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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

May 12, 2026

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair
House Appropriations Committee
Taylor House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Maryland Department of Health (MDH) – Developmental Disabilities Administration (DDA) to resolve the four repeat findings (that were addressed by eight recommendations) in our October 26, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2025 *Joint Chairmen's Report* (JCR), pages 154 and 155.

The JCR required that, prior to the release of \$250,000 of its administrative appropriation for fiscal year 2026, DDA must take corrective action on all repeat audit findings on or before November 1, 2025. The JCR further provided that OLA submit a report to the budget committees listing each audit finding along with a determination that each finding was corrected.

MDH, on behalf of DDA, provided a status report to OLA, dated November 2025, detailing corrective actions that had been implemented with respect to the four repeat audit findings (**Exhibit 1**). This MDH status report indicated that corrective actions had been completed for the recommendations in findings 2, 3, and 6, and that corrective action to address the recommendations for finding 1 was still in progress.

In accordance with the JCR requirement, we reviewed the implementation status for the three repeat findings which MDH reported as complete on the status report and held discussions with DDA personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards and had we conducted an audit, other matters may have come to our attention which may have changed our assessment of the implementation status for these findings. In addition, our review did not include an assessment of DDA's procedures and controls to ensure corrective actions were operating as intended and were ongoing. Accordingly, conditions may change and/or compliance with policies and procedures may deteriorate in the future. The status of each of the findings are subject to a comprehensive review during our scheduled audit of DDA.

As summarized in **Exhibit 2**, while MDH indicates that finding 1 is still in progress, we concur with MDH's assessment that it had taken sufficient action to fully correct findings 2, 3, and 6.

After discussing our review results, DDA generally agreed with the accuracy of the information presented. We wish to acknowledge the cooperation extended to us during the review by DDA. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

cc: Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Joint Audit and Evaluation Committee Members and Staff
Senator William C. Ferguson IV, President of the Senate
Delegate Joseline A. Peña-Melnyk, Speaker of the House of Delegates
Governor Westley W. Moore
Comptroller Brooke E. Lierman
Treasurer Dereck E. Davis
Attorney General Anthony G. Brown
Secretary Yaakov Weissmann, Esq., Department of Budget and Management
Secretary Meena Seshamani, M.D., Ph.D., MDH
Deputy Secretary Marlana R. Hutchinson, DDA
Carlean Rhames-Jowers, Audit Supervisor, Internal Controls, Audit Compliance &
Information Security, MDH
Victoria L. Gruber, Executive Director, Department of Legislative Services
Victoria Martinez, Policy Analyst, Department of Legislative Services

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

OLA NOTE 1: In February 2026 DDA provided additional details related to its corrective actions, which are included in the comments below.

OLA NOTE 2: We have edited DDA’s status report to remove links to online documents, as allowed by our policy.

Note: All status updates below build upon the updates previously shared with OLA in November 2023.¹ For brevity, DDA has generally not reiterated those prior updates here, though they remain ongoing and relevant to the completion status of these recommendations. For example, DDA continues to work with the Quality Improvement Organization whose services were procured beginning in July 2022. Updates included below reflect new work completed since the prior update.

Consumer Services

Finding 1

DDA did not ensure that Coordination of Community Services (CCS) agencies properly completed annual consumer service plans and conducted quarterly face-to-face monitoring visits.

Recommendation 1b

We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete all quarterly monitoring forms as required for each consumer (repeat).

Status of Recommendation 1b			
Status as of 2/20/2026	In progress	Completion Date:	4/30/26
Please provide details of corrective action taken.	DDA is still actively working to address OLA’s recommendations. ² (Note - updates for this recommendation that were shared in our previous quarterly update, in November 2025, are italicized; new updates are presented in standard text). <i>DDA has taken several additional steps to educate CCS agencies and participants about their monitoring and follow-up</i>		

¹ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2024, May 8). *May 8, 2024 Letter to Joint Chairmen.*

<https://ola.maryland.gov/umbraco/Api/ReportFile/GetReport?fileId=663d222dff1f3f431b00641a>.

² Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). *Audit Report: Maryland Department of Health, Developmental Disabilities Administration.*

<https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

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responsibilities and to document these responsibilities. Prior reported activities are in italics.:

- *In **June 2023**, DDA issued CSS Monitoring and Follow-Up Guidance. This guidance identifies various participant circumstances and describes the expected monitoring frequency, monitoring activities, and monitoring due date for each circumstance.*
- *In **August 2023**, DDA held a training for CCS agencies covering the above guidance. Slides remain available online on DDA's CCS resources page.*
- *Beginning in **January 2025**, DDA formalized standing monthly meetings with CCS agencies (see "CCS Monthly Meetings"). These provide an opportunity to share information and review data and metrics. There are both a statewide meeting with all CCS agencies and one-on-one meetings with individual agencies. In the one-on-one meetings, DDA staff help identify trends and barriers that may prevent agencies from meeting their performance measures and provide targeted technical assistance.*
- *In **June 2025**, DDA created a service-level agreement to be completed by all CCS agencies, which will enhance DDA's ability to hold CCS agencies accountable, specifically regarding the enabling of withholding or clawback of funding. Some follow-up steps remain to finalize and issue this document (see section below: Moving Forward).*
- DDA is requiring Coordinators of Community Services to include comprehensive documentation within their activity notes within LTSSMaryland. Activity notes must specifically document that participants were receiving the required services and their progress on achieving personal goals and outcomes. DDA communicated this requirement at the statewide Coordination of Community Services meeting on **10/21/25** and additionally through GovDelivery. DDA will continue training on these interim requirements until updates to the Monitoring and Follow-up form in LTSSMaryland are completed (see the section below: Moving Forward).
- *In **December 2025**, DDA issued an update to the "DDA Funded Services Participant Rights and Responsibilities" document to clarify participants' role for participating in monitoring and follow-up visits with their CCS.*
- *In **January 2026**, DDA began more formally reviewing data and reports with CCS agencies during monthly one-on-one*

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meetings. This comprehensive, data-driven process uses reports in LTSSMaryland to track CCS monitoring activities and ensure their completion. The data pulls use the LTSSMaryland Coordination of Community Services Waiver report, the Coordination of Community Services Monitoring Form Report, and the Coordination of Community Services Client Roster report to extract data for each Coordination of Community Services agency. The Division Chief of Coordination of Community Services trained the Coordination of Community Services Squad on relevant data pulls, analysis, and technical assistance processes on **10/24/25**. These reviews will take place on a quarterly cadence (e.g., January 2026 meetings reviewed January 2026 data; February meetings will review January and February; March meetings will review the entire quarter, January through March; April meetings will review April data; and so on). Some follow-up steps remain to complete the initial cycle of this process and document/revise procedures (see section below: Moving Forward).

*DDA has also developed a standard process for its Quality Improvement Organization (QIO), Liberty Healthcare, to review CCS agencies' compliance with DDA standards, including monitoring and follow-up requirements. This standard operating procedure was issued in **January 2023** and revised in **October 2023** to include guidance regarding Corrective Action Plans (CAP). Liberty has now been implementing the CAP process for over a year. DDA is currently revising and updating this SOP (see the section below: Moving Forward).*

DDA has visibility into the QIO's work to ensure that it is being completed as planned. Specifically, the QIO Targeted Case Management review standard operating procedure specifies that the QIO will send an aggregate findings report to each CCS agency within 15 business days of the end of each review period, and that the QIO must also send this report to the DDA QIO Program Manager. The procedure also directs the QIO to share documentation of corrective action plans with the DDA Program Manager. DDA also receives a monthly senior leadership briefing from the QIO. Finally, the Coordination of Community Services Squad actively collaborates with the QIO to identify Coordination of Community Services agencies that are not meeting compliance, and provides additional technical assistance.

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Moving Forward

1. DDA will complete the first cycle of formal data reviews (conducted during monthly one-on-one meetings with CCS agencies) in **March 2026**. In **March and April 2026**, DDA will create an SOP to document this process and will make updates to reflect lessons learned from initial implementation.
2. DDA will establish a Service Level Agreement with CCS agencies to enable the implementation of performance expectations and corrective action plans. The Service Level Agreement will be required at the time of certification renewal for each Coordination of Community Services agency. As of **February 23, 2026**, DDA has received certification renewal applications from all CCS agencies currently serving DDA participants and has provided technical assistance to resolve outstanding issues that would prevent approval. Once approved, DDA will work with the CCS agencies to finalize their certification renewals and to get their signatures on the Service Level Agreement. DDA anticipates this being completed **by the end of April 2026**.
3. DDA is updating the QIO Targeted Case Management Review Standard Operating Procedure. The SOP updates will include additional details on expected statistical sampling, when to request a Corrective Action Plan, and how DDA will process recoupments for unsupported payments. DDA anticipates the revised SOP will be effective by the end of **March 2026**.
4. *An update to the monitoring and follow-up form currently utilized within LTSSMaryland will be done to allow for a more comprehensive review and documentation of Coordination of Community Services monitoring activities.* DDA is currently outlining the scope of this update so that a request can be submitted to FEI (the software company contracted by the State to develop and maintain LTSSMaryland). In the meantime, DDA oversees CCS agencies' completion of monitoring & follow-up activities through monthly one-on-one data review meetings.

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Recommendation 1c

We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete quarterly monitoring forms which contain detailed comments regarding consumers' progress on achieving personal goals and outcomes (repeat).

Status of Recommendation 1c			
Status as of 11/1/2025	In progress	Completion Date:	4/30/26
Please provide details of corrective action taken.	See 1b above.		

Finding 2

DDA did not have an adequate process to ensure the amounts invoiced by CCS agencies properly reflected consumer services provided and did not take appropriate action when a significant number of improper or unsupported payments were identified.

Recommendation 2a

We recommend that DDA establish a comprehensive review process to ensure that CCS agency billings are proper (repeat).

Status of Recommendation 2a			
Status as of 11/1/2025	Completed	Completion Date:	6/2025
Please provide details of corrective action taken.	DDA considers this recommendation completed as of June 2025, as OLA did not note it as a repeat finding in the June 2025 follow-up audit. ³ As described in the November 2023 status update ⁴ , DDA contracted with a Quality Improvement Organization (QIO) to conduct Targeted Case Management reviews, which include a review of billing claims to ensure they are for billable activities and supported by activity notes recorded in LTSSMaryland. These QIO reviews remain ongoing.		

³ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). *Audit Report: Maryland Department of Health, Developmental Disabilities Administration*. <https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

⁴ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2024, May 8). *May 8, 2024 Letter to Joint Chairmen*. <https://ola.maryland.gov/umbraco/Api/ReportFile/GetReport?fileId=663d222dff1f3f431b00641a>.

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	DDA notes that it is currently strengthening CCS accountability for these reviews. This includes development and execution of Service Level Agreements for each CCS agency as well as updates to the QIO Targeted Case Management Review Standard Operating Procedure (see 1a above).
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Provider Payments

Finding 3

DDA did not conduct required audits of providers to ensure payments were for services actually delivered and included in the consumers' approved plans.

Recommendation 3a

We recommend that DDA conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers' approved plans (repeat).

Status of Recommendation 3a			
Status as of 11/1/2025	Completed	Completion Date:	6/2025
Please provide details of corrective action taken.	<p>DDA considers this recommendation completed as of June 2025, as OLA did not note it as a repeat finding in the June 2025 follow-up audit.⁵</p> <p>As shared in the November 2023 status update,⁶ DDA continues to work with its contracted Quality Improvement Organization (QIO), which has continued reviewing provider payment propriety for both service delivery models as part of its Utilization and Qualified Provider reviews. DDA also continues to conduct quality assurance via sampling to validate the QIO reviews.</p>		

⁵ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). *Audit Report: Maryland Department of Health, Developmental Disabilities Administration*. <https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

⁶ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2024, May 8). *May 8, 2024 Letter to Joint Chairmen*. <https://ola.maryland.gov/umbraco/Api/ReportFile/GetReport?fileId=663d222dff1f3f431b00641a>.

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Fiscal Management Services (FMS)

Finding 6

FMS services contracts procured in 2006 were not comprehensive, properly approved, and adequately monitored. As a result, DDA did not recover unspent funds totaling \$3.2 million and obtain federal reimbursements totaling \$8.8 million.

Recommendation 6a

We recommend that DDA ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees) (repeat).

Status of Recommendation 6a			
Status as of 11/1/2025	Completed	Completion Date:	10/31/2023
Please provide details of corrective action taken.	This recommendation was already noted as completed in the November 2023 update. ⁷		
	However, DDA notes that it is taking additional steps relevant to this recommendation in response to OLA's 2025 audit ⁸ : <ul style="list-style-type: none">Beginning in January 2026, DDA began holding bi-weekly (every two weeks) meetings with all of its contract monitors and representatives from the MDH Office of Contract Management and Procurement to discuss the status of current contracts and upcoming renewals and procurements.As of February 2026, DDA is developing standard operating procedures and a policy instructional statement relevant to contracting and procurement policies and oversight. These will ensure DDA alignment with Procurement Processing Standards established by the MDH Office of Contract Management and Procurement in May 2025. Among other things, these documents will ensure that contracts are competitively procured and that documented price negotiations are conducted, as appropriate. DDA anticipates that these will be issued by the end of March 2026.		

⁷ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2024, May 8). *May 8, 2024 Letter to Joint Chairmen*. <https://ola.maryland.gov/umbraco/Api/ReportFile/GetReport?fileId=663d222dff1f3f431b00641a>.

⁸ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). *Audit Report: Maryland Department of Health, Developmental Disabilities Administration*. <https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

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Recommendation 6b

We recommend that DDA monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported (repeat).

Status of Recommendation 6b			
Status as of 11/1/2025	Completed	Completion Date:	6/2025
Please provide details of corrective action taken.	<p>DDA considers this recommendation completed as of June 2025, as OLA did not note it as a repeat finding in the June 2025 follow-up audit.⁹ Please note that the “timely return of unspent funds” portion of the recommendation is no longer relevant, as Financial Management and Counseling Services (FMCS) vendors now bill on a fee-for-service basis (see also 6c below).</p> <p>DDA notes the additional work below that has been taking place since the November 2023 update:</p> <ul style="list-style-type: none"> ● DDA’s contracted Quality Improvement Organization (QIO) began reviewing FMCS vendor payments as part of its Utilization and Qualified Provider reviews in January 2024. These reviews contain several checks to ensure that payments are proper and supported, including: 1) verification that licensed providers met required licensure and/or certification standards; 2) verification that non-licensed providers adhered to waiver requirements; 3) verification that provider training was conducted in accordance with state and waiver requirements; and 4) verification that services were rendered as described in participant planning documents. ● DDA has continued to regularly meet with FMCS vendors collectively and individually every two weeks (the collective meeting takes place one week and then individual meetings take place the following week, alternating). During these meetings, DDA reviews any forthcoming or proposed updates that will impact the FMCS vendors. The FMCS vendors are asked for their feedback and for operational plans to support program implementation. If there is a common thread of concern, the parties work collectively to find a resolution, 		

⁹ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). Audit Report: Maryland Department of Health, Developmental Disabilities Administration. <https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

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	<p>such as sending a clarifying communication to the public or to FMCS vendors.</p> <ul style="list-style-type: none"> ● DDA is currently in the process of recruiting an FMCS Program Manager. As of February 2026, an offer has been extended, and DDA anticipates a start date being set for March 2026. ● DDA has developed a standard operating procedure to document its reviews of FMCS administrative payments (the per participant per month fees noted in their <u>fee schedule</u>), and anticipates finalizing this SOP in March 2026.
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Recommendation 6c

We recommend that DDA ensure FMS vendors record all provider payments into MMIS II timely (repeat).

Status of Recommendation 6c			
Status as of 11/1/2025	Completed	Completion Date:	6/2025
Please provide details of corrective action taken.	<p>DDA considers this recommendation completed as of June 2025, as OLA did not note it as a repeat finding in the June 2025 follow-up audit.¹⁰</p> <p>This finding and recommendation were related to the prospective payment model managed through the PCIS2 billing system. However, DDA’s Financial Management and Counseling Services (FMCS) vendors began billing fee-for-service with direct electronic claims submission to MMIS as early as October 2022. Under the fee-for-service system, FMCS vendors do not get reimbursed by DDA if claims are not submitted within the timely filing limit.</p>		

Recommendation 6d

We recommend that DDA take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions (repeat).

Status of Recommendation 6d			
Status as of 11/1/2025	Completed	Completion Date:	6/2025

¹⁰ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). Audit Report: Maryland Department of Health, Developmental Disabilities Administration. <https://dls.maryland.gov/pubs/prod/NoPblTabPDF/DDA25.pdf>.

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Please provide details of corrective action taken.	<p>DDA considers this recommendation completed as of June 2025, as OLA did not note it as a repeat finding in the June 2025 follow-up audit.¹¹</p> <p>DDA does not have any additional updates beyond what was shared in the November 2023 status update.¹² DDA does not believe there are any outstanding funds to be collected.</p>
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¹¹ Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2025, June). Audit Report: Maryland Department of Health, Developmental Disabilities Administration. <https://dls.maryland.gov/pubs/prod/NoPbITabPDF/DDA25.pdf>.

¹² Maryland General Assembly, Department of Legislative Services, Office of Legislative Audits. (2024, May 8). *May 8, 2024 Letter to Joint Chairmen*. <https://ola.maryland.gov/umbraco/Api/ReportFile/GetReport?fileId=663d222dff1f3f431b00641a>.

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**Status of Repeat Findings in Office of Legislative Audits’ (OLA)
October 26, 2022 Audit Report on the Maryland Department of Health –
Developmental Disabilities Administration (DDA)**

Prior Recommendations Pertaining to Repeat Findings	DDA Reported Status	Status Based on OLA Review
<p>Consumer Services</p> <p>1. We recommend that DDA establish a process to ensure that CCS agencies provide all critical services to consumers in accordance with State regulations. Specifically, DDA should ensure that the CCS agencies complete</p> <p>b. all quarterly monitoring forms as required for each consumer.</p>	<p align="center">In Progress</p>	<p align="center">-</p>
<p>c. quarterly monitoring forms which contain detailed comments regarding consumers’ progress on achieving personal goals and outcomes.</p>	<p align="center">In Progress</p>	<p align="center">-</p>
<p>2. We recommend that DDA</p> <p>a. establish a comprehensive review process to ensure that CCS agency billings are proper.</p>	<p align="center">Completed</p>	<p align="center">Resolved</p>
<p>Provider Payments</p> <p>3. We recommend that DDA</p> <p>a. conduct audits of providers to ensure payments to providers were consistent with actual services delivered and in accordance with the consumers’ approved plans.</p>	<p align="center">Completed</p>	<p align="center">Resolved</p>

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**Status of Repeat Findings in Office of Legislative Audits’ (OLA)
October 26, 2022 Audit Report on the Maryland Department of Health –
Developmental Disabilities Administration (DDA)**

Prior Recommendations Pertaining to Repeat Findings	DDA Reported Status	Status Based on OLA Review
Fiscal Management Services (FMS¹³) 6. We recommend that DDA <ul style="list-style-type: none"> a. ensure contracts are executed that include all relevant contract provisions (including the contract term and authorized administrative fees). 	Completed	Resolved
<ul style="list-style-type: none"> b. monitor vendor activity and compliance to ensure that all key requirements and terms are complied with, including site visits and audits, and timely return of unspent funds, and that FMS vendor payments are proper and supported. 	Completed	Resolved
<ul style="list-style-type: none"> c. ensure FMS vendors record all provider payments into MMIS II timely. 	Completed	Resolved
<ul style="list-style-type: none"> d. take appropriate corrective action to recover unspent funds and obtain available federal reimbursement for any outstanding claims (including the aforementioned \$8.8 million), and consider recovering any lost investment income resulting from untimely vendor actions. 	Completed	Resolved

¹³ The FMS vendors discussed in our finding are now referred to by MDH as Financial Management and Counseling Services (FMCS) vendors.