3/27/25

Developmental Disabilities Administration: Community Services Budget Updates

Funding in the Senate B&T's Budget numbers and language are similar to the House Appropriations' decisions shared last week, with a few notable exceptions. In the Senate, the language around the Geographic Differential was clarified to be reduced to 10% above "rest of state" rates, LISS individual grant limits were increased to $1,000 max per grant, End the Wait Act Implmentation Funding would be restored at $6 million, and the Dedicated Hours intent (based on the approved Medicaid Waiver) was memorialized to protect this funding in a person's budget when they have a need for dedicated hours for daytime behavioral 1:1/2:1, medical 1:1/2:1, or for recovery, transition, having less than 40 hours of a meaningful day service, or retirement.

For people who Self Direct their services, language remained the same in the Senate around preserving Reasonable and Customary Rates (previously proposed for significant cuts), and capping Enhanced Rates at 15% above R & C maximums for ROS, with an additional 10% for people who live in the Geographic Differential Areas. The BRFA language was adopted to allow DDA to reinstate caps on IFDGS, but DDA has been directed to remove Day to Day Administrator from IFDGS and put it as its own service category, in effort to preserve this important service and not subject it to the IFDGS Cap.

- The Geographic Differential rates will not be eliminated. Instead, these rates will be capped **at** 10% above the rest of the state rates.

- The Senate budget language is different from the House budget language: The Senate budget language clarifies the intention that "DDA shall set the geographic differential rate for each service that is more than 10% above standard rates set for the rest of the state... to 10% above the standard rates set for the rest of the state."

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- The Dedicated Hour Rate for Community Living Group Home and for Supported Living, will be decreased from 87% to 86% of the fully loaded brick. The Senate budget language is different from the House budget language.

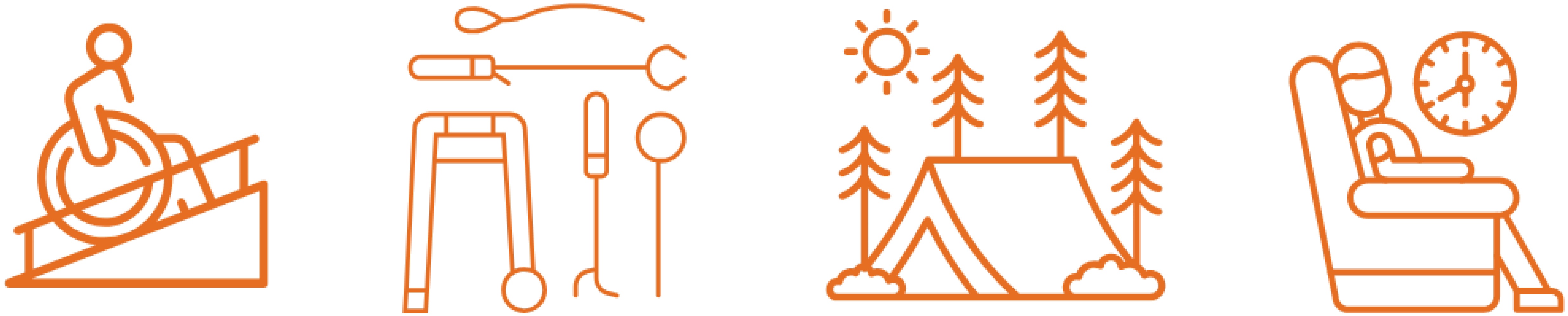
- The Senate budget language is more extensive to clarify the intention that "DDA shall not consider the availability of shared hours in a home when approving dedicated hours to support the medical, behavioral, or daytime residential support needs of an individual. This provision will be effective for a minimum of 1 year." Further, "DDA shall reinstate any dedicated hours removed from a person's plan in FY25 that would have been in compliance with this policy and for which the individual has a current need for dedicated hours."

- For Self-Directed Services participants, the **Reasonable and Customary rates** are preserved at the current level and shall remain for 1 year.

- For Self-Directed Services participants, **Wage Exceptions** will not be eliminated (as proposed) but will be allowed up to 15% above the maximum reasonable and customary service rate, and 10% above the standard maximum wage for the Geographic Differential maximum wage.

- For Self-Directed Services participants, the Committee directs DDA to remove the day-to-day administrator category of services from Individual and Family Directed Goods and Services (IFDGS) and instead place this category on a separate service line.

- For State-Funded individuals, the Committee added budget language to direct the DDA to ensure people who receive services from the DDA apply for Medicaid to capture federal funds for those eligible for the Medicaid Waiver. Further, the committee directed that a certain number of individuals may still need to be supported by DDA with state-only funds.



For Low-Intensity Support Services (LISS), the Committee rejected the proposal to eliminate LISS, and added a FY26 funding appropriation for $2 million dollars, with a directive to cap individual grants from this fund at a lower amount. The House set the cap at $500. **The Senate increased the individual grant cap to $1,000** in response to massive stakeholder feedback.

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- The Senate Budget and Taxation Committee voted to restore $6 million to implement the **End the Wait Act** (this funding applies to multiple home and community-based waivers in MD, including DDA).

- Because the House and the Senate adopted slightly different versions of this language, it will be finalized in the Conference Committee.

- To support growth, both Appropriations AND Budget and Taxation Committees **rejected the recommended cut of the 1% rate increase for DDA community providers.** This funding represents a total of $28.7 million total funds. This increase is consistent with other Medicaid long-term care provider groups, including behavioral health and aging services but was previously recommended for cut by DLS to balance the DDA budget.

- The DDA is also mandated to report quarterly on spending for the Community Services Program, providing detailed data on enrollment, service utilization, and cost estimates. The first report is due by August 15, 2025. These reporting requirements are designed to enhance transparency and accountability, ensuring that funds are used effectively to meet the needs of our community.

- The Senate added the requirement for a report, due October 15, "detailing all other cost containment actions implemented or planned in FY25 and 26. The report shall include for each action, the expected budgetary impacts by fund type, effect on rates and rate setting, timeline and status of implementation, an update on Federal approval from CMS, and budgetary impact by county for actions related to the geographic differential rates."

In the Budget Reconciliation and Financing Act (BRFA), the decisions were that the DDA can put a cap on Individual and Family Directed Goods and Services (IFDGS), but DDA is asked to remove the Day to Day Administrator from IFDGS and put it in its own service category.

The DDA will also be allowed to use Waiting List Equity Funds (WLEF) for FY26 for deficiency spending.

The effort to remove LISS from statute was rejected. LISS will remain in statute and "may" be funded annually depending on availability of state funds.

Funding Restored During Session Prior to Budget Committee Decisions:

The Governor’s FY26 budget initially included a proposed cut of $194 million, to take place during the last quarter of fiscal year 25. Budget leaders from both the House and Senate successfully restored $152 million of this cut by reallocating funds in partnership with the Governor's administration.

Governor Moore’s supplemental budget addressed additional deficit spending by the Developmental Disabilities Administration (DDA) **that was not anticipated when the budget was initially proposed**. A total of $277 million was restored for FY25 for this, with $143 million sourced from the General Fund and $134 million from federal funds. Additionally, the Governor had reinstated $5.5 million for the Low-Intensity Support Services (LISS) program for FY25.

Additional Funding Restored During Session Prior to Budget Committee Decisions:

For FY26, the allocation for additional deficit spending increased to **$283 million**, comprising $154 million from the General Fund and $129 million from federal funds. This funding restored through the first Governor’s Supplemental Budget is intended to cover ongoing operational costs that were unknown at the time that the FY26 budget was introduced.

Category	Fiscal Year	General Funds	Federal Funds*	Restoration	Total Restored
First Restoration for FY25	FY25	$76 Million	$76 Million	$152 Million	Total Restored for FY25: $429 Million
Supplemental Budget Restoration for FY25	FY25	$143 Million	$134 Million	$277 Million	
1% Increase	FY26	$14.35 Million	$14.35 Million	$28.7 Million	Total Restored for FY26: $604.18 Million
Supplemental Budget Restoration for FY26	FY26	$154 Million	$129 Million	$283 Million	
Proposed Restoration for FY26	FY26	$147.24 Million	$145.24 Million	$292.48 Million	

**Federal matching funds are estimated for FY26*

Some of the most notable new taxes and fees to balance the budget

- *Increasing income tax rates on individual earnings above $500,000 to 6.25% (up from 5.75%) and above $1 million to 6.5% (up from 5.75%).*
  Moore said the increase for affected Marylanders would average $1,800.
- *Establishing a 3% tax on information technology and data services, generating nearly $500 million.*
- *Increasing taxes on cannabis sales, to 12% from 9%.*
- *Increasing the tax on sports betting, to 20% from 15%.*
- *Increasing the standard deduction that individuals can claim on their taxes by 20%, to $3,350 for individual taxpayers and $6,700 for those filing jointly.*
- *Continuing to allow taxpayers to itemize deductions on their taxes, but limiting how much can be deducted for those earning more than $200,000.*
- *Adding a 2% surcharge on capital gains for filers with more than $350,000 of income, with a portion of the money funding transportation.*
- *Applying the 6% sales tax to vending machine sales.*
- *Increase the excise tax on vehicles to 6.8%, from 6%.*
- *Setting a maximum local income tax rate of 3.3% to be charged by counties and Baltimore City, up from the current limit of 3.2%.*
- *Enacting a corporate tax reform called combined reporting.*

Source: Baltimore Banner 3.26.25

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Please note that several painful cuts still are out there for existing program funding

- *FAMLI (Leave Insurance Program) will be delayed 18 months*
- *Education Funding increases have been “paused”*
- *Therapeutic Childcare Program Funding has still not been restored (short ~2.2 mil)*

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Budget Process