



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

October 20, 2014

The Honorable Edward J. Kasemeyer
Chair
Senate Budget and Taxation Committee
3 West Miller Senate Building
Annapolis, MD 21401-1991

The Honorable Norman H. Conway
Chair
House Appropriations Committee
121 House Office Building
Annapolis, MD 21401-1991

Re: 2014 JCR, Page 182 - Weather-Related Closures

Dear Chairmen Kasemeyer and Conway:

Pursuant to the 2014 Joint Chairmen's Report (Pg. 182-183), the Department of Health and Mental Hygiene (Department) respectfully submits this report on cost savings realized by the Developmental Disabilities Administration (DDA) due to weather-related closures and the distribution of those savings to affected providers in fiscal year 2014. The budget committees requested that the Department provide a report within 30 days of the fiscal year end close regarding the amount of funds from cost savings identified from nonpayment to providers to be distributed to providers in fiscal 2014 and 2015.

In a letter dated July 24, 2014, DDA requested an extension of the July 30, 2014 due date for the report on weather-related closure cost savings. DDA advised that the year-end closeout process must be completed in order to determine the cost savings as well as the availability of State funds for a one-time distribution to affected community services providers. In a letter dated August 12, 2014 from the budget committees, DDA was granted an extension to October 1, 2014 to provide this report. DDA is submitting this report after October 1 and apologizes for the lateness of this submission. DDA experienced a delay in its year-end closeout process and needed the additional time to ensure accuracy of this report.

Cost Savings from Nonpayment to Providers for Weather-Related Closures

DDA analyzed fiscal year 2014 Day Service and Supported Employment provider-based attendance data to determine savings attributable to weather-related impacts to service delivery using the methodology below:

1. DDA queried its Provider and Consumer Information System (PCIS2) for dates of service that community service providers inputted as weather, absent days, and/or vacation days.
2. These attendance dates were verified against State weather closures and liberal leave dates set forth by the Maryland Department of Budget and Management.
 - a. For fiscal year 2014, the following dates were identified by the Department of Budget and Management as either a special weather-related closing of state buildings or an enactment of a liberal leave day:
 - i. State closures: 1/21 (half day); 2/13; 3/3; and 3/17; and
 - ii. Liberal leave: 12/9; 12/10; 1/3; 1/22; 1/29; 2/5; 2/14; and 3/4.
3. The attendance dates inputted by providers that matched the dates set forth by the Department of Budget and Management were multiplied by the provider's fiscal year 2014 rates to arrive at the total cost savings from nonpayment to providers for weather-related closures.
 - a. This analysis identified \$2.7 million and \$0.8 million in non-payments related to weather-related closings for Day and Supported Employment providers, respectively.
4. The federal fund participation rate was applied to the non-payments to determine the amount that would have been funded by Medical Assistance (MA) and the amount that would be funded by the State. These amounts are delineated in the table below.
5. Since the State cannot claim Federal match for services not provided, the actual savings to the State is \$1.9 million.

FY14 Weather Related Savings			
	Day Service	Supported Employment	Total
Total Funds	2,699,987	804,776	3,504,763
Federal Funds (MA)	1,239,677	338,590	1,578,268
General Funds	1,460,310	466,186	1,926,495

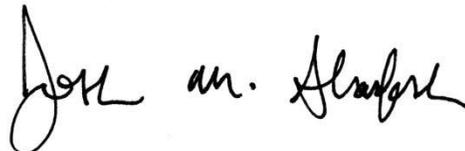
Subsequent to the Committees' review of the cost savings information outlined above, the following will be determined to support a one-time equitable distribution of these funds to affected providers:

1. Methodology to distribute funds from cost savings realized due to nonpayment to providers for weather-related closures to:
 - a. Providers that experienced loss of revenue due to weather-related closures; and
 - b. Residential service providers that experienced weather-related expenses, including staff overtime, resident relocation, or other costs necessary to ensure health and safety.
2. Methodology to distribute the funds saved from non-payment of day and supported employment providers will be based on the proportion of financial loss reported by day, residential and supported employment providers. While funds will be distributed proportionally, the funds received by any one provider will not exceed its claimed loss. The methodology will be jointly constructed with representatives of provider associations.

The Honorable Edward J. Kasemeyer
The Honorable Norman H. Conway
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If you have any questions, please contact Allison Taylor, Director of the Office of Governmental Affairs, at (410) 767-6481.

Sincerely,

A handwritten signature in black ink that reads "Josh M. Sharfstein". The signature is written in a cursive, flowing style.

Joshua M. Sharfstein, M.D.
Secretary

cc: Bernard Simons, Deputy Secretary, DDA
Valerie Roddy, Deputy Director, DDA
Jennifer Ellick, DLS