



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 – Joshua M. Sharfstein, M.D., Secretary

May 10, 2013

The Honorable Edward J. Kasemeyer
Chair, Budget and Taxation Committee
3 West Miller Senate Building
Annapolis, MD 21401-1991

The Honorable Norman H. Conway
Chair, Appropriations Committee
121 House Office Building
Annapolis, MD 21401-1991

Re: 2012 Joint Chairmen's Report (Page 65) - Additional Information Regarding
Improvement of Financial Oversight Within the Developmental Disabilities
Administration

Dear Chairman Kasemeyer and Chairman Conway:

Pursuant to the Joint Chairmen's Report of 2012 (p. 65), the Department of Health and Mental Hygiene's (DHMH) Developmental Disabilities Administration (DDA) is required to submit a report detailing the progress in improving financial oversight within DDA, specifically the options to reconfigure the fiscal structure based on the recommendations of an independent consultant. In response to a previous report submitted to the Maryland General Assembly in January, 2013, the committees requested that additional information be provided prior to the release of funds. Please be advised that \$1 million in General Funds is being withheld pending approval of this report.

An independent consultant, Alvarez & Marsal (A&M), was engaged on January 2, 2013 to support the restructuring of the DDA's fiscal operations. To successfully restructure, A&M will:

- 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 DDA's fiscal management platform, PCIS2; and
- 4) Support the implementation of a fiscal management platform that support's the DDA's restructured processes.

Key deliverables for A&M's effort include the following:



Major Deliverables:

- | | |
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| D1 – Project Startup Documentation (2/11) | D5 – Requirements Traceability Matrix (10/25) |
| D2 – As-Is Business Process Documentation (4/19) | D6 – Phase II Analysis and Recommendation Report (10/31) |
| D3 – To-Be Process and Recommendations (8/9) | D7 – Procurement Documents (12/5) |
| D4 – Presentation of Options (8/16) | |

As shown above, A&M has recently wrapped up its assessment and documentation of the DDA's existing processes (As-Is) and will soon begin work on the development of enhanced processes (To-Be). Attached for your reference is a general overview of the As-Is processes that A&M reviewed.

Although a decision about how to improve the DDA's fiscal management platform will not be made until the review by A&M is completed, potential options include leveraging existing DHMH systems to meet the DDA's needs or developing an entirely new platform for the DDA. Once a decision has been made about the path forward, A&M will support the development of requirements and the completion of procurement documents for a new or enhanced fiscal management platform.

We will continue to provide updates to the committees on the progress of the assessment by A&M. I respectfully request that the restricted funding be released. If you have any questions, please contact Marie Grant, Director of Governmental Affairs, at (410) 767-6480.

Sincerely,

Joshua M. Sharfstein, M.D.
Secretary

Enclosure

cc: Patrick Dooley
Marie L. Grant
Gayle Jordan-Randolph
Frank Kirkland
Erin K. McMullen

Maryland Developmental Disabilities Administration

As-Is Process Draft [Narratives]

OVERVIEW

As part of the Developmental Disabilities Administration's (DDA) broader effort to restructure its financial operations, this process narrative along with its companion flowcharts lays a foundation for understanding the DDA's As-Is processes as they relate to financial management. By clearly defining and documenting the current As-Is processes, the DDA will be equipped to identify opportunities for process improvement both in the near term and long term as To-Be processes are defined and the financial management platform is examined.

Based on feedback from the Steering Committee, this document breaks down the DDA's process as follows by chapter:

- Eligibility Determination
 - DDA Eligibility Determination
 - Placement by Funding Category (Court, Crisis Resolution, Emergency, Transitioning Youth, Waiting List Equity Fund)
 - Medicaid Eligibility Determination
 - Medicaid Financial Redetermination
 - Medicaid Medical Recertification
 - Waiting List Management
- Service Provision
 - Service Funding Plan Development
 - Individual Plan Development
 - Request for Service Change Process
- Fee Payment System
 - Attendance
 - Payment Processing
 - Error Correction
 - Payment Reconciliation
 - End of Year DCAR Reconciliation
- Contract / Grants (Non-FPS)
 - Contracts and Grants - New Fiscal Year Award
 - Contracts and Grants - Reconciliation
 - New Directions Enrollment
 - Procurements - Initial Procurement and Award
 - Procurement - Option Year Award
 - Invoicing and Payment

- Contract Monitoring
- Rate Development
 - FPS Rate Development
 - Contract Rate Development
- Medicaid Billings
 - Medicaid Claims Submission (Paper, PCIS2, Electronic)
 - Medicaid Claims Reconciliation
 - Medicaid Claims Adjustment and Monitoring (Claims Adjustment, Claims Payment and Budget Monitoring)
- Budget and Finance
 - Budget Development
 - Budget Forecasting and Monitoring
 - Drawing Down Federal Funds
 - Budget Adjustments / End of Year Reconciliation
- Quality Monitoring & Controls
 - Utilization Review Process
 - Quality Assurance / Individual Plan Review
- PCIS 2 Governance

Within each chapter, a narrative overview is provided along with initial observations from the assessment and a detailed written description of the processes captured in the companion flowcharts. While not final recommendations, the initial observations captured in this document are meant to serve as a starting point for conversations about short and long term processes improvements, discussions about the To-Be processes, and the development of a recommendation for the DDA's financial management platform.