

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1420

(Chair, Health and Government Operations
Committee)(By Request - Departmental - Health)

Health and Government Operations

**Maryland Department of Health - Services for Individuals With Developmental
Disabilities - Fee-for-Service Payment Pilot Program**

This departmental bill requires the Maryland Department of Health (MDH) to establish a fee-for-service (FFS) payment pilot program for services for individuals with developmental disabilities.

Fiscal Summary

State Effect: The bill's requirements can be handled with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: MDH has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: "Fee-for-service" means a method for payment that requires a person to submit a claim for payment to MDH for each service performed.

A provider that provides waiver program services to individuals with a developmental disability who are eligible for specified services (including, as defined in the bill, meaningful day services, residential services, and support services) may participate in the

pilot program. MDH must determine and establish rates for waiver program services and publish such rates (and any subsequent changes to those rates) in regulation.

A participating provider must submit a claim for payment on a form that MDH requires. Payment may not be made for a claim that is received by MDH more than one calendar year after the date the services were provided. Such a claim may not be charged to the recipient of services. A provider may not submit a false or fraudulent claim for payment or documentation supporting a claim that contains false information.

A participating provider must complete and submit to MDH each year financial statements for each fiscal year that were audited by an independent certified public accountant. A participating provider must submit information required by MDH, on a form approved by MDH, relating to wages and benefits paid to direct support professionals. MDH may require a participating provider to submit additional reports and information related to provision of services to individuals with a developmental disability.

MDH may conduct an audit of any records supporting a claim for payment of a participating provider and recover overpayments from a provider.

A participating provider must comply with all applicable laws and regulations governing financial documentation, reporting, and other payment-related requirements for Medicaid providers.

MDH must adopt regulations for the pilot program regarding the governance of FFS payments and reporting requirements and procedures consistent with the bill and other applicable laws.

Current Law/Background: MDH's Developmental Disabilities Administration (DDA) provides direct services to developmentally disabled individuals in State facilities and through the funding of a coordinated community-based service delivery system.

Chapter 648 of 2014 tasked DDA with conducting an independent and cost-driven rate-setting study to set provider rates for community-based services that considers the actual cost of providing community-based services, including transportation costs, appropriate wage and benefit levels for direct support and supervisory staff, and the fiscal impact of absence days. DDA awarded a contract to Johnston, Villegas-Grubbs and Associates, LLC (JVGA) to complete the study. JVGA released its findings from the rate-setting study in a report published in November 2017. Simultaneously, DDA has worked to transition from its legacy financial management system to MDH's integrated care management tracking system, the Long-Term Services and Supports System (LTSS).

The rate-setting process is being implemented in three phases (1) rate development; (2) verifying assumptions in proposed rates, provider impact analysis, and training; and (3) finalizing the rates and developing an implementation plan. DDA is currently in phase two, which includes verifying the assumptions used in the rate-setting study and discussing how the new services and rates will be operationalized.

The bill is intended to authorize DDA to establish a small-scale FFS pilot to test the LTSS network transition to FFS rates with a limited test group so that any issues with the system can be addressed and managed without significant impact to providers or service recipients.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - March 26, 2019
mm/ljm

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Developmental Disabilities Law – Payment Pilot

BILL NUMBER: HB 1420

PREPARED By: Corey Carpenter, Office of the Secretary

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

N/A.