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MARYLAND

DEPARTMENT OF AGING

Choice, Independence and Dignity for Older Marylanders

Rona E. Kramer
Acting Secretary

Department of Aging - D26A07
FY2016 Budget

Testimony of
Rona Kramer, Acting Secretary
Maryland Department of Aging

Senate Budget & Taxation Committee, Health and Human Services Subcommittee
February 5, 2015

House Appropriations Committee, Health and Human Resources Subcommittee
February 9, 2015

Thank you for this opportunity to respond to the Department of Legislative Services (DLS) analysis of the Maryland Department of Aging budget. The Department appreciates the DLS recommendation to concur with the Governor's allowance. The Department's responses follow.

1. **The Secretary should comment on the decline of the Senior Care waiting list.**
   Response: Senior Care is a grant program in which local Area Agencies on Aging (AAAs) provide in home services for people at risk of nursing home placement in an effort to avoid the necessity of such a placement. During FY 2014, a higher percentage of Senior Care clients were served with less costly services compared to previous years. This may be an anomaly for this period or it may represent actual changes in utilization due to the successful expansion of other programs that help people with chronic conditions and disabilities to remain in their homes. The Department intends to collect more detailed data on how services shifted from more costly to less costly and to determine if this is a continuing trend.

2. **The Secretary should comment on how the reduction of volunteer ombudsman will affect the ombudsman program.**
   Response: At the time of the Management for Results (MFR) submission, medical residents at a Family Medical Center at a Baltimore County hospital had just completed a rotation that allowed them to work as volunteers visiting people in nursing homes. The residency program ended just before the MFR submission resulting in a drop in volunteers. Subsequently, Ombudsman staff worked closely with a Volunteer Coordinator to build up the number of volunteer Ombudsman. Final data for Federal Fiscal Year (FFY) 2014, obtained after the MFR was published, showed the program had 152 volunteers, an increase over FFY 2013, so, in fact, the program has increased the number of volunteers. The Ombudsman Program continues to work toward increasing the

number of volunteer ombudsmen to advocate for residents in long-term care facilities and their families.

3. **The Secretary should comment on progress of the funding formula workgroup.**
   Response: In 2014, the Department convened a workgroup of Area Agency on Aging (AAA) Directors to review the Older Americans Act federal funding formula. Under the leadership of Karen Sylvester of Prince George's County, the workgroup developed a report on possible federal funding formula changes. The report provides an excellent analysis of options for adjusting federal formulae. However, there was no consensus among AAA Directors on a single recommendation. One of the Department's priorities is to review and create equitable state and federal funding formulae.

4. **The Secretary should comment on the delay in identifying how fiscal 2013 funds were allocated.**
   Response: At the time of the 2014 Office of Legislative Affairs (OLA) audit, Department leadership staff had recently turned over and was not aware of the genesis or history of the Senior Care funding formula. Immediately following the audit, staff was able to locate documents explaining the genesis and history of the formula and reported this to OLA in a letter dated June 20, 2014.

5. **The Secretary should comment on why each year's allowance was below federal MOE funding levels.**
   Response: The Maintenance of Effort (MOE) is a federal requirement that requires the State to maintain a specific level of State funding relative to federal funding for programs that do not involve special eligibility criteria such as income. General administrative funds may be included in the MOE calculation. If the MOE level of funding is not met, federal funds will be cut unless a federal waiver can be obtained. Calculating the MOE based only on State funds for programs without income or physical eligibility requirements creates a "catch 22" for states that are facing budget constraints and reductions at the same time that they are trying to maintain services for the most needy and vulnerable. Over the last several years, there have been incremental reductions in general administration funding in order to maintain funding in State programs that serve those in most need. This shift in funding has resulted in a reduction in our MOE. One of the Department's priorities is to work with our federal and state partners toward a permanent resolution of this issue. This will not be a simple task, but it must be resolved if we are able to address the growing needs of the most vulnerable older adults in a time of fiscal constraint.

6. **The Secretary should comment on how the $420,800 January BPW reduction will be applied.**
   Response: The Department has requested the Area Agencies on Aging to submit reduction proposals that least impact direct services for constituents. The Department strives to operate as efficiently as possible without damaging critical programs or the Maintenance of Effort requirements. Each county's reduction is based on its proportionate allocation of funds. Each county has flexibility to apply the cuts among three programs in order to minimize the impact of terminating services for any program participants. The Department will continue to look for reductions that will minimize the impact on those programs.

7. **The Secretary should comment on how MDoA will improve the reporting of spending in future years.**
   Response: In FY 2015, the Department instituted an additional funding code to formally separate departmental administrative expenses from expenses for direct services. This separation allows a clear delineation of funds spent for administrative functions from funds spent for service programs administered through the Area Agencies on Aging or the Department. At this time, the Department is reviewing all fiscal oversight measures and reporting tools to improve accuracy and efficiencies within the Department. This includes, but is not limited to, strengthening the grantee fiscal assessment process, moving to an invoice based system, and defining more specific areas of collaboration between program and fiscal staff.

8. **The Secretary should comment on how MDOA will implement reduction associated with Section 19 of the fiscal 2016 budget bill.**
   Response: The Department will work to find efficiencies in administration and will work with our Area Agency on Aging partners to comply with the Budget reduction for FY 16. It is the Department's goal to ensure that our direct service programs obtain as few cuts as possible. At the same time, the Department must review all reductions in light of their impact on federal Maintenance of Effort and the potential loss of federal funds.