

HHS COMMITTEE #1
May 2, 2012

WORKSESSION

MEMORANDUM

May 1, 2012

TO: Health and Human Services Committee

FROM: Linda McMillan, Senior Legislative Analyst *LMM*
Vivian Yao, Legislative Analyst *VY*

SUBJECT: **Worksession: FY13 Recommended Operating Budget Follow-up**
Department of Health and Human Services
(includes Budget Adjustment for Older Adult Waiver Program)

A. 1% or 2% Increase to Non-profit Contracts

At the April 17th session on Administration and Support, the Committee discussed the request from Nonprofit Montgomery, the Safety Net Coalition, the Mental Health Advisory Committee, and several other organizations, that the Council approve a 2% increase to the contracts of non-profit service providers. This inflationary increase would help providers maintain services, reduce staff turnover, and compensate for the 4% inflationary increase that has occurred since July 2009. **The Committee expressed an interest in having two 1% adjustments added to the reconciliation list and asked Council and DHHS staff to provide an estimate.**

Council staff notes that FY10 was the last time there was such an adjustment. The following is the language in the budget resolution regarding this part of the DHHS appropriation.

This resolution appropriates \$249,530 for inflation adjustments for tax-supported contractors with the Department of Health and Human Services (DHHS). DHHS must award these funds to private non-profit service providers whose contracts continue beyond the first year of a contract period and who have satisfactorily performed their contracted duties. Any inflation adjustment awarded under this paragraph must not exceed 1% of the total contract price. Contracts funded by non-County grants are not eligible for an inflation adjustment under this paragraph.

Council staff and DHHS staff have reviewed tax-supported (General Fund) contracts with non-profits and certain other organizations and estimates that a 1% increase would cost \$330,470. Policy for awarding this increase would be:

- Non-profit service provider, or
- Other contract that provides meals on wheels, court appointed special advocates, direct mental health services to seniors, and homeless outreach.
- The increase is to the General Fund value of the contract (Grant Fund value not included),
- The contract must not be in its first year or have an automatic inflation adjustment built into the contract,
- This increase would not be applied to contracts for Montgomery Cares, Maternity Partnership, or Care for Kids (except for the services associated with the Latino Health Initiative) as their budgets have been adjusted for expected FY13 levels of service,
- This increase would not apply to contracts that are a specific match to a grant,
- This increase would not apply to contracts covered by the DD Supplement, and
- This increase would not apply to contracts covered by the Residential Treatment Provider Supplement.

The organizations will be required to provide a new FY13 budget request to DHHS in order to receive the increase in the contract.

B. “DD Supplement” – Possible Additional Funding and Policy

At the April 19th session on Aging and Disability Services, the Committee discussed the request from InterACC/DD, Community Support Services, and the Commission on People with Disabilities to add \$339,597 to the funding for the County’s DD Supplement. The Executive has included \$7,718,120 in the budget, the same amount approved for FY12. The \$339,597 is the estimate of funding needed to recognize service expansion that has occurred in FY12. The DD Supplement is allocated based on number of clients served and the type of services received.

The Committee was interested in further discussion on what might be an appropriate level of funding for FY13 and whether there should be a policy statement that reflects the expectation that the supplement allows organizations to increase the pay of direct service providers. Currently, the DD Supplement is a resource provided to the organization with the limitation that it must be used to benefit Montgomery County clients.

Use of the DD Supplement

For FY12 and FY13, DHHS has distributed a voluntary survey to DD service providers requesting information on pay, benefits, and general information on what the DD Supplement allows the organizations to do. Attached at ©1 is a summary of the average hourly rate paid to direct service providers in four service categories: Residential programs, Community Supported Living Arrangements (CSLA), Day Habilitation, and Supportive Employment. These are the categories used for billing and reimbursement with the Developmental Disabilities Administration.

On average, Montgomery County service providers are paying \$11.52 per hour for Residential staff, \$13.97 for CSLA staff, \$13.62 for Day Habilitation staff, and \$16.65 for Supportive Employment staff. There are a few outliers, for example one organization pays only

\$7.40 per hour for Residential staff. In addition, all but 3 of the respondents indicated that they provide benefits that include some type of medical coverage.

With regard to use, organization listed a wide variety of cost that are covered in part by funding through the DD Supplement including pay, lowering caseloads, the ability to hire more highly qualified people, staff training, transportation and programs for clients, maintenance (including repair to damage caused by clients). Two organizations said that the DD Supplement is used exclusively to raise the pay of employees with one of the organizations indicated it adds about \$1 per hour to the pay rate.

Policy

Council staff agrees that the main intent of the supplement has been to improve the pay (which could also include benefits) of employees. However, given how the DD Supplement has been allocated, Council staff also believes it would be too disruptive to require that all or a very high percentage of the funding be used to supplement salaries in FY13. However, the Committee should recommend that the Council approve a policy statement that would indicate that after a reasonable transition, organizations should use these resources for these purposes. Council staff suggests the following:

This resolution appropriates \$XXXXXXXX to the Department of Health and Human Services to provide a supplement to organizations providing direct services to clients of residential, community supported living arrangements, day habilitation, or supportive employments provided through the Developmental Disabilities Administration. The Council intends that the majority of these funds should be used to increase the pay of direct service providers in recognition of the higher cost of living in Montgomery County compared to other parts of Maryland. In order to receive this supplement, an organization must demonstrate to DHHS that their hourly wage exceeds the minimum State pay for the appropriate program. Beginning in FY14, organizations must report to DHHS on the amount of funds used to improve hourly pay. Beginning in FY15, the Council expects organizations to allocate 75% (or whatever % the Committee recommends) of any supplement received to improve hourly pay.

The requirement that an organization demonstrate to DHHS that they pay above the State minimum would be effective in FY13.

Options for Increase to the DD Supplement

Council staff recommends the Committee add \$154,360 to the reconciliation list to increase the DD Supplement by 2% if the Committee adds a 2% increase to the reconciliation list for contracts (Item A). Council staff believes that this year, the most equitable way to begin increase resources for contracts and the supplements to the DD Supplement and the Residential Treatment Provider Supplement (next) is to raise each by 2%.

This is a different approach than that recommended by InterACC/DD which makes an estimate based on service expansion. InterACC/DD recommends an increase of \$339,587 based on the FY12 allocation and service expansion.

C. Residential Treatment Provider Supplement

As the Committee agreed to return to the issue of the “DD Supplement” it deferred discussing what, if any, amount might be added to the reconciliation list for the Residential Treatment Provider Supplement. The Executive is recommending the same funding for FY13 that was approved for FY12.

	FY11 Funding	FY12	FY13
Family Services Inc.	189,965	189,965	189,965
Rock Creek Foundation	71,942	71,942	71,942
St. Luke's House	315,657	315,657	315,657
Threshold Services	323,750	323,750	323,750
TOTAL	901,314	901,314	901,314

Council staff recommends that the Committee add \$18,030 on the reconciliation list to increase the Residential Treatment Provider Supplement if it adds 2% to the DD Supplement.

The Committee may want to discuss if there should be a policy discussion regarding the use of this supplemental funding. However, as there has not been a survey effort similar to the DD Supplement survey, Council staff recommends that there not be a policy statement for FY13, but that there be a return to this issue and a policy statement be included for FY14. Such a statement may also include a transition period for any restrictions.

D. Older Adult Waiver Program (CE Budget Adjustment)

The March 15 Recommended Budget proposed that DHHS could reduce General Fund costs by \$429,935 and 4.5 FTEs through a change in how case management is provided for participants in the Older Adult Waiver Program. Since the budget was released, DHHS has had further discussions with the State about the requirements for case management for this program. This program emphasizes providing care to eligible seniors in the least restrictive setting and reducing the use of nursing homes or other institutional settings.

As a part of the April amendments, the Executive is now recommending that this program be administered and case managed within DHHS. This requires the addition of \$903,839 to the March recommended expenditures for DHHS. DHHS estimates that it will receive \$770,161 in additional revenues from billing for services than was included in the March budget (the March budget assumed \$52,310). The April adjustment is attached at ©2-3.

For FY13, the recommended staff for this program is a mix of merit and “broker” positions. While broker positions are contractual, the use of broker positions is different from “contracting out” a service. The recommended complement is:

Case Management	4 County merit position and 10 broker positions
Supervisors	2 County merit positions
Options Counseling	1 County merit position
Administrative	2 County merit positions (cannot bill for services)

Council staff recommends the addition of the Executive's recommended expenditures and assumed revenues which will result in a net increase of \$133,678 to the overall budget.

Council staff also notes that the expectation is that the number of clients served by the program will increase in future years. At this time, it is expected that the additional case management staff will come from an increase in broker positions. The Committee may want to discuss now, or at a later session, the policy regarding the use of merit staff versus broker staff for what is expected to be a permanent program. Case management is a key component of this program and may be influenced by staff turnover and experience.

E. Add Street Outreach Network – Clarify Cost for CE Recommended East County and Committee-recommended Reconciliation List Items

The Committee recommended approval of the Executive's recommendation to increase funding to deploy Street Outreach Network (SON) services in the East County to engage high risk youth in positive, life-affirming activities. The funding includes one new full-time staff person. The packet incorrectly showed the Executive recommended funding as \$60,010. The correct amount is \$91,210. In addition, the Executive has recommended \$27,300 in the Motorpool Non-Departmental Account for his expanded effort.

The Committee also recommended placing two increments of \$60,000, totaling \$120,000, on the reconciliation list to support two additional SON staff to support SON services County-wide. The correct amount for each staff increment is \$55,860; however, DHHS has clarified that the total cost for adding two positions for county-wide services would be \$203,720. The costs are detailed in the following table.

Street Outreach Network		
Salary & Fringe	111,720	2 positions - Community Services Aide III (2.0 FTEs total, grade 18, job class 00621)
Misc Operating expenses	42,000	office supplies, flex funds for tangible aid, client emergencies, other misc OE
Position Infrastructure - Ongoing	4,800	wireless card, office phone, Blackberry (2 positions)
Vehicle Maintenance – Ongoing	6000	Ongoing
Position Infrastructure ~ OTO	11,900	furniture, laptop, Blackberry (2 positions)
Total Cost – DHHS	176,420	
Vehicle – OTO	27,300	Van - funding in Motor pool NDA
Total SON	203,720	

The Executive's recommended increase is broken into \$55,860 in personnel costs to increase one FTE staff position and \$35,350 in operating expenses used to implement after school and community programming, food, job readiness resources, transportation for client safety, relocation of clients that seek to leave gang life. The operating expenses also support

training and capacity building for SON staff which is essential in order to further professionalize and help maintain standards for gang intervention work.

DHHS explains that the Committee's recommended positions would provide targeted street outreach in high crime areas in the County, weekly youth engagement projects, bi-weekly positive youth groups in MCPS or alternative schools. An additional van would be needed to transport clients to activities during the week and on weekends.

The Committee should clarify what funding, if any, should be included on the reconciliation list.

F. Enhance Drug Prevention and Intervention Services at the Upcounty and Crossroads Opportunity Centers \$50,000

The Committee recommended approval of the \$50,000 included in the Executive's Recommended Budget for drug prevention and intervention services at both Youth Opportunity Centers (YOC) in FY13. The proposed services replicate those provided at the Crossroads YOC through federal earmark funding approved by the Department of Justice (DOJ) in FY11. DHHS explained that the proposed services will be integrated with other services offered at the YOCs and are focused on the needs of gang-involved youth. The program would provide weekly group drug prevention and intervention activities targeting YOC clients who are struggling to find employment, as well as those involved in criminal, violent behavior as a result of their drug use. The drug prevention and intervention group will meet at least twice a week for a 16 week curriculum based program that aims to provide the participants with protective factors, resulting in the reduction of their use and abuse of substances. The program will aim to serve a maximum of 40 clients (20 per site) throughout the year. One of the groups will be held during the day to cater to older, out of school youth, and the other group will be held in the afternoon targeting younger youth who are still in school. In addition to meeting twice a week, one-on-one counseling will be available for youth with more intensive needs. The services will be fully integrated into the operation of the Youth Opportunity Centers in order to maximize the level of support and intervention.

DHHS Youth Violence Prevention Coordinator Luis Cardona explained to the HHS Committee that drug use was the primary issue that the YOCs and the Street Outreach Network are dealing with. Councilmember Navarro expressed willingness to consider placing additional funding on the reconciliation list to support drug prevention and intervention services at the YOCs. Director Ahluwalia said that the Department would research whether system capacity exists to serve more young people with additional resources.

HHS Committee Chair Leventhal referenced testimony about the growing use of heroin and opiates in the County. The Chair expressed the need to have a coordinated response to the problem from Police and DHHS and requested a discussion of the issue with the Public Safety Committee before additional funding recommendations are considered. The HHS and Public Safety Committees met on April 27 to discuss substance abuse trends in the County and the County's response.

DHHS reports that the contractor for the proposed drug prevention and intervention services, Maryland Treatment Center, Journeys Program, has the capacity to

expand the described services if the Council adds funding. Any additional Council funding would allow the program to serve more clients by adding prevention/intervention groups and individual counseling.

G. Therapist for Child and Adolescent Mental Health Clinic

At the April 26th session, the Committee expressed an interest in adding a Therapist II position to the Child and Adolescent Outpatient Mental Health Clinic to help address the ongoing waiting list, particularly for bi-lingual services.

The cost for a Therapist II position is \$90,930. The Committee should clarify whether they want to add this amount to the reconciliation list.

FY12 DD Survey Summary

	High Average	Low Average	Average All Respondents	# of Responses*
Average Direct Service Employee Hrly Rate				
Residential	\$15.52	\$7.40	\$11.52	17
CSLA	\$29.93	\$9.41	\$13.97	16
Day	\$24.57	\$8.92	\$13.62	13
Supported Employment	\$23.52	\$11.22	\$16.65	16

	High	Low	Average	# of Responses**
Fringe Benefits as % of Overall Total Wages	27.17%	8.00%	20.03%	22
Agency G&A or overhead %	19.00%	5.40%	11.99%	21

*23 Agencies Responded to survey; however, not all agencies provide all services.

** Inappropriate responses were eliminated from summary calculations.



DETAIL ON RECOMMENDED FY13 CE AMENDMENTS

Tax Supported

RESOURCE AMENDMENTS

DOT-Transit Services

REDUCE RIDE ON FARE REVENUE BASED ON CASH FARE INCREASING FROM \$1.70 TO \$1.80 INSTEAD OF \$2.00 -67,950

The Executive's original March 15 recommendation was based on WMATA's proposal at that time to increase its cash fare from \$1.70 to \$2.00. The Executive recommends reducing the proposed Ride On cash fare increase to match WMATA's action raising its cash fare to \$1.80.

Fire and Rescue Service

EMERGENCY MEDICAL SERVICES TRANSPORT REIMBURSEMENT 8,557,640

The County Executive has proposed legislation establishing reimbursement for Emergency Medical Services transports. The legislation's fiscal impact statement includes more detailed information on the revenue assumptions, but the recommended budget adjustment assumes implementation of the reimbursement on January 1, 2013.

Health and Human Services

OLDER ADULTS WAIVER (OAW) REVENUES ASSOCIATED WITH STATE MANDATE FOR SERVICE DELIVERY 770,161

→ Due to the withdrawal of State permission to privatize the Older Adults Waiver Program, the case management elements of the program will be delivered by HHS staff. HHS estimates the billable hours from the State would be 1,326 hours per case manager, based on a caseload ratio of 1:40.

FY13 original revenue estimate was \$52,310. New estimate is \$1,028,089, but is lapsed at 20% for implementation delays to \$822,471. The marginal revenue is \$770,161.

HHS estimates the revenues for out years would be:

FY14 - \$1,021,981

FY15 - \$1,147,202

FY16 - \$1,209,813

FY17 - \$1,335,034

Revenue

Police

AUTOMATED TRAFFIC ENFORCEMENT LATE PAYMENT PENALTY FEES -2,304,710

The Chief Judge of the Maryland District Court has ordered local jurisdictions to cease the practice of charging late payment penalty fees for photo red light and speed camera violations based on the District Court's authority to establish uniform citations statewide. The late penalty fees charged by local jurisdictions vary from one jurisdiction to another, which is the reason for the Judge's order.

Transportation

PARKING METER REVENUE OUTSIDE THE BETHESDA PARKING DISTRICT 67,331

The recommended budget included an initiative to install parking meters on certain streets in Bethesda outside the parking district where individuals are currently parking for free. The budget inadvertently omitted inclusion of these revenues.

Total Tax Supported Resources 7,022,472

EXPENDITURE AMENDMENTS

Detail on Recommended Budget Adjustments

Tax Supported

Fire and Rescue Service

ADD: EMERGENCY MEDICAL SERVICES TRANSPORT REIMBURSEMENT 954,450
IMPLEMENTATION COSTS

Implementation costs include \$470,670 for third-party billing expenses pro-rated to January 1, 2013, \$200,000 for community outreach, \$25,000 for training, and \$258,780 for three staff positions (one billing manager, one accountant/auditor, and one administrative specialist) to administer the reimbursement process.

Health and Human Services

ENHANCE: RESTORE POSITION ELIMINATIONS AND ADD FUNDS FOR OLDER ADULTS 903,839
WAIVER (OAW) PROGRAM DUE TO NEW STATE MANDATE

→ Due to the State's new mandate on the Older Adults Waiver Program, all jurisdictions are required to provide case management services by County staff and at a caseload ratio between staff to applicants/participants at 1:40. HHS serves about 460 clients with additional 40 in the pipeline in FY12. The State proposes to increase the number of available OAW slots by 10% starting in FY13. HHS estimates the number of clients served will be increased to 560 for FY13.

As a consequence of this State mandates, HHS must restore 4.5 FTEs in 6 positions (\$429,935) previously recommended for abolishment and reduction. The Department also needs to add 10 contractual positions (\$477,604) in OAW to support the increased number of clients.

Total marginal expenditures (\$903,839) requested by HHS will be offset by marginal revenues (\$770,161), with a net deficit of -\$133,678.

Estimated expenditures for FY14 are \$1,021,981.

NDA - Motor Pool Fund Contribution

TECHNICAL ADJ: SHIFT EQUIPMENT REPLACEMENT EXPENDITURES FROM FY12 TO 4,291,384 FY13

This is a budget neutral technical adjustment shifting equipment replacement expenditures from FY12 to FY13.

Total Tax Supported Expenditures 6,149,673