

Maryland Department of Human Services (DHS)
Fiscal Year 2025 Budget Administration
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
February 23, 2024

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
March 4, 2024

Honorable Chair and Members of the Subcommittee, my name is Rafael López, and I serve as the Secretary of the Maryland Department of Human Services (DHS). On behalf of our department, I thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We are also grateful to the Department of Legislative Services Analyst Samuel Quist for his assistance leading up to today's hearing. Joining me at the table is Principal Deputy Secretary Carnitra White, and Acting Chief Financial Officer Kirill Reznik. We have senior members of our leadership team, including Acting Executive Director of the Family Investment Administration, Augustin Ntabaganyimana, and directors of our local departments of social services present in the audience as well.

The Office of Home Energy Programs (OHEP) administers energy assistance benefits through a network of local Departments of Social Services, Community Action Agencies, and local municipalities throughout the state. Each year, OHEP provides services to 100,000 Maryland households, many of whom are seniors, so they can pay for utilities needed to stay warm during winter months, prepare meals, and power essential equipment such as oxygen tanks and other medical equipment.

Our electric benefits consist of two components: bill payment assistance to make monthly bills more affordable and arrearage retirement assistance to help customers pay past due electric and gas bills. Electric benefits are funded through special ratepayer funds and the Strategic Energy Investment Fund.

The heating benefit assists customers with numerous types of heating sources, including electric, gas, propane, oil, kerosene, coal, and wood. Benefits keep heating expenses affordable for customers and help those low on or without heating fuel with expedited delivery of assistance during the winter season. Heating benefits are 100% funded by the federal Low-Income Home Energy Assistance Program, also known as LIHEAP.



During the past year, we found:

- DHS had failed to address systemic customer service issues in this life saving program.
- Our Local Administering Agencies (LAAs) are simply not processing OHEP applications fast enough to prevent utility shut offs. In some cases, it takes months before a customer receives a decision on an OHEP application.
- The vast majority of OHEP applications are received in paper format, which present unnecessary access barriers.
- Outdated and ineffective online application processes that discourage people from getting the help they need when they need it most.
- Aging technology and data management platforms that limited our ability to serve communities more efficiently.
- DHS failed to foster a community of collaboration by not proactively soliciting feedback from community stakeholders.

Over the past nine months, we have:

- Increased the number of households receiving energy assistance by 23%.
- Adjusted the income threshold for MEAP programs to 60% of Maryland's state median income (\$6,822 per month or \$81,864 annually for a family of 4). With this policy change, more households now qualify for energy assistance benefits. Households with earned income most benefited from the policy change.
- Implemented [HB323 \(2023\)](#), requiring the department to automatically enroll Supplemental Nutrition Assistance Program (SNAP) and Temporary Cash Assistance (TCA) households in energy assistance when they apply or renew their benefits. In the month of January 2024 alone, 9,300 households were automatically enrolled in OHEP programs.
- Issued new Standard Operating Procedures (SOPs) to better identify and prioritize emergency applications for households at risk of experiencing a utility shutoff.
- Partnered with Code for America to identify the pain points in the online OHEP application process and began conversations regarding the steps we must take to improve in partnership with customers and community stakeholders.
- Standardized our redetermination processes so that seniors and people with disabilities who rely on our program are able to access it easily, from their own homes.
- Re-convened the OHEP Advisory Board, an organization of utilities, regulators, and advocates intended to provide guidance on future policy decisions and implementation. The Advisory Board meets on a quarterly basis and is comprised of representatives from Utilities, the Public Service Commission, the Fuel Fund, and The Office of People's Counsel. The OHEP Advisory board is staffed by the OHEP Director and members of the OHEP policy team.

In 2024, we will:

- Incorporate customer service and accessibility requirements into all future LAA contracts.
- Visit OHEP offices across the state to learn firsthand the challenges that Marylanders face applying for assistance. We will streamline how Marylanders access the help they need when they need it most.
- Continue to modernize MDTHINK to be mobile friendly and connected to universal access to benefits across agencies, including access to OHEP services.
- Refine policies and processes within our program to streamline and modernize program administration.
- Monitor LAA compliance with the newly created Utility Emergency Standard Operating Procedure.
- Perform an in-depth analysis of the success of the newly implemented Uniform Redetermination Process.

We have a ton of work ahead and stand ready to work with you to deliver bold investments in a fiscally responsible way to make this Maryland's decade.

DHS Responses to the DLS Analysis:

1. ***DHS should comment on the reasons for the decrease in participation among households with members over the age of 60 and households with an individual with a disability and efforts to increase participation. (Page 5)***

DHS Response: There is a decrease in the percentage of households with members over the age of 60 and households with an individual with a disability because there was an overall increase of 20,000 in the total number of households participating in OHEP programs between FY22 and FY23. The number of households participating in energy assistance programs has increased overall across different age groups with the sharpest increase being among single person households (10,000 additional recipients in 2023). The number of individuals 60 years and older participating in OHEP increased from 46,789 in 2022 to 54,491 in 2023.

The number of participating households increased due to a recent change in federal income guidelines for Maryland Energy Assistance Program (MEAP). Effective October 1, 2023, DHS adjusted income threshold for MEAP programs to 60% of Maryland's State Median Income. With this policy change, 61,000 more households now qualify for energy assistance benefits.

Households with earned income most benefited from the policy change. Many working households making minimum wage, \$13.25 per hour, in FY 2023 did not qualify because of the low-income guidelines. With higher income thresholds, previously ineligible households now qualify for assistance. Meanwhile, older individuals on a fixed income, such as, social security income were not affected as much because many were already enrolled in the program.

The chart below shows MEAP income thresholds for different household sizes before and after October 1, 2023.

Household Size	Maximum income before October 1, 2023	Maximum income after October 1, 2023
1	2,430	3,547
2	3,287	4,639
3	4,143	5,730
4	5,000	6,822
5	5,857	7,913

2. ***DHS should comment on why the total amount of these funds budgeted in the fiscal 2025 allowance exceeds the statutory annual collection amount, and how the additional funds are being sourced. (Page 12)***

DHS Response: This appears to be a mistake in the Department’s budget submission for FY2025. The Department does not intend to exceed the statutorily allocated \$37 million of EUSP funds collected from ratepayers. As in previous years, the Department intends to utilize roughly \$4.9 million for administration of the program, \$200,000 for state-wide outreach activities, \$1 million for OHEP Data Management System and the remaining \$30.7 million for EUSP benefits pending approval by the General Assembly and the Public Service Commission.

3. ***DHS should comment on the reasons for the increase in the average number of days to process an application for the Southern Maryland Tri-County Action Committee, Inc., and the decreases for the Allegany County Department of Social Services, the Prince George’s County Department of Social Services, and the Washington County Community Action Committee. (Page 28)***

DHS Response: The FY2024 data shows a decrease in statewide average processing application time from 36 days in FY 2023 to 29 days as of November 1, 2023. However, with regard to the Southern Maryland Tri-County Community Action Committee, shifts in the application process times are attributed to both increased applications and staffing challenges. Application volume increased due to the federal change to income guidelines. We are urgently working with the Southern Maryland Tri-County Community Action Committee to address the immediate issue of 424 applications that are approaching a 45-day processing time and to implement long term solutions to improve application processing time.

The decrease in application processing times in Allegany, Prince George’s, and Washington Counties are attributed to both business process changes, filling of vacant positions, adding additional staff support, and focusing on clearing backlogged applications. We will continue to work with the Local Administering Agencies (LAAs) to improve business processes to reduce application processing times.

4. ***DHS should comment on the reasons for the high percentages of applications processed beyond 55 days for the Anne Arundel County Community Action Agency, Inc., the Prince George's County Department of Social Services, the Montgomery County Department of Health and Human Services, and the Southern Maryland Tri-County Community Action Committee, Inc. (Page 29)***

DHS Response: We acknowledge 55 days to process an application is too long and we are working to identify business processes with the LAAs to decrease application processing times. The major contributing factor to the increase in application processing time is an increase in the number of applications being received due to the change in income guidelines in October of 2023 and the implementation of Categorical Eligibility.

Another contributing factor is the 90-day overturn period which provides customers 90 days to provide missing information; at which time the application is finalized with the original application date. While the 90-day overturn period has decreased application denials, it has impacted processing times. We are adding an overturn date field to our system to show when the application was overturned and restarted to provide a more accurate processing time.

5. ***DLS recommends adopting committee narrative requesting a report on the status of the transition and any anticipated costs and staffing needs associated with the change. (Page 31) [Due date of report is January 15, 2025]***

DHS Response: DHS concurs with the recommendation and will provide the report.

DHS Response to DLS Recommended Actions:

1. ***Adopt the following narrative:***

Energy Assistance Application Processing Times and Denial Rates: The committees are interested in continuing to monitor energy assistance application processing times by local administering agencies (LAA) and overall program denial rates. The committees request that the Department of Human Services (DHS) provide by LAAs:

- ***the number of applications received;***
- ***the average number of days to process an application; and***
- ***the number and percentage of applications processed within 30 days, 55 days, and longer than 60 days.***

The report should discuss the primary reasons for any substantial changes in processing times that have occurred for individual LAAs between fiscal 2024 and 2025 year-to-date data. In addition, the committees request that DHS provide application denial rates separately by benefit type as well as the share of application denials by reasons separately by benefit type. Data should include the number of applications initially denied due to incomplete information that were subsequently cured due to applicants providing missing information within the additional three months, as allowed under Chapters 638 and 639 of 2021. Fiscal 2024 end-of-year actual data for denial rates should be included in the report as well as fiscal 2024 data current through November 1, 2024. [Due date of report is December 31, 2024]

DHS Response: DHS concurs with the recommendation and will provide the report.

2. Adopt the following narrative:

Implementation of Changes in Eligibility for Energy Assistance Programs:

The committees are interested in receiving updates on the impact of changes in eligibility for energy assistance programs due to Chapter 207 of 2023. The committees request that the Department of Human Services (DHS) submit a report on the status of implementation of categorical eligibility for energy assistance, including an update on the status of the integration of the Office of Home Energy Programs data system within the Eligibility and Enrollment component of the Maryland Total Human Services Integrated Network platform, and the status of ongoing system maintenance to improve customer service. Additionally, the report should include a discussion of the number of additional households with incomes between 175% and 200% of the federal poverty level determined to be newly eligible for energy assistance benefits during the second half of fiscal 2024 and 2025, current through December 1, 2024, as a result of income eligibility changes implemented through Chapter 207 of 2023, and the adequacy of funding levels for energy assistance in the fiscal 2025 allowance to meet the increased number of recipients of benefits. [Due date of report is January 1, 2025]

DHS Response: DHS concurs with this recommendation and will provide the report. DHS respectfully requests a due date of February 1, 2025, to account for capturing the full reporting period.

3. Adopt the following narrative:

Establishment of a Centralized Administrative Model for Energy Assistance: The committees are interested in receiving updates on the status of the establishment of a centralized administrative model for energy assistance programs under local departments of social services (LDSS). The committees request that the Department of Human Services (DHS) submit a report including an updated timeline for the transition of the administration of energy assistance programs from local administering agencies to LDSS. Additionally, the report should include a discussion of the estimated changes in administrative costs resulting from this transition, any additional staffing needs of LDSS due to this transition, and where additional costs for administrative expenses or personnel will be budgeted, if additional costs are identified. Lastly, the report should discuss how LDSS will work with current non-LDSS administering agencies to complete this transition, including what role these agencies will play in the application process for energy assistance benefits following the transition to the centralized administrative model. [Due date of report is January 15, 2025]

DHS Response: DHS concurs with the recommendation and will provide the report.