

December 31, 2021

The Honorable Lawrence J. Hogan
Governor
State House
100 State Circle
Annapolis, Maryland 21401-1991

RE: MSAR #13093 – MD Energy Assistance Eligibility Report
Completed pursuant to Chapters 362 and 363 (HB 101 and SB 913) of the Acts of 2021

Dear Governor Hogan:

The Department of Human Services (DHS) is required to submit a report to the Governor and the General Assembly in accordance with the provisions of Chapters 362 and 363 of the Acts of 2021. In accordance with this reporting requirement, DHS is pleased to provide you with the enclosed report.

If you should require additional information, please contact the Office of Government Affairs at 410-767-8966.

Sincerely,



Lourdes R. Padilla
Secretary

cc: Sarah Albert, Mandated Reports Specialist, Department of Legislative Services (5 copies)



REPORT ON MARYLAND ENERGY ASSISTANCE ELIGIBILITY

MARYLAND DEPARTMENT OF HUMAN SERVICES

Completed pursuant to Chapters 362 and 363 (HB 101 and SB 913) of the Acts of 2021

December 31, 2021

REPORT REQUIREMENTS

This report is hereby submitted in response to the following reporting requirement found in Chapters 362 and 363 (HB 101 and SB 913) of the Acts of 2021:

- (a) *The Department of Human Services shall study and make recommendations on the feasibility of establishing automatic eligibility and approval for a household to participate in the Maryland Energy Assistance Program if the household is receiving or eligible to receive Supplemental Nutrition Assistance Program benefits under State and federal law.*
- (b) *In conducting the study required under subsection (a) of this section, the Department shall conduct a cost–benefit analysis.*
- (c) *On or before December 31, 2021, the Department shall submit a report of its findings and recommendations to the Governor and, in accordance with § 2–1257 of the State Government Article, the General Assembly.*

Source: Chapters 362 and 363 (HB 101 and SB 913) of the Acts of 2021

OVERVIEW

The Office of Home Energy Programs (OHEP) is responsible for administering the Electric Universal Service Program (EUSP) and the Maryland Energy Assistance Program (MEAP). The goal of EUSP is to help make electric bills more affordable for low-income families by providing bill payment assistance and arrearage retirement assistance. MEAP, which is Maryland’s version of the federal Low Income Home Energy Assistance Program, shares the goal of helping low-income households with their home energy bills. MEAP provides benefits for all types of heating, including electric, gas, propane, oil, kerosene, coal and wood. MEAP is 100 percent federally funded. In order to streamline the energy assistance application and eligibility processes for applicants, eligibility standards for MEAP and EUSP are aligned and changes to the eligibility criteria for one program must be reflected in the other.

AUTOMATIC ELIGIBILITY

Automatic eligibility or categorical eligibility refers to the practice of qualifying an applicant for a benefit program based on their prior or concurrent determination of eligibility for another benefit program. At present, categorical eligibility is not utilized for programs administered by OHEP. Eligibility for OHEP administered programs is based on the 30-day gross income for all household members 18 years of age or older and an applicant’s eligibility for other benefit programs is not considered in the assessment of eligibility for energy assistance. Categorical eligibility has the potential to reduce administrative burdens, increase enrollment, and reduce administrative costs. The federal and State statutes must be considered in the process of implementation of categorical eligibility. The Department of Human Services (DHS) will assess the need for legislation as a prerequisite for implementation of categorical eligibility.

MEAP is funded by the federal Low Income Home Energy Assistance Program (LIHEAP). The LIHEAP statute establishes 150 percent of the poverty level as the maximum income level allowed in determining LIHEAP income eligibility, except where 60 percent of state median income is higher. Income eligibility criteria for LIHEAP may not be set lower than 110 percent of the

poverty. Under the law, LIHEAP grantees have the flexibility of serving households having at least one member who also receives assistance from any of the following Federal programs, referred to as categorical eligibility: Temporary Assistance for Needy Families (known as Temporary Cash Assistance in Maryland), Supplemental Security Income, Supplemental Nutrition Assistance Program, and Certain needs-tested Veteran Benefits.

States have the option to implement categorical eligibility for the distribution of LIHEAP benefits if they so choose. Currently, 20 states and the District of Columbia have implemented the categorical eligibility option. In order to implement categorical eligibility for LIHEAP, Maryland would have to include the framework for categorical eligibility in the LIHEAP state model plan and receive approval from the US Department of Health and Human Services.

Eligibility for the Electric Universal Service Program is established in state law as 175% of the Federal Poverty Level for most households and 200% of the Federal Poverty Level for households with one or more members 67 years of age or older. In order to implement categorical eligibility for EUSP, the EUSP statute must be amended to reflect the option for qualifying applicants through this mechanism.

FEASIBILITY STUDY

The OHEP Data Management System is used to administer OHEP programs. This system is currently not integrated or connected with the systems used to administer SNAP, TCA, and other benefit programs administered by DHS. On March 20, 2020 Eleventh House Solutions delivered a report on Process Evaluation Research & Cost-Benefit Analysis.

As a result of the feasibility study, it was determined that a model where eligibility is determined by a government agency using categorical eligibility results in substantially lower administrative costs. Notably, the benefit of categorical eligibility is most fully realized only when the eligibility determination is done by a government agency.

It is also worth mentioning that the study suggested the implementation of categorical eligibility decreases administrative percentage costs as the program total increases thus indicating an economy of scale. In regards to expanding program reach, the study indicates that an eligibility determination model that includes categorical eligibility and government agency as the singular administrative body results in the greatest percentage served.

Overall, the study determined that implementing categorical eligibility along with leveraging a government only administrative approach will achieve “better and more efficient results in terms of percentage served, in terms of reducing the overall energy burden, and in terms of achieving the lowest percentage of administrative costs.¹”

1. ¹ Eleventh House Solutions. (2020, March 15). *Process Evaluation Research & Cost-Benefit Analysis Report For Maryland Department of Human Services Family Investment Administration Office of Home Energy Programs.*

Cost-Benefit Analysis

The study predicted a \$2.8M savings per fiscal year using national averages. Worth considering is that impact has the potential to be greater than the national average as OHEP is rolled out in the Eligible & Enrollment system (E&E). At present, the integration of OHEP with E&E to enable categorical eligibility determinations is planned for completion by the first quarter of State Fiscal Year 2023.

Finally, the study concluded that the implementation of categorical eligibility was contingent upon full E&E integration. In order to facilitate such a large breadth of program transformation, the final recommendation pointed to a robust project management framework to ensure progress and accountability.

SYSTEMS INTEGRATION

The OHEP Data Management System is used to administer OHEP programs. This system is currently not integrated or connected with the systems used to administer SNAP, TCA, and other benefit programs administered by the Department. The Department is currently working to complete the statewide implementation of the new Enrollment and Eligibility system (E&E) for SNAP, TCA, and other programs. OHEP will be integrated with E&E to enable categorical eligibility determinations.

At present, the integration of OHEP within E&E to enable categorical eligibility determinations is planned for completion by the first quarter of State Fiscal Year 2023.