



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—John M. Colmers, Secretary

Developmental Disabilities Administration

Michael S. Chapman, Executive Director

**TO:** Executive Directors  
Community Residential Programs

**FROM:** Michael S. Chapman  
Executive Director

**SUBJECT:** Updated Fee Payment System Residential Rates for Fiscal Year 2009

**DATE:** October 24, 2008

---

As you know, the slowdown in the economy has a direct effect on the tax revenues collected by the state, and this current round of cuts to the FY09 budget was brought about by a report in September that revenues were going to be \$430 million less than anticipated. The State of Maryland is required by law to have a balanced budget, so action had to be taken – and sooner, rather than later. This budget cut reduced the cost of living adjustment or inflation originally allocated to community services providers which were approved by the Board of Public Works on October 15, 2008. Attached are the revised Fee Payment System (FPS) residential rates for FY09 providing incorporating the decrease. The entire decrease for FY09 has been allocated entirely to the Provider Component. This was done so that this funding could be spent according to each provider's needs.

**Individual Component**

In past years, we have included in the rate letters each provider's average Individual Component. This information is now available to you in the Reports module of PCIS2 when you choose "Average Matrix" under "Provider" reports.

**Provider Component**

The provider component has been increased in total from FY08 by \$2.86 to \$58.20. The provider component is made up of the following cost centers: administrative is \$23.26 general is \$15.59, capital is \$12.31, and transportation is \$7.04. The basis of the cost centers allocation is data from the FY07 cost reports.

**Add-on Components**

Add-on Components also have been decreased to reflect the budget reduction. Attached are the Add-on Component rates for FY09 and the amount each unit has been increased from last year.

**Professional Support Components**

Professional Support Components have also been decreased to reflect the budget reduction. Attached are the Professional Support Component rates for FY09 and the amount each unit has increased from last year.

The FY09 1<sup>st</sup> and 2<sup>nd</sup> quarter payments paid at the higher rates will be recouped in your agency's 3<sup>rd</sup> quarter payment. Also a report will be generated to provide details regarding the decreased funding and will be available in the PCIS2 Report module entitled FY09 Q3 COLA Adjustment. Any increases or decreases to the 1<sup>st</sup> and 2<sup>nd</sup> quarter payments because of adjustments will be handled with your agency's final FPS reconciliation. Your agency's 3<sup>rd</sup> quarter payment will be based on the updated rates.

Your agency's 3<sup>rd</sup> quarter payment will be based on the updated rates. To help you accurately determine the total amount of money available, DDA will have queries that can be run in PCIS2 after October 31, 2008 that shows the people served by your organization, their matrix levels, the county of service, and the number of add-on units by type. You will be able to download this data into an Excel spreadsheet for calculations. Also, the rate tables and per-unit increases will be available on our Web site in Excel spreadsheets for your use in calculating the additional funding.

Thank you for your continued dedication to providing residential services to persons with developmental disabilities. If you have any questions please call Carrie Phillip, Chief Financial Officer, at 410-767-5996.

Attachments

cc: Renata Henry  
Laura Howell  
Carrie Phillip  
Audrey S. Waters  
Regional Directors