3 million). There is no adjustment to the rates paid to community providers in the Governor's fiscal 2011 allowance.

**State Residential Centers**

Operating costs for the SRCs decrease by \$0.5 million in the fiscal 2011 allowance due in large part to the continuation of cost containment actions taken in 2009. The decreases include lower fuel and utility costs at the Holly and Potomac Centers (\$0.2 million); lower Intermediate Care Facility for the Mentally Retarded (ICF-MR) tax assessment at the Holly and Brandenburg Centers due to lower average daily population at the facilities (\$0.2 million); the elimination of funding for the dental health clinic at the Holly Center (\$0.1 million); and a decrease in expenses paid to the Finan Center for services provided for the Brandenburg Center (\$40,000).

**SETT Units**

The budget for the SETT units at Sykesville and Jessup decrease by \$0.2 million in the fiscal 2011 allowance, due in large part to a reduced bed capacity at Sykesville SETT. DHMH originally planned for 22 beds for the long-term treatment of court-committed individuals at Sykesville; however, that number has been reduced to 20 beds due to space constraints at the facility. As a result, contractual employment for physicians, physical therapists, psychiatrists, psychologists, and other medical professionals decrease by \$150,000. Medical supply costs are expected to decrease by \$25,000 in fiscal 2011.

## ***Issues***

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### **1. DDA Continues Work to Verify Individuals on the Waiting List**

DDA currently maintains one comprehensive list of individuals requesting one or more of three basic services – residential, day, or support services. The list consists of individuals that are already receiving some services but not all of the services that they need, individuals that are not currently receiving any services that they need, and those that have identified a need for services in the future. Individuals are evaluated by the immediacy of their needs and placed into one of four priority categories – Crisis Resolution, Crisis Prevention, Current Request, or Future Need. As of May 2009, the waiting list was reported to contain 18,298 individuals. Of that total, 4,511 (23.8%) individuals were classified as Crisis Resolution.

#### **Individuals in the Crisis Resolution Category**

The budget committees requested that DDA verify the number of individuals on the waiting list and the type of services requested in the highest level of need category, as well as the plan to keep the waiting list regularly updated, in order to release \$1.5 million of special funds withheld from the CS program budget in fiscal 2010.

The report specifically addressed the status of individuals in the highest priority category for service funding, Crisis Resolution, in which an applicant meets one or more of the following criteria:

- homeless or living in temporary housing with clear time-limited ability to continue to live in this setting with no viable non-DDA funded alternative;
- at serious risk of physical harm in the current environment;
- at serious risk of causing physical harm to others in the current environment;
- in danger of losing DDA-funded residential services because of a lack of current day services;
- one who has lost DDA-funded day services; or
- living with a caregiver who is unable to provide adequate care due to the caregivers' impaired health, which may place the applicant at risk of serious physical harm.

In order to validate the actual number of individuals in the Crisis Resolution category and to accurately describe the type of services requested, DDA staff systematically reviewed the 4,511 individuals through a mailed survey that requested demographic information, information regarding the individual's needs, and the name and signature of the person responding to the survey.

Phone calls were made to those individuals who did not respond to the mailing of the survey. DDA worked with its regional offices to compile and verify each response.

As shown in **Exhibit 6**, DDA found that only 530 individuals originally included in the Crisis Resolution category actually qualify for the highest level of need, while others were determined to have a lower level of need. Most notably, 60% of the individuals originally identified in the highest level of need category have been removed from the list altogether due to a residence change or service need change. Of the 530 individuals identified by DDA as qualifying for Crisis Resolution, 1,318 service requests for day, support, or residential services have been made. Some individuals request more than one service.

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**Exhibit 6**  
**Verified Status of Individuals Previously Categorized as Crisis Resolution**

	<u>Crisis Resolution</u>	<u>Crisis Prevention</u>	<u>Current Request</u>	<u>Future Need</u>	<u>To Be Made Inactive or Request Withdrawn*</u>
DD Eligible – No Current Service	365	40	556	268	1,564
DD Eligible –With Current Service	165	44	250	113	1,146
<b>Total</b>	<b>530</b>	<b>84</b>	<b>806</b>	<b>381</b>	<b>2,710</b>

DD: Developmental Disability

\*Includes those who had indicated no need for services, no response to mailings/phone calls, or were deceased.

Source: Department of Health and Mental Hygiene, September 2009

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**Plans to Keep the Waiting List Up-to-date**

DDA plans to continue its survey of waiting list individuals in the lower priority categories, in the same manner as those in the Crisis Resolution category, to determine the number and type of needs that exist in Maryland. In order to keep the waiting list up-to-date, DDA plans to do the following tasks:

- implement a statewide process to ensure the consistent application of standardized criteria to determine an individual's eligibility, service needs, and appropriate prioritization;

- direct the regional offices to annually verify the accuracy of each person’s status on the waiting list; and
- revise resource coordination contracts to ensure regular contacts with individuals on the waiting list to locate appropriate community supports to address the needs of the individual and/or family.

### **Recommended Changes to the Waiting List**

DDA recommends that changes to the waiting list be made to include only those individuals that meet the Crisis Resolution or Crisis Prevention categories and that a separate registry be created for the two lower level needs categories (Current Request and Future Need). Additionally, DDA recommends removing individuals from the Waiting List who are receiving Medicaid waiver services, as there is already a process that allows for the addition of services under the Medicaid waiver. Modifications to the definition or structure of the Waiting List would not require legislative or regulatory change.

**The agency should report on the progress made to verify the individuals in the remaining three categories of the waiting list and the recommendations of the agency to change the definition or structure of the list.**

## **2. Waiting List Equity Fund Placements and Fund Balance**

The WLEF was established to ensure that funding associated with serving individuals in an SRC follows them to the community when they are transitioned to a community-based care setting and that any funds remaining be used to provide community-based services to individuals on the waiting list. According to statute, WLEF funds may not be used to supplant funds for emergency placements or Transitioning Youth.

**Exhibit 7** shows the ending fund balance of the WLEF as well as the deposits made to the fund and the expenditure or placement costs incurred by the fund between fiscal 2004 and the estimate for fiscal 2011. Deposits include the balance of funds available due to a discharge from an SRC as well as interest earned by the Community Service Trust Fund and the WLEF. The Community Services Trust Fund holds the proceeds from the sale or long-term lease of a DDA facility after it has closed, such as the Rosewood Center or the Great Oaks Center. The interest earned on those funds is then transferred to the WLEF annually.

The expenditures include funding for individuals on the waiting list for residential, day, or support services.

**Exhibit 7  
Waiting List Equity Fund  
Fiscal 2004-2011  
(\$ in Thousands)**



Source: Department of Health and Mental Hygiene

After peaking in fiscal 2008 at \$3.5 million, the fund balance of WLEF declined in fiscal 2009 and is expected to decrease further in fiscal 2010 and 2011. This is due in large part to expenditures exceeding deposits to the fund in a given year. Because DDA has focused on serving individuals in the least restrictive settings, the population at the SRCs has been steadily declining, as mentioned in the Managing for Results section of this document. This results in lower possible deposits to the WLEF resulting from individuals leaving the SRCs. At the same time, expenditures have increased since fiscal 2004, when DDA designated \$0.4 million to fund placements for 27 individuals from the waiting list. In fiscal 2009, DDA spent approximately \$1.0 million to fund placements for 54 individuals from the waiting list.

The agency should comment on the balance of the WLEF and the sustainability of the fund given that there are fewer individuals transitioning out of the SRCs and higher community placement costs.

### 3. Census and Cost to Serve Court-committed Population

DDA is charged with serving individuals that are identified through the court system in need of treatment that qualify for DDA services. The individuals referred to DDA are either found not criminally responsible or incompetent to stand trial by the courts. Although it is the court's final decision as to the placement status of the individual, DDA does make recommendations on the best place for treatment for the individual – in a community-based setting or in one of the SETT units at Jessup or Sykesville. Individuals presenting with dangerous behaviors that threaten public safety would be referred to one of the SETT units, while individuals presenting with behaviors that do not pose a threat to public safety would remain in the community with support and services as needed.

#### Community Placements

The number of court-ordered individuals that DDA will serve each year is hard to predict and varies from year to year, depending on the number of individuals identified through the court system. **Exhibit 8** shows the number of forensic individuals discharged into community placements each year and the cost to serve them.

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**Exhibit 8**  
**Community Services for Court-committed Individuals**  
**Fiscal 2005-2011**

<u>Fiscal Year</u>	<u>Number Discharged into Community Placements</u>	<u>Estimated Annual Cost (\$ in Thousands)</u>
2005	18	\$1,730
2006	11	1,335
2007	24	3,460
2008	18	2,709
2009	55	6,441
2010*	36	3,498
2011*	25	1,098

\*Fiscal 2010 is an estimate based on annualized costs from the first half of the fiscal year when the Developmental Disabilities Administration served 18 clients at a cost of \$1.7 million. Fiscal 2011 is an estimate based on the fiscal 2011 allowance.

Source: Department of Health and Mental Hygiene

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### *M00M – DHMH – Developmental Disabilities Administration*

As the exhibit shows, the number of individuals that have been referred to DDA through the courts and placed in the community has varied widely since fiscal 2005. However, beginning in fiscal 2009, the number of court-committed individuals served in the community jumped from 18 in fiscal 2008 to 55 in fiscal 2009, and cost an additional \$3.7 million over the fiscal 2008 level. Fifteen of the 55 court-committed individuals were evaluated in the Jessup SETT and, upon court approval, were released with appropriate supports into community settings.

For the first six months of fiscal 2010, DDA has placed 18 individuals at a total cost of \$1.7 million. It appears that the increased number in fiscal 2009 was not just a one-year anomaly, but rather represents a greater push by the court system to divert developmentally disabled individuals away from correctional facilities and into appropriate treatment facilities through the establishment of problem solving courts. The fiscal 2011 allowance includes placements for 25 individuals at a cost of \$1.1 million. Not all 25 individuals will be placed for the entire year, so the cost associated with placing 25 individuals in community placements will be higher for a full year. However, given the placement numbers in fiscal 2009 and 2010 and the uncertain nature of referrals coming from the court system, DDA may need to serve more than 25 individuals in fiscal 2011. **The agency should comment on the estimate of court-committed individuals projected to be served in the community assumed in the fiscal 2011 allowance and whether or not the funding that has been allocated for this population is sufficient.**

### **SETT Units**

Individuals that pose a threat to public safety may be most appropriately served in DDA's institutional settings for court-committed individuals. The Jessup SETT serves as the point of evaluation and short-term treatment of court-committed individuals up to 90 days and has a licensed capacity for 12 individuals at a time. The Sykesville SETT serves as the long-term treatment facility for court-committed individuals and has a licensed capacity for 20 individuals. **Exhibit 9** shows the estimated ADP at each SETT unit and the fiscal 2011 allowance for each unit.

As of June 30, 2009, there were 11 individuals being treated at the Jessup SETT, an occupancy rate of 92% for that unit. DDA estimates that the unit will have an ADP of 12 in fiscal 2010 for the Jessup SETT, the total licensed capacity. As of June 30, 2009, there were 15 individuals being treated at Sykesville SETT, an occupancy rate of 71% for that unit. DDA estimates that the Sykesville SETT will have an ADP of 20 in fiscal 2010, the total licensed capacity.

**Exhibit 9**  
**Annual Costs and Average Daily Population at the SETT Units**  
**Fiscal 2011**  
**(\$ in Thousands)**

	<u>Estimated ADP</u>	<u>Estimated Cost</u>
Jessup SETT	12	\$3,430
Sykesville SETT	20	4,918
<b>Total</b>	<b>32</b>	<b>\$8,348</b>

ADP: average daily population  
SETT: Secure Evaluation and Therapeutic Treatment

Source: Department of Health and Mental Hygiene

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### Capacity Issues

In the original budget plan presented to the budget committees in January 2008, DDA’s plan to serve court-committed individuals in facility settings provided for a total of 50 beds – 15 at an evaluation ward and 35 across two long-term care facilities. The revised plan and the one which the department went forward with provides for only 32 beds for court-committed individuals – 12 at the evaluation unit at Jessup SETT and 20 at the long-term care unit at Sykesville SETT. The agency states that there is no room to expand bed capacity or therapeutic treatment areas at the Sykesville SETT.

While DDA makes recommendations for service and rehabilitation needs for each court-committed individual, the court system makes the final decision as to the service plan. Although the courts usually concur with DDA’s findings and recommendations, there are instances when the court overrules DDA’s decision. In these instances, DDA may not have full control over whether an individual is ultimately placed at Sykesville SETT or a community setting. The inability to expand the number of beds to meet the demand placed on DDA from the courts may pose a problem in the future.

Funds have been added to the Governor’s five-year *Capital Improvement Program* (CIP) for the construction of a new 54-bed SETT facility to address the limited capacity of the current SETT units at Jessup and Sykesville for the court-committed population. The CIP plans for \$1.2 million in fiscal 2012 and \$1.4 million in fiscal 2013 for planning purposes for the new facility. Construction would begin in fiscal 2014 and be completed in fiscal 2015. Although the CIP addresses the issues facing the current SETT units, the agency still faces a shortfall of space until the construction is completed in fiscal 2015.

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For community placements, DDA has initiated a workgroup of relevant stakeholders to expand existing community capacity and to develop options to meet the varied needs of court-committed individuals. The stakeholders include the Arc of Maryland, Kennedy Krieger Institute, Maryland Association of Community Services, Maryland Developmental Disabilities Council, Maryland Disability Law Center, the Public Defenders' Office, the States Attorney, and the Judiciary.

**The agency should comment on capacity in both the community and at the SETT units. Specifically, it should provide a contingent plan to serve court-committed individuals in a long-term facility setting should the Sykesville SETT unit be at or over capacity.**

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funding for the Transitioning Youth (TY) program to correspond to the fiscal 2010 working appropriation level. The Developmental Disabilities Administration expects to serve 608 students transitioning out of the school system in fiscal 2011, the same number of students that were transitioned in fiscal 2010. The fiscal 2010 working appropriation for the TY program was \$9.6 million. The proposed reduction would leave the TY program with \$9.8 million in fiscal 2011, allowing for a slight increase.	\$ 1,080,000	GF
	\$ 920,000	FF
<b>Total Reductions</b>	<b>\$ 2,000,000</b>	
<b>Total General Fund Reductions</b>	<b>\$ 1,080,000</b>	
<b>Total Federal Fund Reductions</b>	<b>\$ 920,000</b>	

## ***Updates***

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### **1. Update on Rosewood Center Closure**

In January 2008, the Governor announced the closure of Rosewood Center, amid repeated findings by the Office of Health Care Quality concerning safety issues related to the buildings and grounds of the facility, as well as behavioral issues between clients and staff. The facility officially closed at the end of fiscal 2009.

#### **Transition of Clients Out of Rosewood Center**

When the closure was announced, there were 166 individuals residing at Rosewood – 136 were non-court-involved, and 30 were placed in the custody of DDA by the court. The plan to close the Rosewood Center included transitioning all non-court-committed individuals to community placements; placing court-committed individuals in community care settings or in an alternative long-term care forensic unit; and transitioning employees from Rosewood, to the extent possible, to the newly created SETT Units or other positions within DHMH. **Exhibit 10** shows the distribution of placements for individuals that were transitioning out of Rosewood. The majority of the population, 87%, was able to find a suitable community-based provider for their service needs.

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#### **Exhibit 10 Disposition of Clients from the Rosewood Center**

<b><u>Placement</u></b>	<b><u>Number of Clients</u></b>
Community-based setting	145
Moved out of State	3
State Residential Center	3
Deceased prior to transition	3
Jail	1
SETT unit	11
<b>Total</b>	<b>166</b>

SETT: Secure Evaluation and Therapeutic Treatment

Source: Department of Health and Mental Hygiene

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Oversight of community providers and the success of the transition of the individuals out of Rosewood was a top priority of DDA's. All former clients who were moved to a community-based setting were visited by a resource coordinator at 30-, 60-, 90-, and 180-day intervals to ensure that the transition was successful and that the individual's service plan was being carried out.

## Employees

When the closure of Rosewood was announced, there were 507 employees at the facility. DDA and the DHMH’s Office of Human Resources (OHR) worked closely with employees to aid in the transition process. The Department of Budget and Management adopted a statewide policy to allow all State agencies to hire Rosewood employees without first seeking a hiring freeze exemption. OHR hosted two job fairs at Rosewood to highlight work opportunities with private community-based provider agencies. **Exhibit 11** indicates the movement of the 507 employees to other positions within DHMH, including staffing for the DDA SETT units, to other State agencies, those that retired or resigned, those that exercised bumping rights at Spring Grove Hospital Center, and those that were laid off.

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### Exhibit 11 Disposition of Employees from the Rosewood Center

<u>Placement</u>	<u>Number of Employees</u>
Transferred to other DHMH positions	182
Transferred to other State agencies	22
Retirements/resignations	127
Exercised bumping rights	89
Lay offs	87
<b>Total</b>	<b>507</b>

DHMH: Department of Health and Mental Hygiene

Source: Department of Health and Mental Hygiene

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## Alternative Uses of the Rosewood Campus

A 2008 *Joint Chairmen’s Report* (JCR) required the department to submit a report evaluating the possible uses of the property including retaining portions of the property for purposes of providing day programs, medical services, and inpatient and outpatient services for individuals in the Central Maryland Region or leasing one or more buildings to a local nonprofit organization for the same purposes.

The original Rosewood campus included approximately 690 acres of land. Since 1978, the State has disposed of approximately 434 acres, of which roughly one-third is protected by the Maryland Environmental Trust Conservation Easement. An additional 78 acres are currently under contract, pending settlement. The proceeds from all sales of the property are deposited into the Community Services Trust Fund to benefit individuals on DDA’s waiting list.

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DHMH submitted a report in August 2009 in response to the 2008 JCR request that addressed the use of the remaining 178 acres and 37 buildings that make up the Rosewood Center campus. After the announcement of the closure, an interagency committee was formed by the Maryland Department of Planning (MDP) to review the possible uses of the campus and to set agreed upon principles for the disposition of the property. The interagency committee included representatives from DHMH, the Department of General Services, the Department of Budget and Management, the Department of Business and Economic Development, the Maryland Department of Transportation, and MDP. The committee began meeting in October 2008 and in February 2009 issued principles guiding the disposition of the property that centered around four main themes:

- comprehensive redevelopment that avoids piece-mealing the remaining land at Rosewood;
- maximum return to the State;
- minimal short- and long-term costs to the State; and
- redevelopment uses that are consistent with Smart Growth principles and Baltimore County planning programs.

In response to the request by the budget committees to evaluate the property for medical services or day programs for individuals in the Central Maryland Region, DHMH reported that the Central Maryland Region already has sufficient medical providers and community providers for those that are eligible for DDA services. The department reported that as of January 2008, there were over 1,700 medical and dental professionals providing a range of services including primary medical care, ophthalmology, orthopedics, physical therapy, and dental services. Similarly, use of any part of the Rosewood property to provide medical services or day programs would duplicate services currently being provided in the community by the private sector.

DHMH also reported that it would not be feasible to lease or sell an existing building on campus to a nonprofit organization due to the disrepair of the buildings and infrastructure on campus and the cost to the State to provide security for remaining tenants. Existing measures for the Rosewood campus are expected to cost \$226,000 in fiscal 2010. Lastly, the lease or sale of one or two buildings to a nonprofit organization would violate one of the guiding principles developed by the interagency committee by selling parts of the property piece-meal and adding additional short- and long-term costs to the State.

### **Recommendations of the Maryland Department of Planning**

The State Clearinghouse completed its review of the property in December 2009 and recommended that the State declare the 178 acres and 37 buildings to be surplus to the State and to offer to sell the property to Stevenson University.

MDP reports that it solicited expressions of interests for the property and received the following interest: the Judiciary of Maryland proposed purchasing 10 to 15 acres to build a new court

building and parking lot; the Maryland Department of Veterans Affairs proposed purchasing 75 acres to extend the Garrison Forest Veterans Cemetery, which is adjacent to the property; the Maryland Department of Juvenile Services proposed to purchase 10 acres to renovate buildings on campus for regional treatment centers; and Stevenson University proposed to purchase 178 acres and use 149 acres to expand the university with educational, office, and open space use and the remaining 29 acres would be developed into a community park. Of the proposals, Stevenson University's interest aligned most closely to the guiding principles developed by the interagency committee mentioned above.

## **Ongoing Issues**

Although Stevenson's proposal was ultimately chosen by MDP as the best outcome for the property, it is not clear what the plans are for the smaller portion (29 acres) that was proposed as development into a community park. In a letter to MDP, Stevenson University declared strong interest in the larger parcel (149 acres) to expand its campus, but expressed little interest in the smaller parcel. Because the guiding principles for the property express the desire not to piece-meal the property, Stevenson is complying by offering to buy all 178 acres. If Stevenson University does not have a concrete plan for the smaller parcel, the State may consider reserving the smaller parcel for another State agency that expressed interest in the property.

Both DNR and the Maryland Historical Trust expressed concern over the selling and development of the Rosewood property. As a result, MDP advised Stevenson University to consult with (1) DNR concerning the granting of easements to protect the block of woodland at the northwest corner of the property and the stream that flows through the property, and an easement along the stream as it flows through the remainder of the more developed area of the property; and (2) the Maryland Historical Trust in order to consider methods of property transfer that could avoid, or if necessary reduce and mitigate adverse effect to the 15 buildings at Rosewood Center that are listed in the Maryland Register of Historic Properties.

## **2. Community Services Reimbursement Rate Commission**

The Community Services Reimbursement Rate Commission (CSRRC) is an independent body operated by DHMH that is concerned with issues regarding community services for individuals with developmental disabilities or psychiatric disabilities, with particular emphasis on:

- rates paid to providers;
- wage rates of direct care workers;
- measurement of quality and outcomes;
- solvency of providers; and

- consumer safety costs.

Prior to fiscal 2009, funds were budgeted from DDA and MHA to support the commission's duties. However, in the fiscal 2009 and 2010 budgets, funds were not directly appropriated to support the commission, but rather budget bill language in each year restricted funding from DDA and MHA to that purpose. For a variety of reasons, the commission has not been active since April 2009. The department is working to rejuvenate the commission, and the fiscal 2011 allowance includes funding for it.

### **Budget Bill Requirements Concerning CSRRC**

The fiscal 2010 Budget Bill included language that restricted \$65,000 of the general fund appropriation from each DDA and MHA to fund CSRRC and required DHMH to report on the following: (1) the availability of federal matching funds for the commission; (2) recommendations developed in consultation with stakeholders on developing a financially sound rate setting process for community providers; and (3) any changes that the department believes would improve the work of the commission.

The report submitted by DHMH was a draft report prepared in consultation with the commission members; the department had not yet provided stakeholders with the opportunity to review and comment on the draft, per language in the fiscal 2010 budget. DHMH asked that a final report on the CSRRC be submitted after the consultation with stakeholders.

The draft report partially responded to the reporting request. First, it stated that the expenses associated with CSRRC are currently included in the calculation for federal indirect costs for DHMH. In fiscal 2009, DHMH received approximately \$40,000 of the \$130,000 identified for the commission through federal indirect costs. Second, DHMH and the commission members agreed that the analysis of data collected relative to wages, reimbursement rates, and the financial condition of service providers is valuable. The obstacle to developing a financially sound rate setting process is the inability of DHMH to implement rate recommendations due to lack of funding. Third, DHMH recommended that a representative from DDA and MHA be included as members of the commission to allow for more formal participation with the commission and to facilitate a closer working relationship with community providers.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets DHMH – Developmental Disabilities Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$484,886	\$4,444	\$296,965	\$105	\$786,401
Deficiency Appropriation	2,100	514	0	0	2,614
Budget Amendments	2,240	0	2,278	1,353	5,871
Cost Containment	-7,974	0	-1,811	0	-9,786
Reversions and Cancellations	-1	-41	-421	-85	-547
<b>Actual Expenditures</b>	<b>\$481,252</b>	<b>\$4,917</b>	<b>\$297,011</b>	<b>\$1,374</b>	<b>\$784,553</b>
<b>Fiscal 2010</b>					
Legislative Appropriation	\$493,739	\$4,842	\$317,713	\$1,146	\$817,440
Cost Containment	-20,568	0	-8,706	0	-29,274
Budget Amendments	0	0	1,004	0	1,004
<b>Working Appropriation</b>	<b>\$473,171</b>	<b>\$4,842</b>	<b>\$310,010</b>	<b>\$1,146</b>	<b>\$789,169</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2009**

In fiscal 2009, the budget for DDA closed at \$784.6 million, a decrease of \$1.9 million below the original legislative appropriation. Cost containment actions by BPW account for the majority of the decrease, only partially offset by deficiency appropriations and budget amendments for the agency. The general fund appropriation accounts for the majority of the decrease, as the appropriation was reduced by \$3.6 million. The other fund sources increased by a collective \$1.8 million in fiscal 2009.

A deficiency appropriation was issued to the Rosewood Center in the amount of \$2.1 million in general funds and \$0.5 million in special funds. The deficiency appropriation was needed due to the change in the strategy of placing individuals from the Rosewood Center into community placements which occurred after the fiscal 2009 budget was submitted.

Budget amendments for DDA account for a \$5.9 million increase in the budget in fiscal 2009. The major changes include:

- \$6.5 million increase for the provider rate adjustment (\$4.7 million general funds and \$1.8 million federal funds). This action raised the rate for community providers from 1.5%, as was originally provided in the fiscal 2009 appropriation, to 2.7% based on lottery overattainment. However, it should be noted that subsequent BPW action in October 2008 reduced the rate increase to 2.0% total for fiscal 2009;
- \$3.9 million transfer from the budgets of the CS program and the Forensic Units to the Rosewood Center to account for the slower-than-anticipated departure of residents from the Rosewood Center;
- \$1.4 million reimbursable fund increase to the CS program for 176 individuals transitioning from Medical Day Care Services to DDA waiver services;
- \$0.9 million general fund increase for the fiscal 2009 cost-of-living adjustment;
- \$0.4 million federal fund increase due to an increased Medicaid matching rate;
- \$0.3 million general fund increase to the Community Services Program and Holly Center for health insurance costs;
- 0.2 million general fund increase to realign funds within DHMH. Funds were needed at DDA to cover costs associated with the Community Services Rate Reimbursement Commission (\$65,267), mentoring projects (\$42,965), and the Waiting List Equity Fund assessment at Brandenburg (\$47,974);

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- \$3.2 million general fund decrease to realign funds within DHMH. Funds were available in DDA due a decreased ICF-MR tax at Rosewood (\$1.6 million), decreased expenditure at Sykesville SETT due to a delayed opening (\$0.9 million), increased turnover and decreased expenditures on medical supplies at Potomac Center (\$0.1 million), and decreased residential services within the CS program (\$0.6 million);
- \$0.4 million general fund decrease to redistribute funds associated with health insurance costs within DHMH; and
- \$78,961 general fund decrease to pay for the newly created Office of Behavioral Health and Disabilities.

BPW met three times to reduce costs across the Executive agencies; the reduction for DDA totaled \$9.8 million total funds. First, actions taken by BPW in June 2008 reduced personnel expenses in DDA by \$898,852 in general funds and \$21,371 in federal funds.

Second, in October 2008, actions taken by BPW reduced DDA's budget by a further \$6.4 million in general funds and \$1.8 million in federal funds. Of that amount, personnel expenses were reduced by \$3,457,296 to eliminate 49.30 full-time equivalent vacant positions, to eliminate Other Post Employment Benefits funding, and to use statewide employee health insurance balances in lieu of budgeted funds. The abolished vacant positions came from all subprograms with the exception of the forensic unit.

The remaining balance of the October 2008 BPW reduction was to reduce the community service provider rate for fiscal 2009 from 2.7 to 2.0% (\$2.4 million in general funds and \$1.8 million in federal funds), fuel and utilities at Rosewood (\$0.5 million in general funds), and motor vehicle operations at Holly and Potomac Centers (\$55,122 in general funds).

The third BPW reduction in March 2009 resulted in a \$0.6 million general fund reduction based on the statewide employee furlough policy.

At the end of the fiscal year, \$0.5 million in total funds was cancelled from the DDA appropriation. The majority of the cancellation was federal fund appropriation within the CS program, where federal fund projections were overstated.

## **Fiscal 2010**

The fiscal 2010 working appropriation is currently \$28.3 million lower than the original legislative appropriation due to cost containment actions that reduced the budget by \$29.3 million (see main body of analysis for details). In total, \$20.6 million of general funds and \$8.7 million of federal funds were cut by the actions. A budget amendment increases the federal fund appropriation by \$1.0 million to recognize increased Medicaid participation in fiscal 2010; however, the budget amendment has not been formally processed yet.

## ***Audit Findings (Developmental Disabilities Administration)***

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Audit Period for Last Audit:	January 1, 2006 – December 31, 2008
Issue Date:	November 2009
Number of Findings:	14
Number of Repeat Findings:	5
% of Repeat Findings:	36%
Rating: (if applicable)	

- Finding 1:** DDA lost the opportunity to obtain federal funds totaling approximately \$3 million because claims identified in previous audits were not corrected and resubmitted within required timeframes.
- Finding 2:** **DDA did not investigate federal fund reimbursement claims that were rejected due to various Medicaid Management Information System (MMIS) edits, resulting in reduced federal fund recoveries.**
- Finding 3:** DDA did not have adequate processes to ensure that provider claims for certain prepaid services were submitted to MMIS for processing and that federal fund reimbursement requests were made timely, resulting in a failure to recover federal funds totaling \$139,500 and a loss of interest income of \$421,000.
- Finding 4:** **DDA lacked documentation supporting the waiting list information reported to the General Assembly’s budget committees. Furthermore, a current waiting list included 250 deceased individuals.**
- Finding 5:** A DDA report to the General Assembly did not disclose that, after completing the Transitioning Youth program, clients received full DDA services, bypassing individuals on the waiting list. Additionally, certain clients in the program were not classified as eligible for such services.
- Finding 6:** DDA did not ensure that client resource coordinators performed their required duties and, as a result, 72 clients lost federal Medicaid eligibility and were funded solely with State general funds.
- Finding 7:** Effective procedures were not in place to detect providers who billed for services for deceased individuals. The audit testing disclosed that DDA made payments to seven providers totaling \$235,000 for eight clients who were deceased on the dates services were reportedly provided.
- Finding 8:** DDA did not have adequate procedures in place to verify that clients received services from providers as stipulated in the related individual service plans.

**Finding 9:** DDA did not have adequate procedures in place to monitor Rolling Access funds paid to providers.

**Finding 10:** DDA did not take timely collection action to recover funds totaling \$3.6 million from providers related to the Wage Disparity Initiative.

**Finding 11:** **Proper security access controls had not been established over critical Provider Consumer Information System II (PCIS2) system data.**

**Finding 12:** **Modification access capabilities to critical PCIS2 production data files were not adequately restricted.**

**Finding 13:** Program change controls were inadequate.

**Finding 14:** **Logging and monitoring of significant security-related events were not adequate.**

\*Bold denotes item repeated in full or part from preceding audit report.

### ***Audit Findings (Rosewood Center)***

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Audit Period for Last Audit:	May 12, 2008 – June 30, 2009
Issue Date:	December 2009
Number of Findings:	3
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

**Finding 1:** Certain recordkeeping and inventory deficiencies hindered adequate control over the equipment liquidation process.

**Finding 2:** Rosewood Center lacked sufficient documentation to support the disposition of donated funds.

**Finding 3:** Rosewood Center could not document the disposition of certain bank accounts and the propriety of certain corporate purchasing card transactions.

\*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report  
DHMH – Developmental Disabilities Administration**

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1,050.65	730.25	730.25	0	0%
02 Contractual	214.00	30.84	30.26	-0.58	-1.9%
<b>Total Positions</b>	<b>1264.65</b>	<b>761.09</b>	<b>760.51</b>	<b>-0.58</b>	<b>-0.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 59,816,112	\$ 46,039,724	\$ 47,001,625	\$ 961,901	2.1%
02 Technical and Spec. Fees	3,612,812	2,047,833	1,945,486	-102,347	-5.0%
03 Communication	344,881	234,536	234,136	-400	-0.2%
04 Travel	98,203	82,536	79,647	-2,889	-3.5%
06 Fuel and Utilities	2,098,034	1,834,945	1,693,725	-141,220	-7.7%
07 Motor Vehicles	363,735	182,268	133,411	-48,857	-26.8%
08 Contractual Services	714,628,459	736,114,455	753,100,098	16,985,643	2.3%
09 Supplies and Materials	2,265,982	1,537,887	1,512,922	-24,965	-1.6%
10 Equipment – Replacement	418,230	56,071	39,898	-16,173	-28.8%
11 Equipment – Additional	139,571	24,062	0	-24,062	-100.0%
12 Grants, Subsidies, and Contributions	417,701	477,106	477,106	0	0%
13 Fixed Charges	349,704	537,985	546,644	8,659	1.6%
<b>Total Objects</b>	<b>\$ 784,553,424</b>	<b>\$ 789,169,408</b>	<b>\$ 806,764,698</b>	<b>\$ 17,595,290</b>	<b>2.2%</b>
<b>Funds</b>					
01 General Fund	\$ 481,251,984	\$ 473,170,885	\$ 483,880,037	\$ 10,709,152	2.3%
03 Special Fund	4,917,142	4,841,941	4,262,052	-579,889	-12.0%
05 Federal Fund	297,010,541	310,010,174	317,571,025	7,560,851	2.4%
09 Reimbursable Fund	1,373,757	1,146,408	1,051,584	-94,824	-8.3%
<b>Total Funds</b>	<b>\$ 784,553,424</b>	<b>\$ 789,169,408</b>	<b>\$ 806,764,698</b>	<b>\$ 17,595,290</b>	<b>2.2%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary**  
**DHMH – Developmental Disabilities Administration**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Program Direction	\$ 6,390,719	\$ 5,980,802	\$ 6,209,937	\$ 229,135	3.8%
02 Community Services	711,659,098	738,389,356	756,609,967	18,220,611	2.5%
01 Services and Institutional Operations	29,844,318	3,384,194	2,640,466	-743,728	-22.0%
01 Services and Institutional Operations	18,224,206	18,282,431	18,677,562	395,131	2.2%
01 Court Involved Service Delivery	4,363,985	8,425,696	8,293,836	-131,860	-1.6%
01 Services and Institutional Operations	9,671,413	10,845,173	11,016,399	171,226	1.6%
01 Services and Institutional Operations	4,399,685	3,861,756	3,316,531	-545,225	-14.1%
<b>Total Expenditures</b>	<b>\$ 784,553,424</b>	<b>\$ 789,169,408</b>	<b>\$ 806,764,698</b>	<b>\$ 17,595,290</b>	<b>2.2%</b>
General Fund	\$ 481,251,984	\$ 473,170,885	\$ 483,880,037	\$ 10,709,152	2.3%
Special Fund	4,917,142	4,841,941	4,262,052	-579,889	-12.0%
Federal Fund	297,010,541	310,010,174	317,571,025	7,560,851	2.4%
<b>Total Appropriations</b>	<b>\$ 783,179,667</b>	<b>\$ 788,023,000</b>	<b>\$ 805,713,114</b>	<b>\$ 17,690,114</b>	<b>2.2%</b>
Reimbursable Fund	\$ 1,373,757	\$ 1,146,408	\$ 1,051,584	-\$ 94,824	-8.3%
<b>Total Funds</b>	<b>\$ 784,553,424</b>	<b>\$ 789,169,408</b>	<b>\$ 806,764,698</b>	<b>\$ 17,595,290</b>	<b>2.2%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.