

M00F02
Community and Family Health Administrations
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$111,924	\$112,752	\$115,886	\$3,134	2.8%
Special Fund	46,400	40,863	29,766	-11,097	-27.2%
Federal Fund	120,712	115,774	123,809	8,036	6.9%
Reimbursable Fund	<u>394</u>	<u>218</u>	<u>243</u>	<u>25</u>	<u>11.5%</u>
Total Funds	\$279,430	\$269,606	\$269,704	\$98	0.0%
Contingent & Back of Bill Reductions			-111	-111	
Adjusted Total	\$279,430	\$269,606	\$269,593	-\$13	0.0%

- Funding for the Women, Infants, and Children Supplemental Nutrition Program increases \$9.3 million in the fiscal 2006 allowance, offset by a \$10.7 million reduction in the Cigarette Restitution Fund (CRF) Program.

Personnel Data

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>
Regular Positions	341.40	340.70	340.70	0.00
Contractual FTEs	<u>11.77</u>	<u>17.12</u>	<u>19.21</u>	<u>2.09</u>
Total Personnel	353.17	357.82	359.91	2.09

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	16.56	4.86%
Positions Vacant as of 12/31/04	30.30	8.89%

- Two positions, one transferred from the Office for Children, Youth, and Families, are added to the Family Health Administration budget, offset by two position abolitions not yet identified.

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

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Analysis in Brief

Major Trends

Syphilis Rates Exceed National Averages: The State continues to have one of the highest rates of primary and secondary syphilis in the nation, driven by increases in infection among men.

Issues

Emergency Preparedness Efforts Continue: The Community Health Administration’s Office of Public Health Preparedness and Response has coordinated efforts within the department and among public health partners to improve statewide emergency response.

Breast and Cervical Cancer Program Realizes Savings: The Family Health Administration has realized cost savings in its Breast and Cervical Cancer Program with the availability of Medical Assistance for diagnosis and treatment.

Inefficiencies Exist in CRF Cancer Screening Program: The University of Maryland Medical Group has not budgeted adequately for the cost of treatment in its breast and cervical cancer program, creating additional costs for the Family Health Administration’s general fund treatment program.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funds for core public health services.	\$ 609,003	
2. Add language requiring Cigarette Restitution Funds to be used for a comprehensive evaluation of the program.		
3. Add language requiring Cigarette Restitution Funds to be used for cancer treatment.		
4. Delete funds for the Maryland State Advisory Council on Physical Fitness.	210,364	1.0
5. Delete general funds for administration of the Cigarette Restitution Fund Program.	422,714	
Total Reductions	\$ 1,242,081	1.0

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Community and Family Health Administrations
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

As of July 1, 2001, the Community and Public Health Administration was divided into two separate administrations: the Community Health Administration and the Family Health Administration.

The Community Health Administration seeks to protect the health of the community by preventing and controlling infectious diseases, investigating disease outbreaks and environmental health issues, and protecting the health and general welfare of the public from foods, substances, and consumer products which may cause injury or illness.

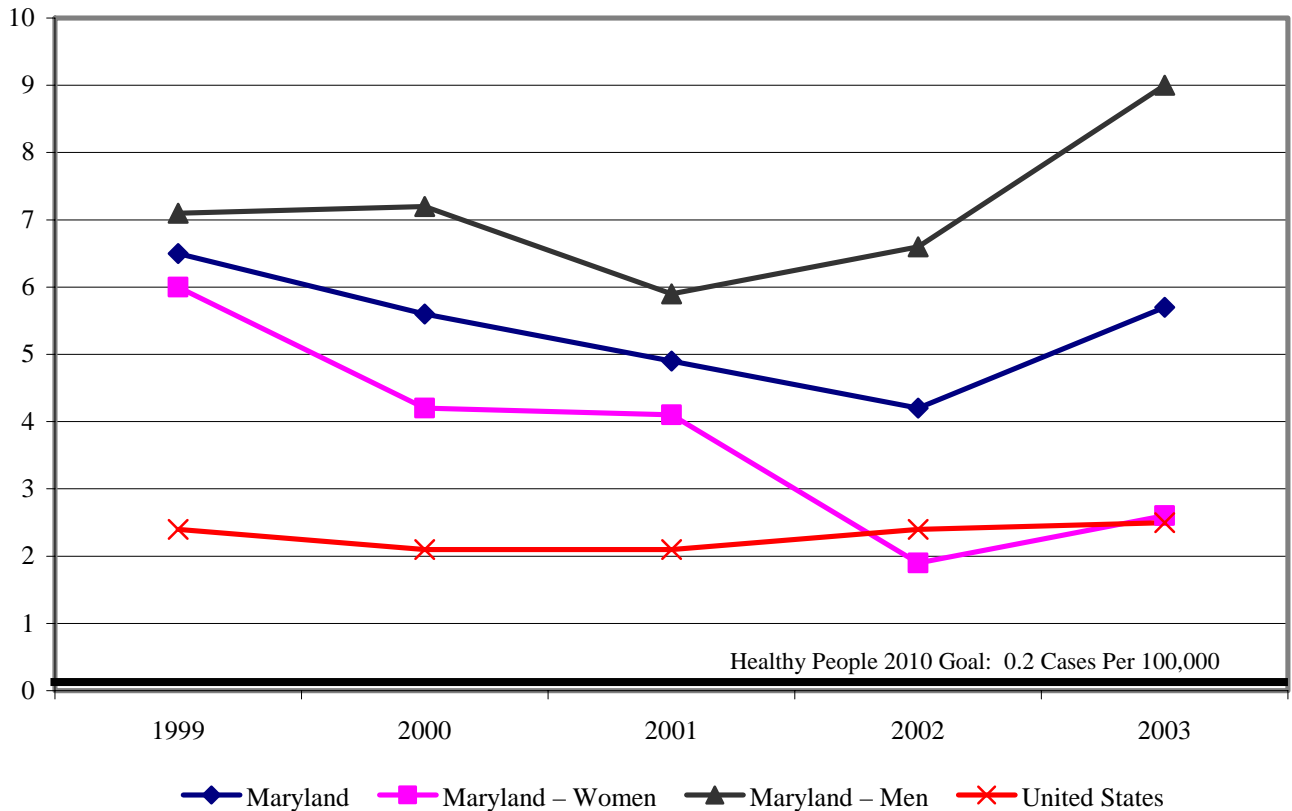
The Family Health Administration promotes public health by ensuring the availability of quality primary, preventive, and specialty health care services, with special attention to at-risk and vulnerable populations. Charges include control of chronic diseases, injury prevention, public health education, and promotion of healthy behaviors.

Performance Analysis: Managing for Results

The Community Health Administration is charged with preventing and controlling transmission of infectious diseases, including sexually transmitted diseases (STDs). The administration has developed initiatives to reduce their spread, with an emphasis on populations at risk, such as economically disadvantaged and incarcerated populations. Syphilis continues to be one of the most prevalent STDs in the State, with the rate of infection in Maryland second highest in the nation. In addition to its primary effects, syphilis presents public health concerns for its role in facilitating transmission of the human immunodeficiency virus (HIV). Syphilis also causes fetal death in 40% of pregnant women with the disease.

Syphilis rates in Maryland are displayed in **Exhibit 1**. In 2003 the Community Health Administration reported a State average of 5.7 cases per 100,000 population, more than twice the national average of 2.5 cases. Infection rates, in Maryland and nationwide, are increasing, driven by increased infection rates among men. These increases are associated with infection with HIV and high-risk sexual behavior, specifically among men who have sex with men. The problem is pronounced in Baltimore City, where the rate of syphilis among men is 34.7 cases per 100,000 population, accounting for one-third of all reported Maryland cases.

Exhibit 1
Rates of Primary/Secondary Syphilis
Cases Per 100,000 Population
1999 – 2003



Source: Centers for Disease Control and Prevention

The Community Health Administration has attempted to address the problem through a contract with the Department of Public Safety and Correctional Services for syphilis testing at the Baltimore City Booking and Intake Center; however, reductions to the fiscal 2006 allowance will likely reduce or eliminate testing within the facility. **The administration should comment on the anticipated effect of budget reductions on syphilis testing.**

Governor's Proposed Budget

The allowance for the Community and Family Health Administrations decreases \$13,188, detailed in **Exhibits 2** and **3**. Funding for the Community Health Administration decreases \$0.8 million, mainly owing to the expiration of federal funds for bioterrorism planning. Funding for the Family Health Administration increases \$0.8 million, with reductions in the amount of Cigarette Restitution Funds (CRF) offset by increases in federal funds for the Women, Infants, and Children (WIC) Supplemental Nutrition Program.

Exhibit 2 Distribution of Funding by Administration Fiscal 2004 – 2006

	<u>FY 04 Actual</u>	<u>FY 05 Working Appropriation</u>	<u>FY 06 Allowance</u>	<u>FY 05-06 Difference</u>	<u>% Change</u>
Community Health Administration					
Administration	\$1,156,309	\$1,189,572	\$1,196,453	\$6,881	1%
Community Health Services	38,936,985	38,128,379	36,705,275	-1,423,104	-4%
Core Public Health	64,925,486	65,370,984	65,979,987	609,003	1%
Subtotal	\$105,018,780	\$104,688,935	\$103,881,715	-\$807,220	-1%
Family Health Administration					
Administration	\$1,902,590	\$1,825,128	\$1,802,428	-\$22,700	-1%
Family Health Services	96,359,227	92,033,628	101,449,842	9,416,214	10%
Prevention and Disease Control	30,747,729	30,600,878	32,774,946	2,174,068	7%
Cigarette Restitution Funds	45,401,946	40,457,544	29,683,994	-10,773,550	-27%
Subtotal	\$174,411,492	\$164,917,178	\$165,711,210	\$794,032	0%
Total	\$279,430,272	\$269,606,113	\$269,592,925	-\$13,188	0%

Source: Maryland Operating Budget; Department of Legislative Services

Exhibit 3
Governor's Proposed Budget
Community and Family Health Administrations
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimbursable Fund	Total
2005 Working Appropriation	\$112,752	\$40,863	\$115,774	\$218	\$269,606
2006 Governor's Allowance	115,886	29,766	123,809	243	269,704
Contingent & Back of Bill Reductions	<u>-56</u>	<u>-9</u>	<u>-46</u>	<u>0</u>	<u>-111</u>
Adjusted Allowance	\$115,830	\$29,757	\$123,764	\$243	\$269,593
Amount Change	\$3,078	-\$11,106	\$7,990	\$25	-\$13
Percent Change	2.7%	-27.2%	6.9%	11.5%	

Where It Goes:

Personnel Expenses

Increments and other compensation	\$467
Contributions to employee retirement system.....	202
Position transferred from Office for Children, Youth, and Families.....	73
Turnover adjustments	-59
Miscellaneous adjustments.....	-79
Abolition of two unidentified positions.....	-129
Employee and retiree health insurance.....	-231

Other Community Health Administration Changes

Core public health funds for local health departments	609
Surveillance of Pfiesteria and harmful algal blooms.....	463
Preparedness and response planning	212
Sexually transmitted disease testing and counseling.....	-143
Statewide bioterrorism surveillance system	-175
Tuberculosis surveillance, testing, and treatment.....	-229
Studies of foodborne illness	-232
Grants to local health departments for biodefense planning and readiness.....	-1,762

Other Family Health Administration Changes

Federal funds for WIC Supplemental Nutrition Program	9,317
Transferred funds for abstinence education	523

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Where It Goes:

Breast and cervical cancer screening and treatment.....	339
Case management and medical services for children with special health care needs	217
State Advisory Council on Physical Fitness including one new position	210
Maryland Asthma Plan and Surveillance System	154
Rural Small Hospital Improvement Program.....	39
Expiration of Women's Health Program funds.....	-100
Sexual assault prevention media campaign.....	-109
Tobacco prevention activities provided through local health departments	-147
Expiration of ovarian cancer data research funds.....	-192
Maternal and Perinatal Health Program	-388
Expiration of tobacco prevention funds from American Legacy Foundation	-389
Family planning and reproductive health	-491
Other Cigarette Restitution Fund Program Changes	
Tobacco countermarketing campaign.....	-500
Tobacco-related disease research at the University of Maryland.....	-995
Grants to academic health centers for cancer research and related programs	-6,680
Other Changes	
Contractual personnel.....	114
Vehicle operating and replacement costs	48
Other operating adjustments.....	30
Total	-\$13

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

Personnel Expenses

The inclusion of increments in the Governor's proposed budget increases the administrations' budgets by approximately \$467,000. Contributions to the employee retirement system increase \$202,112, offset by a reduction of \$230,592 in health insurance expenses based on previous years' expenditures. Anticipated increases in turnover further reduce the allowance by \$58,660. An unallocated reduction of \$80,000 will decrease personnel costs for administration of the CRF tobacco program.

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The allowance includes two new positions, offset by the abolition of two existing positions. One new administrator position will be transferred to the Family Health Administration from the Office for Children, Youth, and Families as part of a consolidation of abstinence education activities among agencies. The addition of this position, with salary and benefits, adds \$72,619 to the administration's budget. The second position, a program administrator, will be added to the Family Health Administration to manage the State Advisory Council on Physical Fitness. Salary and benefits for this position minus expected turnover total \$37,938. The administration has not yet identified positions that will be abolished in fiscal 2006; the budget assumes that these position reductions will yield \$128,779 in total savings.

Emergency Response

Within the Department of Health and Mental Hygiene, the Community Health Administration has assumed primary responsibility for coordination of emergency preparedness and response. In fiscal 2006 the administration is anticipating \$20 million for these programs, a reduction of 8%. The largest reduction occurs in the Office of Local Health, which coordinates preparedness planning among the State's 24 local health departments. Funds for the office are expected to decrease \$1.8 million in fiscal 2006, reducing the amount available to local units for biodefense readiness assessment and planning. A smaller reduction of \$175,000 reflects the completion of certain upgrades to the statewide bioterrorism surveillance system. These reductions are partially offset by a \$0.2 million increase to support ongoing planning efforts for special needs populations, development of an emergency preparedness legal handbook, and communications programs.

Other Community Health Administration Initiatives

Independent of core public health funds, nearly 80% of the Community Health Administration budget derives from federal contracts and grant programs. Among these programs are several changes in fiscal 2006.

- Funds for surveillance and investigation of Pfiesteria and harmful algal blooms increase \$0.5 million, an amount overstated as a budget amendment to increase the fiscal 2005 working appropriation has not yet been processed. Funds also support a new swine concentrated animal feeding study.
- Funds for sexually transmitted disease control are expected to decline \$0.1 million in the fiscal 2006 allowance, reducing the amount of funding available for disease testing and counseling within the correctional system.
- Tuberculosis surveillance, testing, and treatment funds decrease \$0.2 million. The reduction will not have an impact on services, as the fiscal 2005 working appropriation reflects the availability of one-time surplus funds.

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- Federal funds for research relating to foodborne illness and other pathogens are expected to decrease \$0.2 million, reducing the amount of a contract for these services with the University of Maryland School of Medicine.

The fiscal 2006 allowance also includes \$0.6 million in general funds to increase the amount of core public health funds from \$65.4 to \$66.0 million. The statutory formula for increasing core public health funds would indicate an increase of \$2.2 million in fiscal 2006; however, previous increases have exceeded the amount required. The amount of general funds in the fiscal 2006 allowance still exceeds required base funding by \$5.9 million.

Women, Infants, and Children Supplemental Nutrition Program

Funding for the WIC Supplemental Nutrition Program increases \$9.3 million in the fiscal 2006 allowance. The program, which is almost entirely federal funded, provides nutrition and education services to low-income women, pregnant and postpartum, and their young children. The increase reflects recent program growth, from average monthly participation of 101,000 in fiscal 2003 to nearly 110,000 in fiscal 2005. The allowance anticipates \$64 million from the federal government for the program in fiscal 2006, the majority of which will be spent directly on food. The Family Health Administration notes that recent implementation of a data management system has moderated administrative expenses, allowing for continued expansion in program participation.

Breast and Cervical Cancer Programs

Breast and cervical cancer programs, provided by local health departments and supported by a combination of general and federal funds, provide cancer screening and treatment services to underinsured women with incomes at or below 250% of the federal poverty level. The Governor's proposed budget includes \$20.7 million for these screening and treatment services, provided with a combination of general and federal funds. Although funding increases \$0.3 million for screening and treatment through this program, the Family Health Administration expects to serve fewer women in fiscal 2006 than in fiscal 2005, due to increasing costs for medical services. In addition to reducing the number of women served, inflation in hospitalization and other medical costs may result in staff reductions among agencies that provide outreach, education, and screening services.

State Advisory Council on Physical Fitness

Funding in the fiscal 2006 allowance allows the Family Health Administration to re-establish a State Advisory Council on Physical Fitness. This program, originally established in 1963, will coordinate statewide initiatives related to nutrition and physical activity. The allowance provides \$0.2 million for these activities in fiscal 2006, which includes funds for a program administrator. Plans include school-based physical activity initiatives, a State fitness challenge, training for health professionals, and obesity prevention programming.

Other Family Health Administration Initiatives

Many of the changes in the Family Health Administration are the result of changes to federal grants and contracts. These changes include:

- Funds for the Office for Genetics and Children with Special Health Care Needs, supported with the Maternal and Child Health block grant, increase \$0.2 million for expected inflation in hospitalization and pharmaceutical costs, as well as to provide case management services for eligible infants and toddlers.
- The Centers for Disease Control and Prevention (CDC) will provide an additional \$0.2 million for enhancement of the State's Asthma Control Plan. Funds will increase staff support, education of disproportionately affected populations, and surveillance activities.
- Funds for the Rural Small Hospital Improvement Program, which provides quality improvement funding to facilities with fewer than 50 beds, increases \$38,880. The amount of the increase is overstated, as a budget amendment to recognize fiscal 2005 funds has not yet been processed.
- A pilot program to provide primary screening and preventive services to women in need, previously supported with \$0.1 million from the Maternal and Child Health Bureau, will be discontinued once funds expire in June 2005.
- A three-year cooperative agreement with the CDC to study ovarian cancer patterns of care expires in March 2005, resulting in a loss of \$0.2 million in fiscal 2006.

Changes to general and special fund programs include:

- An increase of \$0.5 million in general and special funds for abstinence education. The increase is the result of a transfer from the Office for Children, Youth, and Families that will allow program activities to be consolidated within the Family Health Administration.
- A reduction of \$0.1 million in general funds will discontinue development of a radio and print campaign to raise awareness of rape and sexual assault.
- General funds for tobacco prevention activities are reduced \$0.1 million. Reductions will decrease tobacco cessation and control activities in local health departments, particularly in rural counties targeted with these funds.
- Reductions of \$0.4 million in the Maternal and Perinatal Health Program will not result in reductions to services, as the fiscal 2005 working appropriation is overstated.

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- A \$0.4 million grant from the American Legacy Foundation expires at the end of fiscal 2005. Funding supported community organizations that discouraged tobacco use among youth.
- A reduction of \$0.5 million for family planning and reproductive health will eliminate the Family Health Administration's condom distribution program, serving an estimated 25,000 individuals. Grants and contracts for family planning providers will be reduced by 3%, allowing these providers to serve an estimated 2,200 fewer clients in fiscal 2006.

Funds also provide for the addition of two contractual positions at cost of \$0.1 million, one an audiologist for children with special health care needs and the other a research statistician to analyze health care data from medically underserved areas.

Cigarette Restitution Funds

CRF Program spending declines \$10.8 million in the Governor's proposed budget. Changes to the program are detailed in **Exhibit 4**. The majority of reductions occur among the academic health centers – the University of Maryland Medical Group and the Johns Hopkins Institutions – and will reduce the amount of funding for cancer research at the two institutions by \$7.7 million. The largest reduction to the Tobacco Use Prevention and Cessation Program affects the countermarketing program, which has responsibility for the State's anti-tobacco media campaign. In addition, funds for the Breast and Cervical Cancer Program will no longer be provided from the CRF in fiscal 2006; the program will be fully supported with general and federal funds.

Impact of Cost Containment

The fiscal 2006 allowance reflects the elimination of \$110,954, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Exhibit 4
Change in Cigarette Restitution Fund Program Spending
Fiscal 2004 – 2006

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u> <u>Appropriation</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Difference</u>	<u>%</u> <u>Change</u>
Cancer Prevention, Education, Screening, and Treatment					
Statewide academic health centers	\$16,648,000	\$15,349,000	\$7,674,500	-\$7,674,500	-50%
Local public health	8,625,391	7,504,090	7,504,090	0	0%
Baltimore City public health	2,800,000	2,446,000	2,446,000	0	0%
Surveillance and evaluation	1,350,347	1,230,165	1,226,878	-3,287	0%
Administration	984,666	991,122	768,643	-222,479	-22%
Database development	384,100	385,000	385,000	0	0%
Statewide Public Health	0	111,798	111,798	0	0%
Subtotal	\$30,792,504	\$28,017,175	\$20,116,909	-\$7,900,266	-28%
Tobacco Use Prevention and Cessation					
Administration	\$582,473	\$440,797	\$248,169	-\$192,628	-44%
Countermarketing	4,000,000	1,000,000	500,000	-500,000	-50%
Local public health	8,000,000	6,960,000	6,960,000	0	0%
Statewide public health	1,238,990	1,087,500	1,517,377	429,877	40%
Subtotal	\$13,821,463	\$9,488,297	\$9,225,546	-\$262,751	-3%
Management	535,700	427,919	341,539	-86,380	-20%
Breast and Cervical Cancer Program	252,279	2,524,153	0	-2,524,153	-100%
Total	\$45,401,946	\$40,457,544	\$29,683,994	-\$10,773,550	-27%

Source: Department of Budget and Management; Department of Legislative Services

Issues

1. Emergency Preparedness Efforts Continue

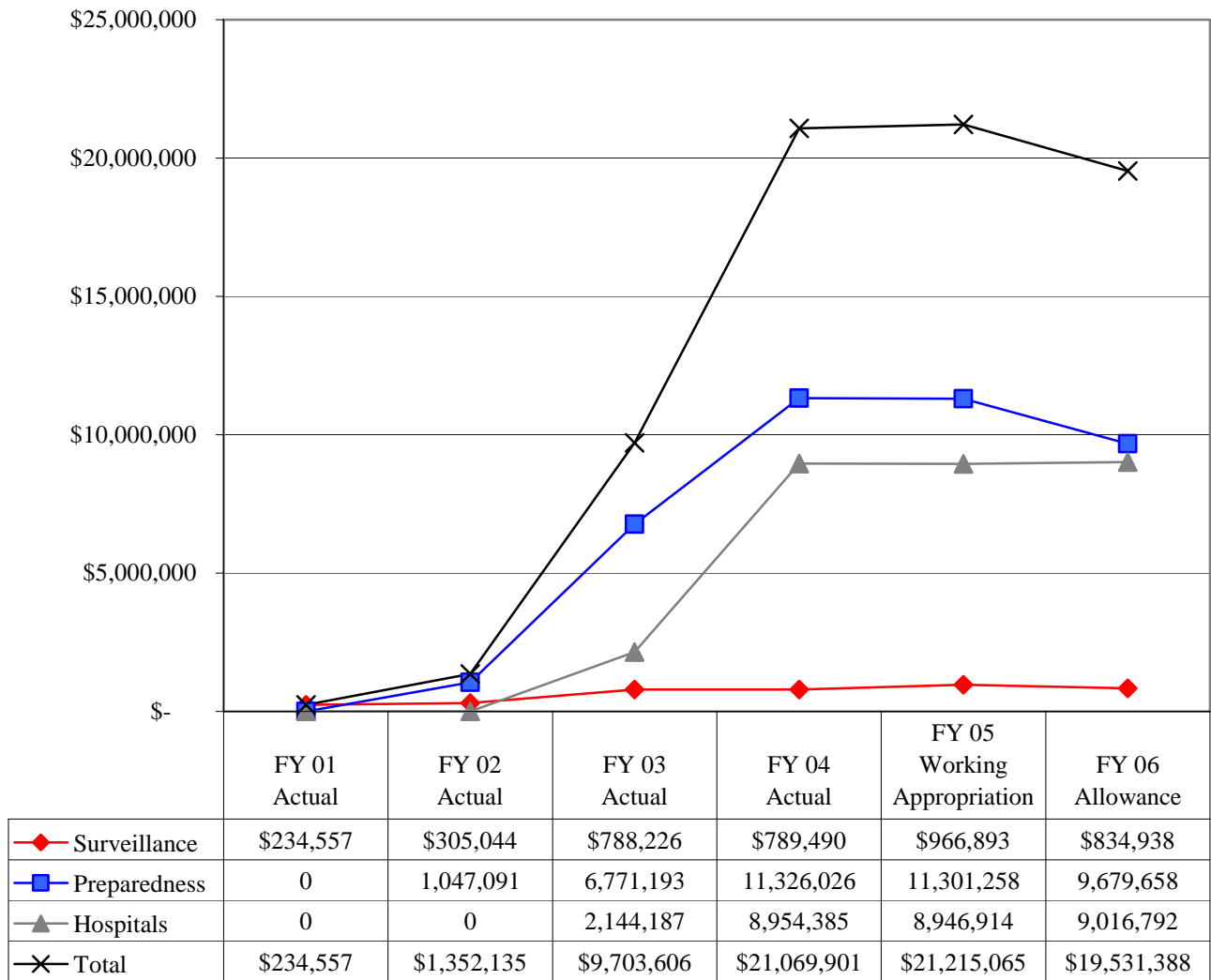
One of the responsibilities of the Community Health Administration is to protect the health of the public by investigating disease outbreaks and controlling their spread. The administration also serves a role as the primary link between the Department of Health and Mental Hygiene and local health departments, agencies responsible for many critical first response activities. Since 2001 the administration, in conjunction with the local health departments, has strengthened its capacity to respond to bioterrorism, other outbreaks of infectious disease, and emergency public health threats with financial and programmatic support from the CDC.

The CDC and the Health Resources and Services Administration are expected to provide nearly \$20 million to the Community Health Administration in fiscal 2006 to continue to strengthen the administration's emergency response capacity. Funding is concentrated in three areas:

- **Surveillance and Epidemiology Capacity:** This project provides support for State and local development and enhancement of systems to detect unusual outbreaks of illness related to bioterrorism and other infectious disease. In addition to centralized surveillance programs, the administration has coordinated regional syndromic surveillance to identify possible patterns of infectious disease. The administration has received a total of \$3.1 million for this purpose since fiscal 2001; another \$0.8 million is expected in fiscal 2006.
- **Hospital Preparedness:** Funds for this project are distributed to the State's 50 acute care hospitals by a formula developed by the Maryland Hospital Association with the input of its members. Funds are directed to providing training to hospital personnel, purchasing communications equipment, and building isolation and decontamination capacity. Approximately \$9 million is included for this project, an amount similar to that available in fiscal 2004 and 2005.
- **Preparedness Planning and Readiness Assessment:** This project establishes State leadership and coordination of activities among State and local agencies. Funds are primarily distributed among the local health departments to build public infrastructure necessary to respond to an emergency situation. Funding for these activities is expected to decline \$1.6 million in fiscal 2006, a reduction that will primarily affect local health departments.

The total amount of federal funds for emergency preparedness in fiscal 2006 is expected to remain near the amount available in fiscal 2005, detailed in **Exhibit 5**. Federal funding estimates are subject to change as grant awards are finalized with the CDC. The amount available to the State in fiscal 2004, for example, was nearly double the amount of original estimates. The Department of Health and Mental Hygiene has conservatively budgeted federal funds, adding monies through the budget amendment process as needed.

**Exhibit 5
Federal Funding for Emergency Preparedness
Fiscal 2001 – 2006**



Source: Department of Health and Mental Hygiene; Maryland Operating Budget

Administration Has Coordinated Efforts among Public Health Partners

The Community Health Administration's Office of Public Health Preparedness and Response has coordinated efforts within the department and among public health partners to improve statewide emergency response. The goals of the office are to improve State and local preparedness related to bioterrorism and to improve the capacity of State health care systems to respond to incidents requiring mass decontamination and treatment. Although the efforts of the Community Health Administration were initially focused on bioterrorism, the scope of its efforts has since expanded to include man-made and naturally-occurring biohazards.

Personnel costs continue to be the administration's most significant emergency preparedness expense. Federal funding supports 51 departmental employees, 110 local health department employees, and related office and equipment requirements. Each local health department has at least one public health emergency planner to coordinate with the State in developing local response plans. Other expenses are concentrated in three areas:

- ***Epidemiology and Surveillance:*** The National Electronic Disease Surveillance System allows the electronic transfer of epidemiological information to local health departments, allowing timely identification of emerging disease trends. A similar system allows the State to monitor these trends with other states in the national capitol area. Environmental detectors in the Baltimore-Washington area also allow early detection of biological agents. A summary of these and other surveillance projects are compiled in a weekly report available to the public health emergency response community.
- ***Preparedness:*** Training has been provided to health professionals, including employees of the public health system, emergency responders, and law enforcement. Public health drills of varying magnitude have been ongoing, including all State emergency response agencies. The department also participates in the Facility Resource Emergency Database, a web-based communication system that links various State and local agencies to determine emergency resource capability in real time.
- ***Response:*** The administration participates in the Strategic National Stockpile of vaccine, antibiotics, and life-support medications. Public health professionals trained to respond in emergency situations have been identified with help from the department's health occupations boards. The administration has also developed protocols for response to a case of smallpox or other infectious disease outbreak.

These programs have been developed and implemented with a variety of public and private health partners, including health departments of surrounding states and federal health and law enforcement agencies.

Many Preparedness Requirements Remain Nationwide

The Trust for America's Health, a non-profit organization dedicated to disease prevention, issued a December 2004 report titled *Ready or Not? Protecting the Public's Health in the Age of Bioterrorism*. The report assessed readiness in each of the 50 states according to 10 indicators of emergency response capabilities. The report found that states lack in certain fundamental preparedness measures, their efforts compromised by changing and often conflicting national priorities. States were also found to be generally unprepared for chemical, radiological, and nuclear terrorism with insufficient accountability at all levels of government.

The State met six of the ten criteria established by the Trust for America's Health, the average score among the states surveyed. Maryland's preparedness scores are detailed in **Exhibit 6**. Several of the factors included in the report are beyond the purview of the Community Health Administration and the Department of Health and Mental Hygiene, though each of the factors contributes to the State's overall capability to respond to a natural or man-made disaster. These criteria, general guidelines for improving the State network, are useful in identifying areas still in need of attention as the State continues to develop and strengthen its emergency response capabilities.

The administration should comment on the current status of emergency preparedness measures, including coordination of efforts among local, regional, and private agencies.

Exhibit 6 Trust for America's Health 2004 Preparedness Indicators

<u>Passed</u>	<u>Failed</u>
Spent or obligated at least 90% of fiscal 2003 federal funds.	State spending on public health increased or was maintained.
Local concurrence with State's bioterror preparedness plan.	Has sufficient biosafety level three laboratories.
Less than 25% of public health workforce eligible to retire in five years.	Enough laboratory scientists to test for anthrax or plague.
Legal authority exists to quarantine.	Web-based disease tracking system available for day-to-day use.
Increased vaccination rates in adults 65 years and older.	
Established pandemic flu plan.	

Source: Trust for America's Health

2. Breast and Cervical Cancer Program Realizes Savings

The Family Health Administration, with support from the CDC, provides breast and cervical cancer screening and treatment services to Maryland residents with family incomes less than 250% of the federal poverty level. The administration contracts with each of the 24 local health departments to provide outreach, screening, and referral services to eligible women. Through a variety of complementary programs, detailed in **Exhibit 7**, the administration provided for more than 30,000 mammograms, clinical breast exams, and Pap smears in fiscal 2004. The Family Health Administration estimates between 9,000 and 12,000 women are served annually by these programs.

Exhibit 7

Family Health Administration Breast and Cervical Cancer Programs

<u>Program</u>	<u>Eligibility</u>	<u>Description</u>
Breast and Cervical Cancer Screening Program	Screening provided to low-income, uninsured women 40 to 64 years of age. Seventy-five percent of participants must be age 50 or older.	Federal funds provided by the Centers for Disease Control and Prevention. The majority of women diagnosed under this program are eligible for the Women's Breast and Cervical Cancer Health Program.
Breast Cancer Program	Screening provided to low-income, uninsured women 40 to 49 years of age at or below 250% of the federal poverty level.	General fund program administered by local health departments. The majority of women diagnosed under this program are eligible for the Women's Breast and Cervical Cancer Health Program.
Women's Breast and Cervical Cancer Health Program	Treatment available through Medical Assistance to women diagnosed with breast or cervical cancer through the State's Breast Cancer Program or Breast and Cervical Cancer Screening Program.	Federal government provides 65% match to State funds through Medical Assistance program. Requires participants to have been screened through a state breast and cervical cancer screening program.
Breast and Cervical Cancer Diagnosis and Treatment Program	Treatment provided to Maryland residents with a family income below 250% of the federal poverty level with a documented breast or cervical abnormal finding.	General fund program administered by DHMH. The majority of participants are referred from private providers and therefore ineligible for the Women's Breast and Cervical Cancer Health Program.

Source: Department of Health and Mental Hygiene

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An estimated 4,000 to 5,000 women annually require State diagnosis and treatment services. These services include diagnostic procedures, such as ultrasound, biopsy, and colposcopy, and treatment procedures, including physical therapy, medical equipment, and pharmaceuticals. The federal Breast and Cervical Cancer Prevention and Treatment Act of 2000 gave states the option to extend Medicaid to women found to have breast or cervical cancer or pre-cancerous conditions as part of the National Breast and Cervical Cancer Early Detection Program. The Family Health Administration submitted the required revisions to the Maryland State Medicaid plan and received approval from the Center for Medicare and Medicaid Services to expand coverage to include treatment. This program, the Women's Breast and Cervical Cancer Health Program, has provided diagnosis and treatment services to many of the women screened through the State's breast and cervical screening programs since April 2002.

Cost Trends Reversed in Fiscal 2004

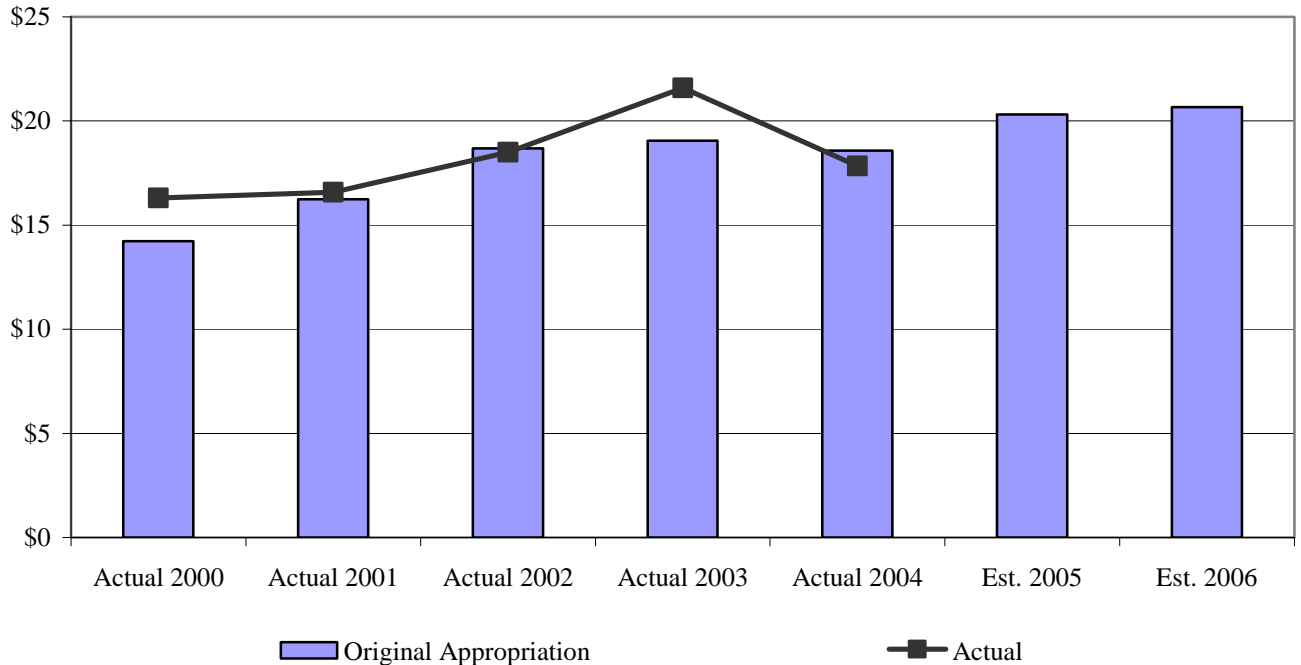
Breast and Cervical Cancer Program expenses have increased at a rate exceeding 10% in several of the last fiscal years. Medical inflation has contributed to increases in program spending, while fixed eligibility for program services has limited the administration's ability to contain the number of women participating in the program. The result has been program costs that exceed estimates, detailed in **Exhibit 8**. A fiscal 2000 deficit was resolved with a 2.6 million deficiency appropriation. In fiscal 2003 the deficit was offset by a one-time attainment of more than \$2 million in federal funds for the program.

The administration, projecting a similar deficit in fiscal 2004, included a \$2 million deficiency appropriation from the CRF for the Breast and Cervical Cancer Program, increasing the amount of available funding from \$18.6 million to \$20.6 million. At the end of the fiscal year, actual program costs totaled \$17.8 million, the result of the administration's efforts to enroll eligible women in Medicaid as part of the Women's Breast and Cervical Cancer Health Program. With increased enrollment in the Medical Assistance program, actual costs decreased 17% between fiscal 2003 and 2004.

The Family Health Administration estimates that no more than 25% of women screened through the Breast and Cervical Cancer Program will be eligible for diagnosis and treatment through Medical Assistance, moderating the amount of future cost savings. To be eligible for Medical Assistance women must be screened through one of the administration's programs as well as meet certain income guidelines, excluding the majority of treatment recipients. The Family Health Administration will continue to provide treatment to those women who do not meet the criteria for Medical Assistance.

Because the availability of Medical Assistance for treatment is relatively new, the effect on the fiscal 2005 and 2006 program budget is largely unknown. Medical inflation, particularly hospitalization expenses, continues to drive program costs. The fiscal 2006 allowance increases funding by less than 2% for the Breast and Cervical Cancer Program, less than the anticipated 10% growth in screening costs. If the administration continues to realize the amount of fiscal 2004 savings, however, funds may be available to maintain current screening levels.

Exhibit 8
Breast and Cervical Cancer Spending
Fiscal 2000 – 2006
(\$ in Millions)



Source: Maryland Operating Budget

The Family Health Administration should comment on the effect of the availability of medical assistance for breast and cervical cancer treatment on program costs.

3. Inefficiencies Exist in CRF Cancer Screening Program

The local public health component of the CRF Program relies on local health coalitions to design public health programs to provide cancer prevention, education, screening, and treatment services in each jurisdiction. In each of the State's 23 counties, these programs have been designed with community input and implemented by the local health department. In Baltimore City, State law provides that these services are provided by the University of Maryland Medical Group (UMMG) and the Johns Hopkins Institutions.

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UMMG has designed a program to screen eligible Baltimore City residents for breast and cervical cancers, two cancers targeted in the Cigarette Restitution Act for their prevalence among tobacco users. Participants in the program must be uninsured Baltimore City residents at least 40 years of age with family incomes at or below 250% of the federal poverty level. By law, the program is required to provide necessary treatment or linkages to treatment to uninsured individuals diagnosed with cancer as part of these programs.

In fiscal 2005, UMMG will screen an estimated 1,100 women for breast and cervical cancer. The number of women screened in fiscal 2005 requiring advanced diagnosis and treatment has already exceeded the organization's estimates. In the first seven months of the fiscal year, nine new cases have been detected, nearly double the number projected; however, UMMG has budgeted only \$40,000 for treatment in fiscal 2005, the minimum estimated cost for treating a single advanced case. The remainder of women diagnosed with advanced breast cancer will be referred to the Breast and Cervical Cancer Diagnosis and Treatment Program, a general fund program overseen by the Family Health Administration.

The referral of women from the UMMG program to the Family Health Administration's general fund treatment program raises several concerns. Foremost, the current policy strains the general fund program, which is not in a position to absorb additional treatment costs from a parallel screening program. In addition, the current policy is an inefficient use of State funds, as existing programs make federal funds available for screening and treatment. The Centers for Disease Control and Prevention subsidize screening costs; women screened through this program are in turn eligible for treatment through the Medical Assistance program, which reimburses the State for 65% of the cost of treatment.

With advanced treatment for women identified through the UMMG program projected to cost a minimum of \$0.4 million in fiscal 2005, the General Assembly may want to consider options to contain costs to existing resources. Options include:

- ***Requiring UMMG to Adequately Budget for Treatment Services:*** Programs in the larger jurisdictions, including the Johns Hopkins Institutions' program in Baltimore City, set aside a percentage of funds for treatment of cancers identified by their programs. Requiring UMMG to budget for treatment, as programs of similar size do, would necessarily reduce the amount of screening UMMG is able to provide, but would contain costs to the amount of available resources.
- ***Transfer Responsibility for Breast and Cervical Cancer Screening to Existing Programs:*** Cancer screening and treatment is provided in each jurisdiction through the Family Health Administration's Breast and Cervical Cancer Program. In Baltimore City, services are provided through a contract with Medstar Health, a non-profit health care organization. As detailed in **Exhibit 9**, Medstar Health will screen more women for breast and cervical cancer than UMMG in fiscal 2005 at lesser cost. In addition to the relative efficiency of the existing Baltimore City

Exhibit 9
Comparison of Breast and Cervical Cancer Screening Costs

	<u>Medstar</u>	<u>UMMG</u>
Women Screened	1,370	1,100
Average Cost Per Participant	\$533	\$1,050
Total Cost	\$729,566	\$1,155,000

Note: UMMG budget does not include \$40,000 budgeted for treatment in fiscal 2005.

Source: Department of Health and Mental Hygiene; University of Maryland Medical Group

screening program, federal funds are available to offset the cost of screening and federal reimbursement is available in many cases for those subsequently requiring treatment. Given the amount of funds currently allocated to the UMMG program, Medstar Health could maintain screening levels with remaining funds available for treatment costs.

Maintaining the program within existing resources, regardless of the administrator of the program, has the potential to save the general fund the cost of treating women identified through the UMMG program. Given UMMG estimates of treatment costs and demand for services, limiting screening or combining programs has the potential to save the general fund program a minimum of \$0.4 million per year.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Reduce funds for core public health services to the amount of the fiscal 2005 working appropriation.	\$ 609,003	GF	
2. Add the following language to the special fund appropriation: <u>Further provided that \$500,000 of this appropriation intended for an anti-tobacco media campaign may not be expended for that purpose and may only be used for a comprehensive evaluation of the Cigarette Restitution Fund Program.</u> Explanation: This language redirects \$500,000 intended for a statewide media campaign to a comprehensive evaluation of the Cigarette Restitution Fund Program.			
3. Add the following language to the special fund appropriation: <u>Further provided that \$300,000 of this appropriation to the University of Maryland Medical Group may only be expended for treatment of cancer identified through the public health program established in Health-General 13-1115.</u> Explanation: This language requires the University of Maryland Medical Group to reserve a certain amount of a Cigarette Restitution Fund Program public health grant for treatment of cancer. This amount, roughly equivalent to 25% of the appropriation, will ensure that adequate funds exist for treatment of cancer patients identified through the university's screening program.			
4. Delete funds to establish a Maryland State Advisory Council on Physical Fitness, consistent with efforts to contain the growth in State expenditures. This initiative should be deferred until the State's fiscal condition improves.	210,364	GF	1.0

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5.	Delete general funds for administration of the Cigarette Restitution Fund Program. This reduction limits Cigarette Restitution Fund Program administrative expenses to 5% of allocations from the fund.	422,714	GF	
	Total General Fund Reductions	\$ 1,242,081		1.0

Current and Prior Year Budgets

Current and Prior Year Budgets Community and Family Health Administrations (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$114,399	\$50,099	\$100,448	\$218	\$265,164
Deficiency Appropriation	0	2,000	0	0	2,000
Budget Amendments	-370	-448	21,360	273	20,815
Cost Containment	-2,105	-3,909	0	0	-6,014
Reversions and Cancellations	0	-1,342	-1,096	-97	-2,535
Actual Expenditures	\$111,924	\$46,400	\$120,712	\$394	\$279,430
Fiscal 2005					
Legislative Appropriation	\$112,438	\$40,840	\$116,309	\$218	\$269,804
Budget Amendments	314	23	-535	0	-198
Working Appropriation	\$112,752	\$40,863	\$115,774	\$218	\$269,606

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

Fiscal 2004

The general fund appropriation decreased \$0.4 million to cover operating deficits in other units of the department; funds were primarily available due to higher-than-anticipated turnover rate and decreased expenditures for sexual offense evidence collection services. The reduction was offset by a \$0.1 million increase to realign health insurance and telecommunications expenditures among departmental units. Cost containment further reduced the general fund appropriation \$2.1 million, with the majority of reductions affecting local health departments.

The special fund appropriation increased \$2.0 million as the result of a deficiency appropriation to provide CRF for the Breast and Cervical Cancer Program. This increase was offset by budget amendments reducing special funds by a total of \$0.4 million. That amount includes a transfer of \$1.7 million in CRF to the Maryland Medical Assistance Program for breast and cervical cancer diagnosis and treatment. The amount also includes a \$1.0 million transfer of CRF from the crop conversion program to the Family Health Administration for minority outreach. Increases also include grant funds from private organizations and flu vaccine fee collections. Cost containment reduced the amount of appropriated CRF, with reductions in the areas of countermarketing, university contracts, and cancer treatment contingency funding. Funds were cancelled due to cost containment in the CRF Program and reduced costs in the breast and cervical cancer and spinal cord injury programs.

The federal fund appropriation increased \$21.3 million as a result of higher-than-anticipated federal fund attainment. Significant increases were made in the following areas:

- \$11.6 million for bioterrorism preparedness, including funding for the Maryland Bioterrorism Hospital Preparedness Program, a contract for responding to weapons of mass destruction, planning and preparedness among local health departments, a position in the Office of Local Health, and a grant to provide bioterrorism prevention training to medical personnel;
- \$5.5 million for the WIC Supplemental Nutrition Program;
- \$1.6 million for Pfiesteria surveillance activities, including research, identification, and evaluation of potential cases of Pfiesteria;
- \$0.9 million for contracts with local health departments to provide prenatal and adolescent health programs;
- \$0.4 million in block grant funding for maternal and child health; and
- \$0.3 million for environmental public health tracking.

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Smaller areas of increase include family planning, children entering school ready to learn, asthma control, and the National Violent Death Reporting System. Funds were cancelled due to the transfer of HIV partner counseling and lower-than-anticipated tuberculosis program activity.

The reimbursable fund appropriation increased \$0.3 million as a result of funds from the Department of Human Resources to provide refugee health screenings. A small additional increase was made to recognize funds available from the Maryland Emergency Management Agency for expenses related to Hurricane Isabel.

Fiscal 2005

The general fund appropriation increased \$0.1 million to recognize the fiscal 2005 cost-of-living adjustment, offset by a \$0.1 million reduction to realign funds among departmental units to accurately reflect position cap reductions. The appropriation increased \$0.2 million to recognize the transfer of five positions from several departmental units to the Family Health Administration. The transfer of the Institutional Review Board from the Community Health Administration to the Office of the Inspector General reduced the appropriation by another \$0.1 million.

The special fund appropriation increased to provide cost-of-living adjustments to 29 positions supported with CRF.

The federal fund appropriation decreased \$1.4 million with the transfer of the WIC data management system to the Major Information Technology Development Fund, offset by a \$0.9 million appropriation to improve pregnancy outcomes.

Audit Findings

Audit Period for Last Audit:	September 22, 1998 – June 30, 2001
Issue Date:	January 2002
Number of Findings:	13
Number of Repeat Findings:	4
% of Repeat Findings:	31%
Rating: (if applicable)	N/A

- Finding 1:** The administration did not adequately monitor the contractor performing the CRF Baseline Tobacco Study to ensure that it was conducted properly and that the related report included all required information.
- Finding 2:** The administration had not established a comprehensive plan to audit significant funds provided to CRF grantees and contractors and monitor services rendered.
- Finding 3:** The administration had not established required benchmarks to formally evaluate the effectiveness of programs funded by the CRF by fiscal 2004.
- Finding 4:** The contract requirements for the CRF mass media and public relations plan did not require the selected vendor to competitively bid the subcontractor work.
- Finding 5:** The administration did not establish acceptable standards for equipment and renovation procurements to be made with CRF research grants.
- Finding 6:** Formal regulations related to uninsured individuals had not been established for both CRF Programs as required by law.
- Finding 7:** **The administration could not support certain year-end transactions that eliminated a \$3 million General Fund deficit at June 30, 2001.**
- Finding 8:** **The administration did not seek Federal reimbursement for Breast and Cervical Cancer Program expenditures incurred on behalf of recipients who were enrolled in the Medical Assistance Program. Federal funds totaling at least \$140,000 were lost.**
- Finding 9:** A significant delay in the application of an authorized rate reduction for hospital services cost the Breast and Cervical Cancer Program an additional \$488,000.

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Finding 10: **Provider and patient information recorded in the Breast and Cervical Cancer Program’s automated payment system was not sufficiently controlled to prevent unauthorized disbursements.**

Finding 11: Cash receipts were not sufficiently controlled at two locations.

Finding 12: The administration did not verify certain contractor invoices related to a statewide health education campaign and contractor’s invoices were not specific as to tasks performed.

Finding 13: **Two local health departments reviewed did not comply with certain State regulations and numerous internal control deficiencies were noted.**

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
DHMH – Community and Family Health Administration**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	341.40	340.70	340.70	0	0%
02 Contractual	11.77	17.12	19.21	2.09	12.2%
Total Positions	353.17	357.82	359.91	2.09	0.6%
Objects					
01 Salaries and Wages	\$ 21,418,389	\$ 22,685,721	\$ 23,078,203	\$ 392,482	1.7%
02 Technical & Spec Fees	595,600	703,917	817,494	113,577	16.1%
03 Communication	485,755	473,278	474,363	1,085	0.2%
04 Travel	424,875	515,174	511,187	-3,987	-0.8%
07 Motor Vehicles	210,455	117,934	165,947	48,013	40.7%
08 Contractual Services	154,930,290	146,672,870	152,743,296	6,070,426	4.1%
09 Supplies & Materials	2,976,459	2,358,231	2,694,347	336,116	14.3%
10 Equip - Replacement	347,911	0	8,050	8,050	N/A
11 Equip - Additional	677,884	191,711	199,815	8,104	4.2%
12 Grants, Subsidies, and Contributions	97,279,502	95,831,928	88,952,325	-6,879,603	-7.2%
13 Fixed Charges	83,152	55,349	58,852	3,503	6.3%
Total Objects	\$ 279,430,272	\$ 269,606,113	\$ 269,703,879	\$ 97,766	0%
Funds					
01 General Fund	\$ 111,924,393	\$ 112,751,838	\$ 115,886,162	\$ 3,134,324	2.8%
03 Special Fund	46,399,869	40,863,006	29,765,710	-11,097,296	-27.2%
05 Federal Fund	120,711,684	115,773,569	123,809,307	8,035,738	6.9%
09 Reimbursable Fund	394,326	217,700	242,700	25,000	11.5%
Total Funds	\$ 279,430,272	\$ 269,606,113	\$ 269,703,879	\$ 97,766	0%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

Fiscal Summary
DHMH – Community and Family Health Administration

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
Consumer Health and Facility Services	40,093,294	39,317,951	37,952,447	-1,365,504	-3.5%
Core Services	64,925,486	65,370,984	65,979,987	609,003	0.9%
Family Health Services and Primary Care	98,261,817	93,858,756	103,285,102	9,426,346	10.0%
Prevention and Disease Control	76,149,675	71,058,422	62,486,343	-8,572,079	-12.1%
Total Expenditures	\$ 279,430,272	\$ 269,606,113	\$ 269,703,879	\$ 97,766	0%
General Fund	\$ 111,924,393	\$ 112,751,838	\$ 115,886,162	\$ 3,134,324	2.8%
Special Fund	46,399,869	40,863,006	29,765,710	-11,097,296	-27.2%
Federal Fund	120,711,684	115,773,569	123,809,307	8,035,738	6.9%
Total Appropriations	\$ 279,035,946	\$ 269,388,413	\$ 269,461,179	\$ 72,766	0%
Reimbursable Fund	\$ 394,326	\$ 217,700	\$ 242,700	\$ 25,000	11.5%
Total Funds	\$ 279,430,272	\$ 269,606,113	\$ 269,703,879	\$ 97,766	0%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.