

**M00K**  
**Alcohol and Drug Abuse Administration**  
**Department of Health and Mental Hygiene**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 03 - 04</b>	<b>FY 03 - 04</b>
	<b><u>Actual</u></b>	<b><u>Approp.</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>% Change</u></b>
General Funds	\$64,483	\$79,559	\$83,560	\$4,001	5.0%
FY 2003 Cost Containment	0	-3,688	0	3,688	
Contingent & Back of Bill Reductions	0	-3	-15	-11	
<b>Adjusted General Funds</b>	<b>64,483</b>	<b>75,868</b>	<b>83,545</b>	<b>7,677</b>	<b>10.1%</b>
Special Funds	17,108	17,482	17,514	32	0.2%
Federal Funds	30,862	32,914	31,038	-1,876	-5.7%
Contingent & Back of Bill Reductions	0	0	0	0	
<b>Adjusted Federal Funds</b>	<b>\$30,862</b>	<b>\$32,914</b>	<b>\$31,038</b>	<b>-\$1,876</b>	<b>-5.7%</b>
Reimbursable Funds	0	67	3,422	3,355	
<b>Adjusted Grand Total</b>	<b>\$112,453</b>	<b>\$126,332</b>	<b>\$135,520</b>	<b>\$9,188</b>	<b>7.3%</b>

- The fiscal 2004 allowance includes \$12 million for the Substance Abuse Treatment Outcomes Partnership, an increase of \$5.6 million over the fiscal 2003 working appropriation.
- The fiscal 2004 allowance includes the addition of \$3.4 million in reimbursable funds from the Department of Human Resources to provide for addictions counselors for Temporary Cash Assistance clients.

***Personnel Data***

	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	55.00	55.00	53.00	-2.00
Contractual FTEs	20.47	3.04	3.04	0.00
<b>Total Personnel</b>	<b>75.47</b>	<b>58.04</b>	<b>56.04</b>	<b>-2.00</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 04	2.12	4.00%
Positions Vacant as of 12/31/02	6.50	11.82%

Note: Numbers may not sum to total due to rounding.

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## ***Analysis in Brief***

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### **Major Trends**

***Electronic Data Collection System Nears Completion:*** A priority of the administration is establishment of the eSAMIS project, a data management system that, when fully implemented, will allow treatment programs statewide to electronically maintain and submit clinical data to the Alcohol and Drug Abuse Administration (ADAA). Although the program is scheduled to be fully operational in fiscal 2004, Managing for Results data indicate that only 90% of providers will be reporting data electronically in the coming fiscal year.

***Integration of Child Welfare and Substance Abuse Treatment:*** In the first nine months in which this program was operational, 290 child welfare clients were referred to an addictions specialist for assessment, of which 100 clients entered treatment. According to data reported by ADAA, only 14% of those who entered a treatment program successfully completed the program in fiscal 2002.

### **Issues**

***Status of the Publicly-funded Treatment System:*** Significant problems persist in the treatment system, most related to agency and service coordination. In many cases, recent growth has exacerbated existing problems as a relatively static set of internal resources has been spread among a growing set of programs.

***Establishment of the Substance Abuse Treatment Outcomes Partnership:*** The General Assembly established the Substance Abuse Treatment Outcomes Partnership to make substance abuse treatment funding available to local jurisdictions that provide a direct or in-kind match. Fiscal 2004 funding for the partnership in the third year of the program reaches \$12 million.

***Growth in Treatment Funding Exceeds Capacity to Expand:*** The ADAA budget has grown 82% over the last four years, from \$74 million in fiscal 2000 to \$136 million in fiscal 2004. The growth is the result of heightened interest in substance abuse treatment and the addition of several programs dedicated to serving specific populations. The growth in funding and treatment programs has, in many cases, exceeded the administration's capacity to expand.

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**Recommended Actions**

	<u><b>Funds</b></u>
1. Reduce funding for the Substance Abuse Treatment Outcomes Partnership to fiscal 2003 working appropriation levels.	\$ 5,590,000
2. Reduce funding for an independent evaluation of the integration of substance abuse treatment and child welfare services.	125,000
<b>Total Reductions</b>	<b>\$ 5,715,000</b>

**Updates**

*Status of the eSAMIS Information Technology Project:* Fiscal 2003 funds for the eSAMIS information technology project were restricted due to inability to determine the project's progress.

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***Operating Budget Analysis***

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**Program Description**

The Alcohol and Drug Abuse Administration (ADAA) develops and operates unified programs for substance abuse research, training, prevention, and rehabilitation in cooperation with federal, State, local, and private agencies. The mission of this administration is to plan and develop services to prevent harmful involvement with alcohol and other drugs and to treat the illness of chemical addiction in the State of Maryland.

ADAA maintains an integrated statewide service delivery system through a variety of treatment and prevention modalities that provide financial and geographic access to all Marylanders who need help with drug and alcohol addiction. Treatment is funded through grants to private, nonprofit agencies or to local health departments. Maryland's community-based addictions treatment programs include (1) primary and emergency care; (2) intermediate care facilities; (3) halfway houses and long-term programs; (4) outpatient care; and (5) prevention programs.

**Performance Analysis: Managing for Results**

Managing for Results (MFR) data for ADAA reflect both the administrative and treatment components of its operations. A priority of the administration is establishment of the eSAMIS project, a data management system that, when fully implemented, will allow treatment programs statewide to electronically maintain and submit data. The project will allow ADAA to collect clinical data from substance abuse treatment providers in real time, allowing greater and more timely access to data, as well as eliminating the need to manually convert data from paper to electronic form. In addition to automating the data collection process, the eSAMIS project will allow treatment providers, both public and community-based, to identify available treatment slots and track admissions and discharges from alcohol and drug treatment programs statewide. The eSAMIS prototype has been extended to an estimated 61% of providers in fiscal 2003, with full roll-out of the program scheduled for fiscal 2004; however, MFR data detailed in **Exhibit 1** indicates that only 90% of funded programs will be reporting electronically in fiscal 2004. **ADAA should comment on the anticipated timing of electronic reporting by all treatment providers.**

**Exhibit 1**

**Managing for Results Data  
Fiscal 2001 through 2004**

	<b>FY 01 <u>Actual</u></b>	<b>FY 02 <u>Actual</u></b>	<b>FY 03 <u>Est.</u></b>	<b>FY 04 <u>Est.</u></b>
Percent of funded programs reporting data electronically	0%	28%	61%	90%
Percent of child welfare substance abusers admitted to treatment who complete treatment	n/a	14%	60%	60%
Average cost per successful completion of outpatient treatment	\$3,173	\$2,470	\$2,487	\$2,389
Average cost per successful completion of residential treatment	\$8,232	\$9,103	\$8,210	\$7,344

Source: Maryland Operating Budget

The General Assembly passed the Integration of Child Welfare and Substance Abuse Treatment Act during the 2000 session to provide at-risk parents with treatment services. The program, operated jointly by the Department of Human Resources and ADAA, places addictions specialists in social service offices to assess parents entering the child welfare system. Implementation began on a trial basis in Baltimore City and Prince George’s County in fiscal 2002. In the nine months in which the program was operational, 290 child welfare clients were referred to an addictions specialist for assessment, of which 100 clients entered treatment. According to data reported by ADAA, only 14% of those who entered a treatment program successfully completed the program in fiscal 2002. Extrapolating these data, fewer than 5% of clients identified in need of treatment through the Integration of Child Welfare and Substance Abuse Treatment Program completed treatment, a total of 14 individuals in fiscal 2002. The administration has indicated that development of program protocol in fiscal 2003 should improve retention in treatment in fiscal 2003. **ADAA should comment on fiscal 2003 Integration of Child Welfare and Substance Abuse Treatment data and strategies to improve program efficacy in future fiscal years.**

The average cost of treatment per successful completion of treatment programs reflects two variables: cost of and retention in treatment programs. Although the percentage of outpatient clients discharged with a successful treatment record has remained relatively stable at 45%, the cost of outpatient treatment declined 24% from fiscal 2001 to 2002, reflected in the decline in the average cost of treatment per successful completion. For residential programs, the percentage of outpatient clients discharged with a successful treatment record has also remained relatively stable, with an estimated 65% successfully completing treatment. The reduction in the average cost per successful discharge reflects an estimated decline in the cost of treatment. **ADAA should comment on reasons for anticipated reductions in treatment costs.**

**Fiscal 2003 Actions**

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Cost containment actions reduce the ADAA fiscal 2003 working appropriation by \$3.7 million. The reduction is the result of the following actions approved by the Board of Public Works in January 2003:

- Funding for human service contracts was reduced by 2.8% in fiscal 2003, producing \$2.2 million in cost savings. This action will reduce the number of placements of adolescents who are not eligible for medical assistance and will also reduce treatment funds earmarked for specific populations.
- Grant funds dedicated to adolescent residential treatment placements but not yet awarded were reverted to the general fund at a savings of \$0.4 million.
- Funding for the Substance Abuse Treatment Outcomes Partnership (STOP), a program that makes matching funds for substance abuse treatment available to local jurisdictions, is reduced \$0.8 million to a total of \$6.4 million in fiscal 2003. Funds not yet awarded from the program represent \$0.3 million of the \$0.8 million reduction. The remainder, \$0.5 million, was reduced due to implementation delays in spending funds in Howard, Baltimore, and Montgomery Counties.
- ADAA will spend down a \$0.3 million surplus in federal funds in the Substance Abuse Prevention and Treatment block grant, obviating the need for that amount of general funds. This action will have no impact on the provision of services.

A smaller portion of cost savings, \$3,645, is due to the reversion of appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

### **Governor's Proposed Budget**

The allowance for ADAA increases \$9.2 million in fiscal 2004, detailed in **Exhibit 2**, an increase of 7% over the fiscal 2003 working appropriation. The majority of the change is attributable to a \$5.6 million increase in STOP funds, as required by statute.

### **Substance Abuse Treatment Outcomes Partnership**

The General Assembly established the STOP program in Chapter 675, Acts of 2000. The program makes matching substance abuse treatment funding available to local jurisdictions through a competitive grant process. Funding for this program was reduced from \$7.2 million to \$6.4 million in fiscal 2003 for cost containment. The Governor included \$12 million in the fiscal 2004 allowance for the program, consistent with statute, an increase of \$5.6 million.

**Exhibit 2**

**Governor’s Proposed Budget  
Alcohol and Drug Abuse Administration  
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
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Reimbursable Funds	0	67	3,422	3,355	4971.2%
<b>Adjusted Grand Total</b>	<b>\$112,453</b>	<b>\$126,332</b>	<b>\$135,520</b>	<b>\$9,188</b>	<b>7.3%</b>

**Where It Goes:**

**Personnel Expenses**

Employee and retiree health insurance .....	\$136
Social security contribution.....	-6
Workers’ compensation premium assessment.....	-7
Elimination of deferred compensation match .....	-9
Elimination of salary adjustments and leave payout.....	-66
Abolished positions .....	-118

**Other Operating Expenses**

Increase in funding for the Substance Abuse Treatment Outcomes Partnership .....	5,590
Reimbursable funds from the Department of Human Resources for addictions counselors for Temporary Cash Assistance clients .....	3,355
Restoration of funding for programs reduced for cost containment in fiscal 2003, namely adolescent residential treatment .....	2,898
Evaluation of the Integration of Child Welfare and Substance Abuse Services.....	250
Reduction in personnel costs for the drug-affected baby initiative .....	-257
Expiration of federal funding for a statewide disaster surveillance data collection system.	-517

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**Where It Goes:**

Reduction in adolescent treatment costs due to increased availability of medical assistance funding.....	-790
Reduction in federal Substance Abuse Prevention and Treatment block grant funding .....	-1,433
Other operating expenses .....	162
<b>Total</b>	<b>\$9,188</b>

Note: Numbers may not sum to total due to rounding.

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**Federal Funding**

Federal funding declines \$1.9 million below the fiscal 2003 working appropriation in fiscal 2004. The decline is attributable to the following changes:

- The administration received \$0.5 million in fiscal 2003 to develop a statewide disaster surveillance data collection system to serve ADAA and the Mental Hygiene Administration. The system allows the administrations to monitor requests to substance abuse providers, mental health crisis hotlines, and crisis response providers during times of national crisis. Funding for this project does not continue in fiscal 2004.
- The federal Substance Abuse Prevention and Treatment block grant is expected to decline \$1.4 million to \$31 million in fiscal 2004. The attainment of federal funds is not expected to change between fiscal 2003 and 2004; however, surplus funds available in prior years will be expended in fiscal 2003, reducing the amount available to roll over to fiscal 2004.

**Other Changes**

Other changes in operating expenses include:

- The allowance includes the addition of \$3.4 million in reimbursable funds from the Department of Human Resources (DHR) for addictions counselors for Temporary Cash Assistance clients. The program continues to be administered by ADAA; however, funds will be budgeted in ADAA in fiscal 2004.
- Funds reduced in fiscal 2003 for cost containment are restored in the fiscal 2004 allowance at a cost of \$2.9 million. The increase will allow the administration to restore services reduced in fiscal 2003, namely for adolescent placements and special populations. This increase is offset by a \$0.8 million fiscal 2004 reduction in general funds for adolescent residential placements due to increased availability of Medicaid funds for these services.

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- The legislation that established the Integration of Child Welfare and Substance Abuse Services required the Governor to include funds for an evaluation of the program in fiscal 2004. The allowance includes \$0.25 million for this initiative.
- Funding for the drug-affected babies initiative declines \$0.3 million as many program responsibilities have been transferred to the University of Maryland’s Bureau of Government Research. Funds supporting this partnership are incorporated in other areas of the ADAA budget.

## ***Issues***

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### **1. Status of the Publicly-funded Treatment System**

Significant problems persist in the treatment system, most related to agency and service coordination. In many cases, recent growth has exacerbated existing problems as a relatively static set of internal resources has been spread among a growing set of programs. Additional problems have arisen as funding has increased more quickly than the community infrastructure supporting treatment, resulting in unmet needs in areas such as counselor retention and capital capacity.

The most significant problem continues to be the fragmentation of the treatment system. The current budget structure encourages each of the eight State agencies that provide substance abuse treatment to operate independently, even though a single individual may access services from multiple agencies over the course of a treatment episode. This fragmentation reduces comprehensive oversight of the treatment system, a problem likely to continue as long as treatment under each of these systems is independently budgeted and monitored. Several issues specifically affect ADAA operations:

#### **Building a Continuum of Care**

Recent increases in funding for substance abuse treatment have expanded the availability of treatment services statewide, although a full complement of services is still not available in each region (see **Exhibit 3**). The Drug Treatment Task Force identified several statewide needs, as well as more specific regional needs, to which additional funds should be dedicated. The task force found that modalities most in need of additional resources were detoxification services, residential treatment, and transitional housing. In addition, ADAA has identified methadone maintenance programs as a priority for additional funds.

The creation of several new funding streams has allowed the State to meet previously unmet needs. Funds earmarked for special populations and regions with the greatest needs have increased the availability of treatment statewide. In addition, the dedication of Cigarette Restitution Funds (CRF) to substance abuse treatment has increased the number of clients treated annually by ADAA. These increases, while expanding access to treatment, have primarily been used to serve needs by jurisdiction and not by region. Several modalities of treatment remain scarce in some areas of the State.

The commitment of \$18.5 million in CRF for substance abuse treatment was intended to address remaining regional treatment needs and provide for statewide electronic data collection. Appropriations were made to both counties and regions, although each county was responsible for determining its area of greatest need and implementing local program activity. As many jurisdictions are not large enough to support each treatment modality, building a continuum of care requires regional planning and collaboration. As the demand for treatment still exceeds treatment resources in many areas, gaps remain in the system. Further efforts to bridge these gaps would be wise to consider the availability of treatment regionally in order to provide a full continuum of care in all areas of the State.

### **Exhibit 3**

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**Estimated Increase in ADAA Clients Treated  
Fiscal 2001 and 2004**

	<u>2001 Actual</u>	<u>2004 Estimated</u>	<u>Percent Increase</u>
Outpatient	24,748	30,451	23%
Criminal Justice Involved Client Programs	1,543	1,603	4%
Residential	5,702	6,400	12%
Halfway House	787	900	14%
Methadone Maintenance	7,910	9,500	20%
Detoxification	1,173	1,941	65%
Subtotal	41,863	50,795	21%
Substance Abuse Treatment Outcomes Partnership (STOP)	0	6,000	
<b>Total</b>	<b>41,863</b>	<b>56,795</b>	<b>36%</b>

Note: STOP funds provide treatment across a variety of modalities, dependent on regional grant proposals.

Source: Department of Health and Mental Hygiene

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### **Resource Management Problems Persist**

The limited number of treatment slots, as well as reservation of certain slots for specific populations, has created difficulties in efficiently managing available resources. Local health departments purchase slots with ADAA funding, competing with other health departments, Medicaid, and various other administrations and departments for slots. There is also competition within agencies for slots dedicated to specific populations. The creation of new programs in recent years to address the unique needs of certain populations, such as mothers of drug-affected babies and Temporary Cash Assistance clients, intended to recognize and treat the traditionally underserved, has further fragmented treatment funding and placement.

New population-specific programs have strained the ability to locate a sufficient number of treatment slots. Two programs operated jointly by the Department of Health and Mental Hygiene and the Department of Human Resources, for example, have expanded screening and referral to treatment to Temporary Cash Assistance clients and child welfare recipients. An estimated 8,400 to 11,200 persons involved with the child welfare system alone are in need of substance abuse treatment. Locating and coordinating services for those identified in need is a concern, as many treatment programs are filled to capacity. The small number of slots dedicated to this population is overcommitted. Identifying additional slots across departmental and jurisdictional lines is a concern for these and other new and expanding programs.

Despite the demand for services, some programs are underutilized due to the inefficiency of the current slot management system and payment systems for treatment. The placement process currently requires multiple calls to local providers to locate an available slot. Information technology being developed will include electronic slot management, but to maximize its effectiveness, it will need to be expanded to each

of the departments involved in placement.

### **Building Treatment Capacity in the Treatment Community**

Recent increases in treatment funding have, in some instances, exceeded the system's capacity to grow. The resources that support substance abuse treatment, namely personnel and physical space, have increased only modestly relative to the increases in purchase of care. Lack of capacity has created competition among providers to retain addictions counselors and attain capital funding. Recent changes reflect the need to expand in these two areas:

- **Addictions Personnel:** Chapter 437, Acts of 1999 required addictions counselors to obtain certification from the Board of Professional Counselors by October 2001. As a result of the increased education and training requirements, addictions counselors' salaries were increased two grades on the State salary scale, an average 12% salary increase. The salary adjustment was implemented in fiscal 2002 at an annual cost of \$6 million. Despite these increases, demand for addictions counselors exceeds the supply of qualified personnel, creating an inability to recruit and retain addictions personnel.
- **Physical Space:** Capital expansion is complicated by both community resistance to siting of treatment facilities and scarcity of State capital funding. A fiscal 2002 needs assessment of the Community Mental Health Facilities Program (which includes capital funding of addictions projects) revealed that applications for addiction project funding exceeded the total amount available for the three administrations served by the program. The program, the major source of funding for Department of Health and Mental Hygiene's community projects, funded 14 of 44 requests in fiscal 2002 at a total cost of \$7 million. Due to the demand for resources, ADAA has prioritized residential services for women with children and methadone maintenance slots for future funding. Shortages also exist in beds for detoxification services, intermediate care, halfway houses, long-term residential treatment, and affordable post-treatment housing.

### **The Need for Long-term Outcome Measures**

The lack of long-term outcome measures has complicated efforts to evaluate the efficacy of State-sponsored treatment systems. Data reported by the ADAA is biased toward intake data, such as the number of clients assessed for substance abuse and the number of clients referred to treatment. Outcome data has been largely unavailable, as it is both more difficult to obtain and more difficult to verify. An October 2001 audit of ADAA MFR data by the Office of Legislative Audits determined many treatment measures to be inaccurate or unsubstantiated. The auditors found that treatment program success rates reported by ADAA were not based on actual data; rather, fiscal 1999 data was carried over to fiscal 2000. Documentation supporting the data was not available, and the accuracy of fiscal 1999 data could not be confirmed.

In its final February 2001 report, the Drug Treatment Task Force recommended the implementation of a statewide performance measurement system to assess program performance and means for improvement.

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Outcome measures are critical in efficiently allocating the financial resources available for treatment, especially in the context of recent expansions to the treatment system. To that end, ADAA is in the process of implementing eSAMIS, a web-based data tracking system to provide more timely and comprehensive data collection. The Drug Treatment Task Force has recommended including the following indicators of program performance in expanded data collection efforts:

- recent changes in current alcohol and other drug use;
- recent criminal activity, as measured by the number of recent arrests and type of crime;
- changes in employment history; and
- changes in living arrangement, especially as it relates to homelessness.

These indicators serve as a proxy for program performance, with the dual benefit of allowing systemwide assessments by ADAA and individual assessment by treatment providers.

An automated data collection system should improve the quality of data reported by ADAA as well as improve the ability to measure outcomes. These data should allow more extensive analysis of the results of treatment modalities. Improvements in collecting outcome data should allow for more efficient allocation of future expansions in the treatment system.

**DHMH should be prepared to comment on the status of the publicly-funded treatment system.**

## **2. Establishment of the Substance Abuse Treatment Outcomes Partnership**

The General Assembly established the STOP program in Chapter 675, Acts of 2000. The program makes substance abuse treatment funding available to local jurisdictions able to provide a direct or in-kind match. According to statute, the department may waive the matching requirement after considering the financial hardship of the participating county and the jurisdiction's prior contributions for substance abuse treatment. The statute also establishes a three-year schedule for increasing funding for the program. Funding for the partnership in fiscal 2004, the third year of the program, reaches \$12 million.

### **Fiscal 2002**

In fiscal 2002, the first year of the program, the budget included \$4 million for the partnership as required by law. By October 2001 ADAA had distributed \$3.1 million of the appropriation for the program. The remainder, \$0.9 million, reverted to the general fund as a cost containment measure. The distribution of fiscal 2002 funds is detailed in **Exhibit 4**. Fourteen jurisdictions submitted partnership proposals in fiscal 2002 prior to cost containment; the matching requirement was waived for six of the jurisdictions granted funding.

### **Exhibit 4**

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**STOP Funding by Jurisdiction  
Fiscal 2002 and 2003**

	<b>2002</b>			<b>2003</b>		
	<u>Local</u>	<u>ADAA</u>	<u>Match</u>	<u>Local</u>	<u>ADAA</u>	<u>Match</u>
Allegany	\$0	\$229,625	0%	\$30,024	\$347,825	9%
Anne Arundel	413,062	413,062	100%	568,230	568,230	100%
Baltimore City	500,000	441,233	113%			
Baltimore	500,000	500,000	100%	500,000	500,000	100%
Carroll	166,230	166,230	100%	85,000	174,610	49%
Cecil	13,353	53,333	25%	28,288	113,150	25%
Charles	0	357,547	0%	0	528,598	0%
Dorchester				108,747	663,935	16%
Frederick	183,274	366,549	50%	308,728	504,975	61%
Garrett				22,477	45,000	50%
Harford	134,676	134,676	100%	233,996	233,996	100%
Howard				109,835	369,505	30%
Prince George's	105,000	105,000	100%	530,722	530,722	100%
Somerset	50,000	100,000	50%	35,000	244,014	14%
St. Mary's				0	519,561	0%
Talbot				81,881	63,427	129%
Washington	105,114	63,737	165%	83,026	553,026	15%
Wicomico	0	34,000	0%	44,000	103,465	43%
Worcester	118,130	118,130	100%	140,735	245,471	57%
<b>Subtotal</b>	<b>\$2,288,839</b>	<b>\$3,083,122</b>	<b>74%</b>	<b>\$2,910,689</b>	<b>\$6,309,510</b>	<b>46%</b>
Unallocated					100,490	
<b>Total</b>					<b>\$6,410,000</b>	

Source: Department of Health and Mental Hygiene

**Fiscal 2003**

The Governor was required to include \$8 million in the fiscal 2003 allowance for STOP, an increase of \$4.9 million from fiscal 2002 cost containment levels. The General Assembly subsequently reduced funding for the program to \$7.2 million as a cost savings measure. Subsequent to the legislative appropriation, funding for the program was reduced \$0.8 million to \$6.4 million for cost containment. Funds not yet awarded from the program represent \$0.3 million of the \$0.8 million reduction. The remainder, \$0.5 million, was reduced due to implementation delays in spending funds in Howard, Baltimore, and Montgomery counties.

STOP funding expanded from 14 jurisdictions in fiscal 2002 to 18 jurisdictions in fiscal 2003. Only 5 of the jurisdictions awarded funding provided the required local funding match. Each of the jurisdictions that applied for funding in fiscal 2002 re-applied in fiscal 2003; the only exception was Baltimore City, which was prohibited from requesting funds due to the availability of funds for the city elsewhere in the

ADAA budget.

### **Fiscal 2004**

The Governor included \$12 million in the fiscal 2004 allowance for the STOP program, consistent with statute. This amount nearly doubles funding for the program from the fiscal 2003 working appropriation of \$6.4 million. It is unclear that local jurisdictions will have the resources available to match State funds in fiscal 2004, as many jurisdictions face the same financial difficulties as the State. Local jurisdictions matched 74% of the State grant in fiscal 2002 and 46% of the State grant in fiscal 2003. It is likely that this proportion will decline in fiscal 2004 as local jurisdictions find it increasingly difficult to match growing State funds.

**The department should comment on the anticipated demand for STOP funds in fiscal 2004 and the ability of local jurisdictions to provide matching funds. The department should also comment on the criteria for establishing financial hardship, as the majority of participating jurisdictions do not provide a direct financial match for State funds.**

### **3. Growth in Treatment Funding Exceeds Capacity to Expand**

The ADAA budget has grown 82% over the last four years, from \$74 million in fiscal 2000 to \$136 million in fiscal 2004. The growth is the result of heightened interest in substance abuse treatment and the addition of several programs dedicated to serving specific populations. The growth in funding and treatment programs has, in many cases, exceeded the administration's capacity to expand.

#### **New Programs**

In the last four years, the General Assembly has established a variety of programs designed to address unmet needs by region and population. Among these initiatives:

- ***Regions with the Greatest Need:*** Beginning in fiscal 2002, \$5 million was dedicated to addressing outstanding needs among jurisdictions. ADAA allocates these funds according to three equally weighted factors: drug and alcohol addiction prevalence, the number of reported HIV cases, and the number of drunk driving arrests. This combination of factors was chosen to approximate the impact of substance abuse by region.
- ***Cigarette Restitution Funds:*** The Cigarette Restitution Act established substance abuse treatment as one of the priority funding areas for tobacco settlement funds. Beginning in 2001 ADAA began receiving a portion of CRF to expand substance abuse treatment services statewide. ADAA has received more than \$17 million each year since fiscal 2001 to make a full complement of services available across regions.
- ***Substance Abuse Treatment Outcomes Partnership:*** The Substance Abuse Treatment Outcomes

### *M00K – DHMH – Alcohol and Drug Abuse Administration*

Partnership began in fiscal 2002 to provide matching funds to local jurisdictions for treatment services through a competitive grant process. Funding for this program has grown from \$4 million in fiscal 2002 to \$12 million in fiscal 2004.

- ***Integration of Child Welfare and Substance Abuse Treatment:*** The General Assembly passed the Integration of Child Welfare and Substance Abuse Treatment Act during the 2000 session to provide at-risk parents with treatment services. The program, operated jointly by DHR and ADAA, places addictions specialists in social service offices to assess parents entering the child welfare system. Due to implementation delays, funding for this program was reduced in fiscal 2002 from \$4 million to \$2.3 million for cost containment. The program has been budgeted at \$2.3 million in fiscal 2003 and 2004.
- ***Temporary Cash Assistance Clients:*** This program places addictions specialists in local social service offices to provide substance abuse assessments and referral to Temporary Cash Assistance (TCA) clients. This program, operated jointly by DHR and ADAA, is budgeted at \$3.4 million in fiscal 2004.
- ***Baltimore City Funding Increases:*** State funding for substance abuse treatment and prevention in Baltimore City has doubled since fiscal 2000 to more than \$43 million in fiscal 2004. Some of the expansion is the result of the statewide increases in substance abuse funding; however, much of the increase has been specifically dedicated to Baltimore City expansion.

These initiatives, in addition to smaller treatment initiatives, have expanded both the size and the scope of ADAA's mission. These programs have consumed a disproportionate share of administrative resources as ADAA personnel have developed and overseen the implementation of these programs. Many of these programs also require ongoing administrative support, especially to the extent that many of the population-specific initiatives overlap. Determining program eligibility can be difficult given the number of programs for which a given client may qualify.

### **Effect on the Bottom Line**

ADAA has not been able to absorb the full amount of annual increases appropriated, resulting in large year-end transfers to other administrations in the department. In fiscal 2001 ADAA transferred \$2.2 million in unspent CRF to the Mental Hygiene Administration (MHA) to cover anticipated shortfalls in that administration. ADAA transferred a greater amount of funds to MHA in fiscal 2002, \$2.6 million in general funds and \$1.6 million in Cigarette Restitution Funds. These funds were available due to delays in implementing new programs, as the decentralized service delivery system often requires a lengthy process of approval by local government. ADAA has not anticipated this lag in prior budget requests, often resulting in significant reversions. In addition to these reversions, delays in establishing programs and distributing funds have provided funds for cost containment, namely in the STOP program and the Integration of Child Welfare and Substance Abuse Treatment initiative. The fiscal 2002 ADAA working appropriation was reduced \$7 million as a result of implementation delays and cost containment.

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funding for the Substance Abuse Treatment Outcomes Partnership, which makes matching funds available to local jurisdictions for substance abuse treatment. The current fiscal condition reduces the possibility that local jurisdictions will have the resources necessary to provide matching funds in the amount of the increase. This action would maintain funding for this program at fiscal 2003 working appropriation levels.	\$ 5,590,000	GF
2. Reduce funding for an independent evaluation of the integration of substance abuse treatment and child welfare services to \$125,000. The reduction reflects the limited scope of the program, as it has been in operation for fewer than two years and is currently operating in only two jurisdictions.	125,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 5,715,000</b>	

## ***Updates***

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### **1. Status of the eSAMIS Information Technology Project**

Due to delays in submitting documentation of the proposed use and benefits of the ADAA's eSAMIS information technology project, as well as inability to spend budgeted funds in prior fiscal years, the General Assembly restricted \$1,300,000 in special funds in fiscal 2003 to support project development until ADAA submitted a status report on the eSAMIS project.

The eSAMIS project is a data management system that, when fully implemented, will allow treatment programs statewide to electronically maintain and submit clinical data to ADAA. The project will allow ADAA to collect clinical data from substance abuse treatment providers in real time, allowing greater and more timely access to data, as well as eliminating the need to manually convert data from paper to electronic form. In addition to automating the data collection process, the eSAMIS project will allow treatment providers, both public and community-based, to identify available treatment slots and track admissions and discharges from alcohol and drug treatment programs statewide.

The eSAMIS pilot program began in February 2002 to test the reliability and validity of the performance outcome measurement data element of the program. The pilot program is fully operating, allowing ADAA and its partner organizations, the Bureau of Government Research and the University of Maryland Center for Substance Abuse Research, to analyze data collected from participating providers and identify needed program modifications. According to ADAA, the majority of pilot programs are now reporting no problems with data entry. With this phase of the program operational, ADAA recently added the treatment slot management component to the pilot program in selected sites, allowing addictions specialists to evaluate social service recipients and refer them to available and appropriate treatment slots.

In fiscal 2003 ADAA will expand the slot management module of the eSAMIS program and, in conjunction with the Bureau of Government Research, upgrade the program to a web-based system available for statewide use during fiscal 2004. The web-based system is designed to improve reporting while minimizing system requirements for providers and infrastructure maintenance by ADAA. By fiscal 2005, the fifth and final year of the initiative, ADAA anticipates that the eSAMIS program will be fully operational, allowing ADAA to collect and analyze program performance data across the statewide network of providers.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Alcohol and Drug Abuse Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$70,139	\$18,780	\$30,943	\$0	\$ 119,861
Budget Amendments	-2,624	-1,613	200	0	-4,037
Reversions and Cancellations	-3,032	-59	-281	0	-3,372
<b>Actual Expenditures</b>	<b>\$64,483</b>	<b>\$17,108</b>	<b>\$30,862</b>	<b>\$0</b>	<b>\$112,453</b>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$79,559	\$18,783	\$32,397	\$68	\$130,807
Budget Amendments	0	-1,300	517	0	-783
Cost Containment	-3,691	0	0	0	-3,691
<b>Working Appropriation</b>	<b>\$75,868</b>	<b>\$17,483</b>	<b>\$32,914</b>	<b>\$68</b>	<b>\$126,332</b>

Note: Numbers may not sum to total due to rounding.

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## *M00K – DHMH – Alcohol and Drug Abuse Administration*

### **Fiscal 2002**

The fiscal 2002 general fund appropriation was reduced \$2.6 million to provide funds for community mental health services provided by the Mental Hygiene Administration. Funds were available due to delays in implementing addictions treatment programs. Further reductions in expenses for treatment were offset by inability to meet budgeted turnover and the purchase of office furniture. Cost containment and general fund reversions further reduced the working appropriation by \$3 million. The majority of the reduction, \$2.7 million, was due to implementation delays in establishing the Substance Abuse Treatment Outcomes Partnership and the Integration of Child Welfare and Substance Abuse Treatment program; the remainder, \$0.3 million, was due to higher-than-anticipated fee collections and local delays in establishing hiring and procurement procedures.

The fiscal 2002 special fund appropriation was reduced \$1.6 million as CRF were transferred from ADAA to the Mental Hygiene Administration for community mental health services, namely treatment for co-occurring mental health and substance abuse disorders. The transfer was included in the same amendment that transferred \$2.6 million in general funds to the Mental Hygiene Administration.

Fiscal 2002 federal funds were increased due to the attainment of a \$0.2 million grant to provide addictions counseling to families at military bases after the events of September 11, 2001.

### **Fiscal 2003**

The following actions reduce the fiscal 2003 general fund working appropriation by \$3.7 million:

- Funding for human service contracts was reduced by 2.8%, producing \$2.2 million in cost savings.
- Grant funds dedicated to adolescent residential treatment placements but not yet awarded were reverted to the general fund at savings of \$0.4 million.
- Funding for STOP, a program that makes matching funds for substance abuse treatment available to local jurisdictions, is reduced \$0.8 million to a total of \$6.4 million in fiscal 2004.
- ADAA will spend down a \$0.3 million surplus in federal funds in the Substance Abuse Prevention and Treatment block grant, obviating the need for general funds.

A smaller portion of cost savings, \$3,645, is due to the reversion of appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act of 2003.

Special funds were reduced \$1.3 million as CRF for the eSAMIS information technology project were transferred to the Deputy Secretary for Operations.

M00K – DHMH – Alcohol and Drug Abuse Administration

Appendix 2

Object/Fund Difference Report  
DHMH Alcohol and Drug Abuse Administration

Object/Fund	FY 02	FY 03	FY 04	FY 03 – FY 04	Percent Change
	Actual	Working Appropriation	Allowance	Amount Change	
<b>Positions</b>					
01 Regular	55.00	55.00	53.00	-2.00	-3.6%
02 Contractual	20.47	3.04	3.04	0	0%
<b>Total Positions</b>	<b>75.47</b>	<b>58.04</b>	<b>56.04</b>	<b>-2.00</b>	<b>-3.4%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 3,123,638	\$ 3,282,590	\$ 3,224,135	-\$ 58,455	-1.8%
02 Technical & Spec Fees	832,827	129,560	129,630	70	0.1%
03 Communication	36,253	28,103	29,505	1,402	5.0%
04 Travel	91,374	87,333	88,653	1,320	1.5%
07 Motor Vehicles	9,914	4,182	4,448	266	6.4%
08 Contractual Services	107,996,865	126,240,950	131,796,140	5,555,190	4.4%
09 Supplies & Materials	43,608	33,015	39,609	6,594	20.0%
10 Equip - Replacement	25,362	0	0	0	0.0%
11 Equip - Additional	55,314	0	0	0	0.0%
12 Grants, Subsidies, Contr	200,000	200,000	200,000	0	0%
13 Fixed Charges	37,564	17,780	22,154	4,374	24.6%
<b>Total Objects</b>	<b>\$ 112,452,719</b>	<b>\$ 130,023,513</b>	<b>\$ 135,534,274</b>	<b>\$ 5,510,761</b>	<b>4.2%</b>
<b>Funds</b>					
01 General Fund	\$ 64,483,031	\$ 79,559,191	\$ 83,559,759	\$ 4,000,568	5.0%
03 Special Fund	17,107,833	17,482,474	17,514,467	31,993	0.2%
05 Federal Fund	30,861,855	32,914,366	31,037,920	-1,876,446	-5.7%
09 Reimbursable Fund	0	67,482	3,422,128	3,354,646	4971.2%
<b>Total Funds</b>	<b>\$ 112,452,719</b>	<b>\$ 130,023,513</b>	<b>\$ 135,534,274</b>	<b>\$ 5,510,761</b>	<b>4.2%</b>

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary  
DHMH Alcohol and Drug Abuse Administration

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03 Legislative Appropriation</u>	<u>FY 03 Working Appropriation</u>	<u>FY 02 – FY 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 – FY 04 % Change</u>
02 Alcohol And Drug Abuse Administration	\$ 112,452,719	\$ 130,806,513	\$ 130,023,513	15.6%	\$ 135,534,274	4.2%
<b>Total Expenditures</b>	<b>\$ 112,452,719</b>	<b>\$ 130,806,513</b>	<b>\$ 130,023,513</b>	<b>15.6%</b>	<b>\$ 135,534,274</b>	<b>4.2%</b>
General Fund	\$ 64,483,031	\$ 79,559,191	\$ 79,559,191	23.4%	\$ 83,559,759	5.0%
Special Fund	17,107,833	18,782,474	17,482,474	2.2%	17,514,467	0.2%
Federal Fund	30,861,855	32,397,366	32,914,366	6.7%	31,037,920	-5.7%
<b>Total Appropriations</b>	<b>\$ 112,452,719</b>	<b>\$ 130,739,031</b>	<b>\$ 129,956,031</b>	<b>15.6%</b>	<b>\$ 132,112,146</b>	<b>1.7%</b>
Reimbursable Fund	\$ 0	\$ 67,482	\$ 67,482	N/A	\$ 3,422,128	4971.2%
<b>Total Funds</b>	<b>\$ 112,452,719</b>	<b>\$ 130,806,513</b>	<b>\$ 130,023,513</b>	<b>15.6%</b>	<b>\$ 135,534,274</b>	<b>4.2%</b>

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.