



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 – Laura Herrera Scott, M.D. M.P.H. Acting Secretary

January 16, 2015

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

The Honorable Maggie McIntosh
Chair, House Appropriations Committee
House Office Building, Room 121
Annapolis, MD 21401

The Honorable Thomas M. Middleton
Chair, Senate Finance Committee
3 East Miller Senate Building
Annapolis, MD 21401

The Honorable Peter Hammen
Chair, House Health and Government
Operations Committee
House Office Building, Room 241
Annapolis, MD 21401

Dear Chairmen Kasemeyer, Middleton, McIntosh and Hammen:

Thank you for your continued support of Marylanders with Intellectual and Developmental Disabilities. I am writing to share a report by the Developmental Disabilities Administration (DDA), which outlines the future direction of DDA while simultaneously addressing previously identified challenges. For your convenience, I have enclosed a copy of the report.

Although major changes are underway at DDA, the process is ongoing. As such, we will keep you apprised as situations warrant. The Department remains committed to addressing all issues through an inclusive process that allows for stakeholder input.

If you have any questions, please do not hesitate to contact Bernard Simons, Deputy Secretary for Developmental Disabilities at (410) 767-5600.

Sincerely,

Laura Herrera Scott, M.D., M.P.H.
Acting Secretary

Enclosure

cc: The Honorable Thomas V. "Mike" Miller, President of the Senate
The Honorable Michael E. Busch, Speaker of the House
Acting Secretary George P. Failla, Department of Disabilities
Allison Taylor, DHMH Office of Governmental Affairs
Jennifer Ellick, Department of Legislative Services

DDA Restructuring

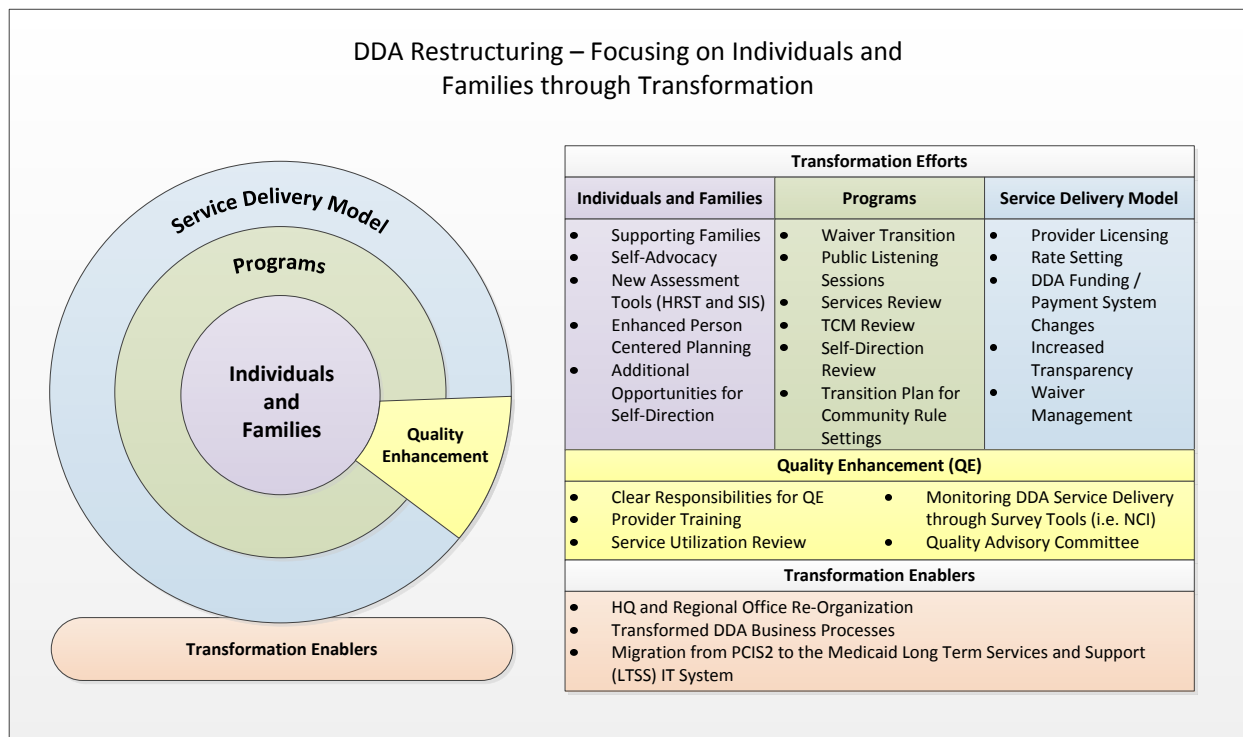
Focusing on Individuals and Families through Transformation

November 2014

Executive Summary

With a budget of nearly \$1 billion in total funds, the Developmental Disabilities Administration (DDA) finances services that allow Maryland residents with developmental disabilities and their families to lead full and independent lives. Over the last eight years, Maryland’s financial commitment to the DDA has grown by over 30% and the number of individuals and families served is at an all-time high. However, during this period of growth significant administrative and financial weaknesses were identified within the Agency. While many external audit findings have been resolved and significant progress has been made to address identified challenges, solely resolving administrative weaknesses will not yield a system able to meet the needs of Maryland residents with developmental disabilities.

Under the leadership of DDA’s Deputy Secretary Bernard Simons, the DDA is embarking on a wide-ranging restructuring of its service delivery system and administrative operations. This restructuring focuses on individuals and families through the transformation of the DDA’s organizational structure, programs, service delivery system, payment system, and quality enhancement processes. Ultimately, the needs of individuals and families must drive program outcomes.



These initiatives will be executed over the course of the next three fiscal years and many will require ongoing investment. The DDA anticipates a continued partnership with the incoming Administration and the Legislature on these critical activities.

Introduction

With a budget of nearly \$1 billion in total funds, the DDA finances services that allow Maryland residents with developmental disabilities and their families to reach their full potential. Over the last eight years, Maryland's financial commitment to the Developmental Disabilities Administration has grown by over 30% and the number of individuals and families served is at an all-time high. The DDA recognizes the significance of this ongoing commitment and applauds the Governor and Legislature for their continued support for individuals with developmental disabilities.

However, over the last several years, significant administrative and financial weaknesses were identified within the agency. As noted in previous reports by the Department of Legislative Services' Office of Policy Analysis and Office of Legislative Audits, the federal Department of Health and Human Services (DHHS) Office of the Inspector General, the DDA faces longstanding and historic challenges. Recognizing these challenges, the DDA identified in its October 2013 report, entitled "Moving the DDA Forward," 17 key challenges across the areas of fiscal, operational, compliance, quality/service delivery, and communications/stakeholder engagement. With these challenges identified, the DDA described specific steps that would be taken over the next year. To recognize the ongoing progress being made on these key initiatives, this report includes an appendix detailing the current status of each initiative.

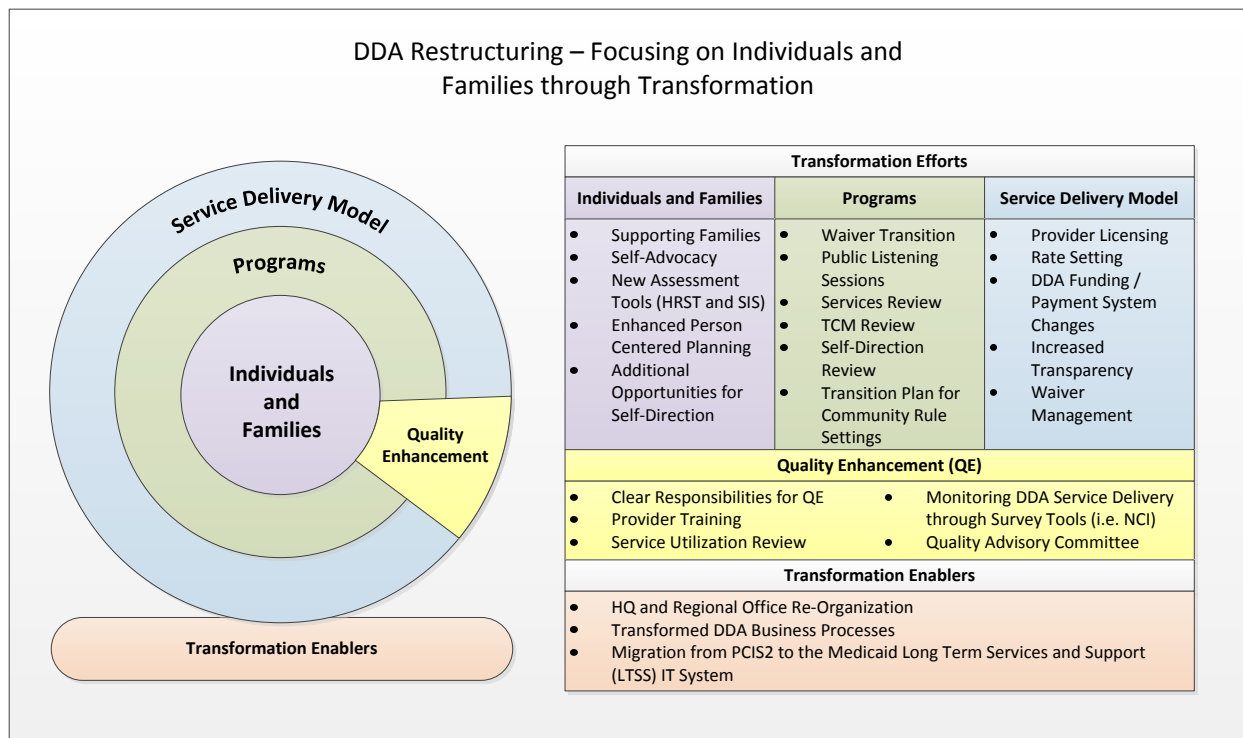
While several audit findings have been resolved and significant progress has been made to address the 17 identified challenges, resolution of these weaknesses alone will not create a system that is better able to meet the needs of Maryland residents with developmental disabilities. Under the leadership of DDA's Deputy Secretary Bernard Simons, the DDA is embarking on a wide-ranging restructuring of its service delivery system and operations. This restructuring is designed to focus the system on individuals and families through the transformation of programs, the service delivery system, and quality enhancement. Ultimately, the needs of individuals and families must drive outcomes that support the ability of individuals with developmental disabilities to lead fulfilling lives. Furthermore, these changes will also allow the DDA to respond more agilely to new Centers for Medicare and Medicaid Services (CMS) requirements, Legislative mandates and opportunities for innovative service delivery.

Continuing many of the initiatives started in 2013, this restructuring will include the commission of a Quality Advisory Committee, an in-depth external review of existing services, the implementation of new assessment tools, a full rate setting study, a change to the

prospective payment system, the replacement of the existing PCIS2 system, and a reorganization of the DDA. These initiatives will be executed over the course of the next three fiscal years, and many will require ongoing investment. The DDA looks forward to a continued partnership with the incoming Administration and the Legislature on these critical activities.

DDA Restructuring and Transformational Activities Overview

The DDA’s transformation and restructuring efforts can be divided into five main focus areas. These areas are guided by the priority of needs of individuals and their families and will transform and stabilize the DDA’s operations and finances. As shown in the graphic below, these focus areas include individuals and families, programs, service delivery model, quality enhancement and transformation enablers:



With inter-related activities in each of these focus areas; the transformation of the DDA must be sequenced and coordinated to ensure that the identified goals of improving service delivery to the individual while stabilizing operations and finances are realized. Through these transformation initiatives, the DDA will be able to create a system that supports individuals and families while also improving its ability to predict service needs and associated costs.

Details of the DDA Restructuring and Transformational Activities

The implementation of these initiatives will occur over the next three fiscal years and transformed efforts will continue into the future.

Focus Area	Initiative	FY15	FY16	FY17
Individuals and Families	Supporting Families	X	X	
	Self-Advocacy	X		
	HRST Assessments	X	X	X
	SIS Assessments	X	X	X
	Person Centered Planning	X	X	
	Self-Direction	X	X	
Programs	Waiver Transition	X	X	
	Public Listening Sessions	X		
	Service Review (waiver services, TCM, and Self Direction)	X		
	Transition Plan for Community Rule Settings	X	X	
Service Delivery Model	Provider Licensing	X		
	Rate Setting	X	X	X
	DDA Funding / Payment System Changes		X	X
	Increased Transparency	X	X	X
	Wavier Management	X	X	
Quality Enhancement	Clear Responsibilities for QE	X		
	Provider Training and Certification	X	X	
	Service Utilization Review	X	X	
	Monitoring DDA Service Delivery	X	X	
	Quality Enhancement Committee	X		
Transformation Enablers	HQ and Regional Office Re-org	X	X	
	Transformed Business Processes		X	X
	Migration from PCIS2 to LTSS	X	X	X

Individuals and Families

At the core of the DDA’s restructuring effort is a focusing of the DDA system on individuals and families. For the service delivery system to be effective, the needs and desires of an individual must be clearly understood. Under this focus area the DDA is undertaking the following transformation efforts:

1) Supporting Families

The Administration on Intellectual and Developmental Disabilities (AIDD) has funded work to develop a community of practice designed to build capacity across and within states to create policies, practices, and systems to better assist and support families that include a member with I/DD across the lifespan. The DDA will work with families, advocates, and other stakeholders to develop a community of practice that includes policies and practices that support families in Maryland.

2) Self-Advocacy

Self-advocacy is a critical cornerstone of an effective program that serves individuals with developmental disabilities, and it is important that self-advocates are imbedded in the decision making and day-to-day efforts of the administration. To that end, the DDA has already hired a self-advocate to work in its headquarters office and will be hiring self-advocates in each of the DDA's four regions. These individuals will not only help to further expand self-advocacy across the state but will also be engaged in program and policy decisions made by the DDA.

3) New assessment tools to better identify individual needs for support and nursing services

As part of the Maryland Medicaid's Balancing Initiative Program funded by CMS, the DDA committed to implementing standard tools and methods to assess level of need and specific nursing services needs across the population served in the context of person centered planning. The nationally accepted assessment tools the DDA will implement are the Supports Intensity Scale (SIS) and the Health Risk Screening Tool (HRST) which have already been piloted or are currently being used in paper form. Yet, new online versions of both tools offer opportunities to integrate information with person centered planning, track changes and perform service delivery and outcome monitoring. The following milestones are associated with implementing these assessment tools.

- Procuring and implementing the use of the web-based Health Risk Screening Tool over a multi-year timeline starting with individuals receiving residential services and new placements requesting nursing services
- Building upon prior efforts to pilot the SIS through implementing the tool to assess individuals receiving services over a seven to ten year timeline, starting with individuals currently receiving residential services and new placements

4) Enhanced person centered planning to drive the authorization of services.

The DDA is currently reviewing efficacy of the individual plan process and existing training in light of person centered planning best practices and new HCBS regulations. This includes monitoring against the plan to ensure that it is implemented, that expected individual outcomes are achieved and plans are updated as necessary. In addition, the DDA will eventually begin using an individual's plan, defined through person centered planning, to drive service authorization.

- 5) Provide additional opportunities for self-direction through the removal of barriers and increased accessibility for individuals.

Through the DDA's review of self-directed services, it is working to highlight barriers to self-direction. With these barriers identified and removed, it is the DDA's intent to create additional opportunities for self-direction.

Programs

The DDA's transformation has wide-spread impacts on the DDA, its population, families, providers and stakeholders. Most notably, changes in services and quality management seek to improve flexibility and offerings to individuals.

- 1) Waiver Transition

The DDA waiver was approved on March 26, 2014 and the Developmental Disabilities Administration (DDA) was given 18 months to transition service delivery and implement the changes in the approved waiver application. As a result this transition must be completed by September 2015. Over the course of the next 12 months, the DDA will be providing additional guidance on the transition of services in light of ongoing service reviews and the implementation of the settings requirements in the community rule.

- 2) Public Listening Sessions

The DDA hosted statewide DDA Waiver Listening Sessions to gain feedback on the current system - what works and what can be improved. Scheduled in October (10/22, 10/23, 10/27, and 10/28), these DDA Waiver Listening Sessions are critical to determining the array of supports families and people with intellectual and developmental disabilities will have in the future. In addition, the DDA has established an email address - wfb.dda@maryland.gov to further facilitate feedback from stakeholders.

- 3) Services Review

The DDA has undertaken independent reviews of services identified in the waiver, the State Plan Targeted Case Management (TCM) program and the self-directed program. These reviews are designed to identify opportunities to strengthen and improve the understanding of available services, streamline access to available services, and improve the oversight and management of these services and programs. Recommendations stemming from these reviews will yield improvement strategies key to the success of the DDA and meeting the needs of individuals. Through the public listening sessions and service review, the DDA may choose to submit a waiver amendment to adjust and refine

service definitions. Given the transition timeline for the community rule, it is anticipated that an amendment would be considered in late spring 2015.

4) Community Rule Transition

In accordance with Maryland's state-wide transition plan for the Home and Community Based Services (HCBS) setting transition and as required by CMS, DDA will be implementing changes in services at the end of FY15 and throughout FY16. Additional information on can be found at:

<http://dda.dhmh.maryland.gov/SitePages/HCBS.aspx>

Service Delivery Model

With the required changes to the DDA's programs, it is necessary to also evolve the DDA's service delivery model which has been a long standing operational weakness of the system. These weaknesses have impacted the ability of the DDA to forecast costs, claim allowable federal reimbursement, and adequately oversee the appropriate delivery of services. Furthermore, it has created a service delivery and funding system that has little transparency into what is funded and what services are being provided. Under this focus area, the DDA will pursue the following initiatives:

1) Provider Licensing

The DDA is in process of developing a new provider application and redefining the application process to become a DDA provider. Changes to this process will allow the DDA to identify providers who have the capacity to provide high quality services to individuals in the community.

2) Rate Setting

As a key aspect of changing the requirement for pre-payment, the DDA is currently in the process of soliciting proposals to support the development and execution of a rate setting process for DDA-funded services. The procurement is scheduled to conclude in mid-November. Once proposals have been reviewed, a contractor will be selected to conduct an independent cost-driven rate setting study that incorporates provider and stakeholder involvement. Developing a sound system of rates is critical to increasing visibility into the cost and utilization of services which will dramatically improve budget forecasting and the monitoring of financial performance. The rate setting study will start with an eighteen month period of performance and is statutorily required for the

DDA to change the current prospective payment system. It is anticipated that working capital will need to be available to providers to transition to the new payment system.

3) DDA Funding / Payment System

Multiple weaknesses have been attributed to the statutory requirement for DDA to pre-pay providers for community based services. This legacy requirement has hindered the DDA's ability to attain Federal revenue and accurately forecast expenditures. With the support of the Legislature through the passing of HB 1238, a path has been identified to change these processes through the execution of the rate setting study and other activities required by the Legislation. As a result, the DDA will be able to embark on implementing a reimbursement based model which will support greater financial controls, improved tracking of funded services, and improved forecasting capabilities.

4) Increased Transparency

Through anticipated changes in person centered planning, the role of the individual plan in service authorization, and changes to the funding / payment system, the DDA anticipates increased transparency in the service delivery model.

5) Waiver Management

As a Medicaid funded program, the DDA relies on federal funding to support the delivery of services to Maryland residents with developmental disabilities. For individuals who are eligible for the DDA waiver, the federal government pays for 50% of all eligible service costs. This funding has allowed the DDA to expand services, and it is imperative that individuals remain eligible for the DDA waiver. As a result, the DDA has realigned staff to focus on waiver management and has established a working group of providers and resource coordination agencies to review and recommend improvements to the existing process for maintaining eligibility. In addition, the DDA has already established both automated and manual notifications to resource coordinators and providers to help ensure that annual redeterminations are done on a timely basis.

In FY14, the DDA implemented several process improvements for claiming Federal funds for contractual services. These changes dramatically improved the DDA's ability to claim Federal reimbursement for those services. In addition, the DDA is actively working to maximize individual participation in the waiver. These changes positively impacted program revenue, adding approximately \$6 million in federal funds.

Quality Enhancement (QE)

Quality Enhancement is a critical function for the DDA, and it covers both DDA programs and the service delivery model to help ensure that the needs of individuals are being adequately met. Through the restructuring of the DDA, a director of Quality Enhancement will be hired at headquarters and additional focus will be placed on QE activities.

1) Clear Responsibilities for QE

The DDA is restructuring its QE program to clarify the roles among the Office of Health Care Quality, QE, and Provider Relations. This clarification is designed to reduce overlap in activities and ensure adequate oversight of providers.

2) Provider Training and Certification

The DDA will develop standardized training requirements for providers' direct support staff in order to support compliance with training requirements outlined in statute and define a baseline of knowledge and experience for those personnel. Additionally, requirements to certify providers and their programs against national standards are under review.

3) Service Utilization Review

The DDA will be contracting with a vendor to conduct utilization reviews. Through this contract, the DDA will look at opportunities to expand the utilization review to all services. It is anticipated that these reviews will begin in the late winter of 2015.

4) Monitoring of DDA Service Delivery through National Survey Tools

The DDA will continue to utilize the National Core Indicators (NCI) survey tool. The NCI consists of standard measures used across states to assess the outcomes of services provided to individuals and families. Indicators address key areas of concern including employment, rights, service planning, community inclusion, choice, and health and safety. The DDA will closely examine the results of this survey as an additional decision point on future changes to programs and the service delivery model.

5) Quality Advisory Committee

The DDA established a Waiver Advisory Committee made up of external stakeholders and representatives of other state agencies to provide feedback on the DDA waiver. In addition to waiver oversight, the role of this committee will be expanded to include quality enhancement and will also serve as the Quality Advisory Committee. This committee will focus on outputs from the QE process and will provide

recommendations for how the DDA can improve its delivery of services to individuals with developmental disabilities.

Transformation Enablers

Supporting the focus areas of individuals and families, programs, and the service delivery model, and quality enhancement are a set of transformation enablers. These activities will help make the transformation initiatives in each of the aforementioned focus areas a reality and are critical to the DDA's restructuring.

1) HQ and Regional Office Re-Organization to Align with Programs and Key Functions

An initial review of the organizational design and assignments was performed prior the new Deputy Secretary's arrival. Based upon his experience leading other state programs and knowledge of national leading practices, a finalized organizational design was proposed to increase focus on leadership of programs, provider relations and quality. The following actions have been accomplished and/or are underway:

- a. Realigned the DDA's headquarters staffing to strengthen operational oversight and management
- b. A request has been approved by the Department of Budget Management to support the reclassification of the Deputy Director of Programs and Quality Enhancement positions
- c. The DDA will begin an re-organization of the four regional offices to align with the Headquarters reorganization focused on provider relations and community supports

2) Implementation of Transformed DDA Business Processes

Over the last two years, the DDA has been actively engaged in an effort to identify weaknesses in existing processes, identify and implement interim improvements, and develop to-be processes for future implementation. As a part of this effort, the DDA has already implemented numerous process changes that have reduced duplicative activities and corrected longstanding weaknesses as identified in audit findings. While short-term interim improvements will be pursued, the DDA has shifted its focus to long-term to-be process improvements. These process changes will be implemented in alignment with the new information technology system and other key transformation activities.

3) Migration from PCIS II to the Medicaid Long Term Services and Support (LTSS) System

As part of a broader solution to address persistent financial management issues and an inability to accurately provide financial projections, Alvarez & Marsal (A&M) was engaged on January 2, 2013 as an independent consultant to support the financial restructuring of the DDA based upon experience providing similar services to other state health and human services programs. A&M's scope included the following:

1. Assess the DDA's current fiscal operations
2. Identify and recommend interim and long term process improvements
3. Provide recommendations and support a decision about the future of the DDA's fiscal management platform, the Provider Consumer Information System (PCIS2)
4. Support the implementation of a fiscal management platform that supports the DDA's restructured processes

The decision was made to utilize the existing DHMH LTSS solution on the basis of its alignment with DHMH processes and programs, ability to leverage an existing procurement and contracting strategy, and specific functionality for state-wide developmental disabilities programs.

The DDA is now defining its business functional requirements for the system and will work with the LTSS vendor over the next two years to define detailed system functionality and build a new information technology platform for the DDA.

Conclusion

The DDA is steadfast in its commitment to serve individuals with developmental disabilities and their families in Maryland. Our goal is no less than the transformation of DDA and the creation of a world class system that will meet the needs of individuals for many years to come. In order to achieve this objective, the DDA values the ongoing support of the Legislature to pursue the transformative initiatives identified in this report.

Thank you for supporting individuals with developmental disabilities. We will continue to provide you with updates regarding the DDA's restructuring as we move forward with these efforts.

Appendix: November 2014 Status Update

The Scorecard presented below is based upon the report issued by DDA in October 2013 titled *The Developmental Disabilities Administration: Moving Forward* and provides a status update on the initiatives identified in that report.

Initiative	Challenge Area	Planned Status	Current Status
Fiscal			
Recommendations on the Future of PCIS2	Prospective payment system	Beginning of calendar 2014	Based on the Financial Restructuring project plan, recommendations were delivered in February 2014 and planning has occurred across DHMH and DOIT detailing the selected solution, implementation approach and budgetary requests.
Rate Setting	Rate structure	Initiate a procurement in March 2014	The procurement is active with a goal of selecting a vendor and commencing the project in early 2015.
Waiver Utilization	Federal fund attainment	Initiated in Fall 2013, Ongoing	DDA continues to implement proactive approaches to identify individuals at risk of losing waiver status. For example, alerts have been programmed into PCIS to identify at risk individuals prior to losing status. Additionally, enhanced procedures involving Resource Coordinators are strengthening efforts to increase waiver utilization through working with individuals to preserve status and retain eligibility.
Service Contract Claiming	Federal fund attainment	Before the end of the calendar year	New procedures for non-rate basis payments were issued in December 2013 which have improved the federal claiming process and positively impacted the level of federal funding available to DDA.
Operational			
Request for Service Changes	Process weaknesses	Spring 2014	DDA implemented changes to the request for service change process and released standardized criteria for determining emergencies in October 2013. DDA is currently working with provider stakeholders to determine further opportunities to streamline timelines and approval processes.
Discharge Policy	Inconsistent application of policy	Fall 2013	A policy has been drafted and has received several reviews by the Maryland Association of Community Services (MACS) and the Maryland Disability Law Center (MDLC). Finalization of the

Initiative	Challenge Area	Planned Status	Current Status
			policy is expected in February 2015.
Organizational Redesign	Administrative structure	Headquarters reorganization approved in September 2014 and underway Regional Office reorganization	DDA performed an internal review of its organizational structure and recommended changes including establishing Quality Enhancement leadership and creating a new senior position, Deputy Director for Programs. Recruitment is underway for new created positions. Additionally, the organizational structure has been realigned to focus on critical components including: Quality Enhancement, Provider Relations, and by program area. A Regional Office reorganization will commence during FY15 to align with the new Headquarters structure.
Compliance			
Regulatory Reform	Lack of state regulations	Ongoing	DDA has updated the following regulations in support of new practices: Regulations: - 10.22.01 Definitions updated 11/2013 - 10.22.02.13 Licensee handling of records updated 4/2014 - 10.22.11.04 SRC respite eligibility and application procedures updated 11/2013 - 10.22.12.02 and 10.22.12.07 Eligibility for and Access to Community Services for Individuals with Developmental Disability updated 11/2013 - 10.22.13.02 and 10.22.13.03 Admission to State Residential Facilities scope and hearing procedures updated 11/2013 - 10.22.14 LISS regulations have gone out for public comment, comment period ends in mid November 2014 - 10.22.15 WLEF definitions updated 11/2013 - 10.22.17.06(G), 10.22.17.07, 10.22.17.08(J) Payment of providers updated 07/2014 - 10.22.18.04(I)(J)(K) CSLA Provider Payments updated 07/2014
Renewed DD Waiver	Lack of state regulations	Waiver approval granted 3/26/2014	A consolidated Waiver, integrating two previous Waivers, was approved retroactive to 7/1/14 inclusive of a 18 month transition timeline to implement changes in compliance with the application.
Quality/Service Delivery			
Utilization Review	Inadequate oversight of	Procurement issued and	A revised request for proposals was issued in September 2014

Initiative	Challenge Area	Planned Status	Current Status
	service delivery/fiscal recovery for prior audits	review of proposals is currently underway.	incorporated improved processes to support Utilization Review processes and with the potential to expand Reviews across a broader array of DDA programs and services. Contract commencement is anticipated by January of 2015.
Communications / Stakeholder Engagement			
Establishing a Waiver Advisory Committee	Lack of Waiver Advisory Committee	Ongoing Meetings Occur Quarterly as of Spring 2014	The Quality Advisory Committee has been charged with purview broader than the Waiver to include all DDA programs and services. Representation includes elected leadership representing individuals and the community and membership from other Maryland State Agencies.
Community Engagement	Regular Stakeholder Engagement	Ongoing	<p>DDA leadership continues to conduct bi-monthly meetings with the MACS and monthly meetings with the Developmental Disabilities Coalition to review policies and operations. Meetings are also regularly scheduled with the Resource Coordination Coalition (RCC).</p> <p>DDA has initiated a “listening tour” of feedback sessions related to the Waiver and feedback will be presented in January.</p> <p>Additionally, DDA is coordinating with DHMH to review inputs from other Town Hall meetings related to CMS’ Final Rule issued regarding Home and Community Based Services</p>