

**M00A01**  
**Administration**  
**Department of Health and Mental Hygiene**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 09-10</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$26,627	\$27,600	\$27,992	\$391	1.4%
Contingent & Back of Bill Reductions	0	0	-420	-420	
<b>Adjusted General Fund</b>	<b>\$26,627</b>	<b>\$27,600</b>	<b>\$27,572</b>	<b>-\$29</b>	<b>-0.1%</b>
Special Fund	764	30	410	380	1266.7%
<b>Adjusted Special Fund</b>	<b>\$764</b>	<b>\$30</b>	<b>\$410</b>	<b>\$380</b>	<b>1266.7%</b>
Federal Fund	11,859	13,371	13,292	-79	-0.6%
Contingent & Back of Bill Reductions	0	0	-11	-11	
<b>Adjusted Federal Fund</b>	<b>\$11,859</b>	<b>\$13,371</b>	<b>\$13,281</b>	<b>-\$90</b>	<b>-0.7%</b>
Reimbursable Fund	5,197	8,219	5,847	-2,372	-28.9%
<b>Adjusted Reimbursable Fund</b>	<b>\$5,197</b>	<b>\$8,219</b>	<b>\$5,848</b>	<b>-\$2,372</b>	<b>-28.9%</b>
<b>Adjusted Grand Total</b>	<b>\$44,446</b>	<b>\$49,220</b>	<b>\$47,110</b>	<b>-\$2,111</b>	<b>-4.3%</b>

- To date in fiscal 2009, the Department of Health and Mental Hygiene (DHMH) Administration budget has experienced over \$1.6 million in cost containment actions, primarily in personnel expenses.
- The fiscal 2010 budget is just over \$2.1 million less than the fiscal 2009 working appropriation, 4.3%. This drop is somewhat artificial because of the funding of two major information technology development projects that are included in the DHMH Administration fiscal 2009 working appropriation but excluded from the fiscal 2010 budget. One of those projects, the Computerized Hospital Record Information System, is not funded at all in the fiscal 2010 budget while the other, the Electronic Vital Records System, is funded in the Major Information Technology Development Project Fund.
- Excluding major information technology development projects, the budget actually increases by a modest 2.3%, almost \$1.1 million.

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

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- Fiscal 2009 and 2010 budget data could change based on numerous Back of the Bill reductions which are currently only broadly identified.

***Personnel Data***

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	<b><u>FY 08</u></b> <b><u>Actual</u></b>	<b><u>FY 09</u></b> <b><u>Working</u></b>	<b><u>FY 10</u></b> <b><u>Allowance</u></b>	<b><u>FY 09-10</u></b> <b><u>Change</u></b>
Regular Positions	468.20	464.00	459.00	-5.00
Contractual FTEs	<u>15.88</u>	<u>17.59</u>	<u>13.59</u>	<u>-4.00</u>
<b>Total Personnel</b>	<b>484.08</b>	<b>481.59</b>	<b>472.59</b>	<b>-9.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	18.66	4.03%
Positions and Percentage Vacant as of 12/31/08	21.00	4.53%

- Regular and contractual employment in DHMH Administration is nine full-time equivalents (FTEs) lower in the fiscal 2010 budget compared to fiscal 2009.
- One regular FTE position reduction is a cost containment action taken by the department to at least partially offset the cost of a contract for new licensing and inspection system software for milk and shellfish in the Office of Food Protection and Consumer Health.
- Four regular FTE positions are reduced in Section 19 of the budget bill related to the centralization of personnel classification and salary functions.

## *Analysis in Brief*

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### Major Trends

***Significant Funding Is Required to Meet New Environment of Care Standards for State Psychiatric Facilities:*** Under the new Joint Commission on the Accreditation of Healthcare Organization’s patient safety standards, the number of residential and program buildings meeting licensing requirements, current building standards, and patient/client needs is projected to plummet in fiscal 2009. Significant capital expenditures are required to reverse this situation. The fiscal 2010 capital budget contains \$2.5 million to begin to address these needs.

***Vacancy Rates Fall in the Department, Primarily Because Vacant Positions Are Abolished:*** Vacancy rates in the department overall have been falling, as does the range of vacancy rates among job types. However, much of this is due to the ongoing abolition of vacant positions rather than a dramatic change in the ability to hire and retain employees. Retention of direct care workers remains problematic, with vacancy rates among more skilled direct care workers (nurses and physicians) particularly high.

### Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce funding for capital lease purchases of replacement personal computers.	\$ 34,485	
2. Increase turnover based on internal reorganization of government and public relations offices.	34,500	
3. Delete one position in the Office of Public Relations.	69,000	1.0
4. Delete one Rights Advisor position in the Resident Grievance System.	64,500	1.0
<b>Total Reductions</b>	<b>\$ 202,485</b>	<b>2.0</b>

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**Administration**  
**Department of Health and Mental Hygiene**

## ***Operating Budget Analysis***

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### **Program Description**

The Department of Health and Mental Hygiene (DHMH) Administration budget analysis includes the following offices within the department:

- Office of the Secretary;
- Operations;
- Deputy Secretary for Public Health Services; and
- The newly created Deputy Secretary for Behavioral Health and Disabilities.

The **Office of the Secretary** establishes policies regarding health services and supervises the administration of the health laws of the State and its subdivisions. For the purposes of this budget analysis, the financial management function within the Office of the Secretary is included in this analysis while the Office of Health Care Quality and Health Occupations Boards are discussed in separate analyses.

**Operations** is the general support agency for the whole department, providing administrative, financial, information technology, and general services (such as central warehouse management, inventory control, fleet management, space management, and management of engineering/construction projects).

The **Deputy Secretary for Public Health Services** is responsible for policy formulation and program implementation affecting the health of Maryland's citizens through the actions and interventions of the following administrations:

- Community and Family Health Administrations;
- AIDS Administration;
- Office of the Chief Medical Examiner;
- Office of Preparedness and Response; and
- Laboratories Administration.

The **Deputy Secretary for Behavioral Health and Disabilities** was created by Chapter 661 of 2008. The position oversees and coordinates the work of three administrations:

- Alcohol and Drug Abuse Administration;
- Mental Hygiene Administration (MHA); and
- Developmental Disabilities Administration (DDA).

In prior years, the DHMH Administration budget analysis has included the **Deputy Secretary for Health Care Financing**, the deputy secretariat responsible for the activities and mission of the Medical Care Programs Administration. However, in the 2007 interim, this part of the budget was placed into the Medical Care Programs Administration as part of an internal reorganization.

The primary goals of the various secretariats that comprise the analysis are of two broad categories:

- ***Goals of the Administrations Under the Oversight of Those Secretariats.*** For example, the Deputy Secretary for Public Health Services has a variety of public health goals related to programs in the administrations under that position.
- ***Goals That Relate to Specific Functions within the Various Secretariats.*** For example, the Deputy Secretary for Behavioral Health and Disabilities has goals related to grievance resolutions at State institutions; Operations has goals related to services provided to the department as a whole such as the timely award of contracts.

## **Performance Analysis: Managing for Results**

For the purpose of this analysis, performance analysis review is limited to measures of specific administrative activities of the units included in the DHMH Administration rather than larger system measures. Those measures will be reviewed in the relevant analyses. As a result, the available Managing for Results (MFR) measures are somewhat administrative in nature and, for the most part, as shown in **Exhibit 1**, vary little from year to year.

A number of issues are raised from the exhibit:

- A concern of the Joint Audit Committee has been the extent to which audit findings repeat from one audit to the next. One DHMH objective, repeat Office of Legislative Audits' (OLA) audit comments, speaks to this issue. Specifically, the measure illustrates how many audit comments for DHMH units with audit reports in that fiscal year are repeated from the previous audit of the same unit. While the measure is imperfect since it does not take into consideration the severity of different audit comments, it does point to some measure of effort to improve fiscal compliance. OLA considers 35% or more repeat findings to be of some concern.

DHMH has improved its performance on this measure. Indeed, the agency managed one complete OLA audit cycle (typically three years) with repeat audit findings below 30%. This figure jumped back up to over 40% in fiscal 2007 but is back under the 35% threshold in fiscal 2008.

**Exhibit 1**  
**Selected Program Measurement Data**  
**DHMH – Administration**  
**Fiscal 2004-2008**

	<u>Actual</u> <u>2004</u>	<u>Actual</u> <u>2005</u>	<u>Actual</u> <u>2006</u>	<u>Actual</u> <u>2007</u>	<u>Actual</u> <u>2008</u>
Repeat OLA audit comments (%)	28	29	27	41	32
Condition of facility infrastructure systems (% in good/excellent condition)	85	88	87	87	87
Employment rate within 20 key classifications (%)	91	91	90	89	89
State retention rate Grades 1-26 (%)	91	91	90	89	89
Birth certificates filed with the Division of Vital Records within 72 hours of birth (%)	96	96	95	95	94
Death certificates filed with the Division of Vital Records within 72 hours of death (%)	66	66	66	66	66

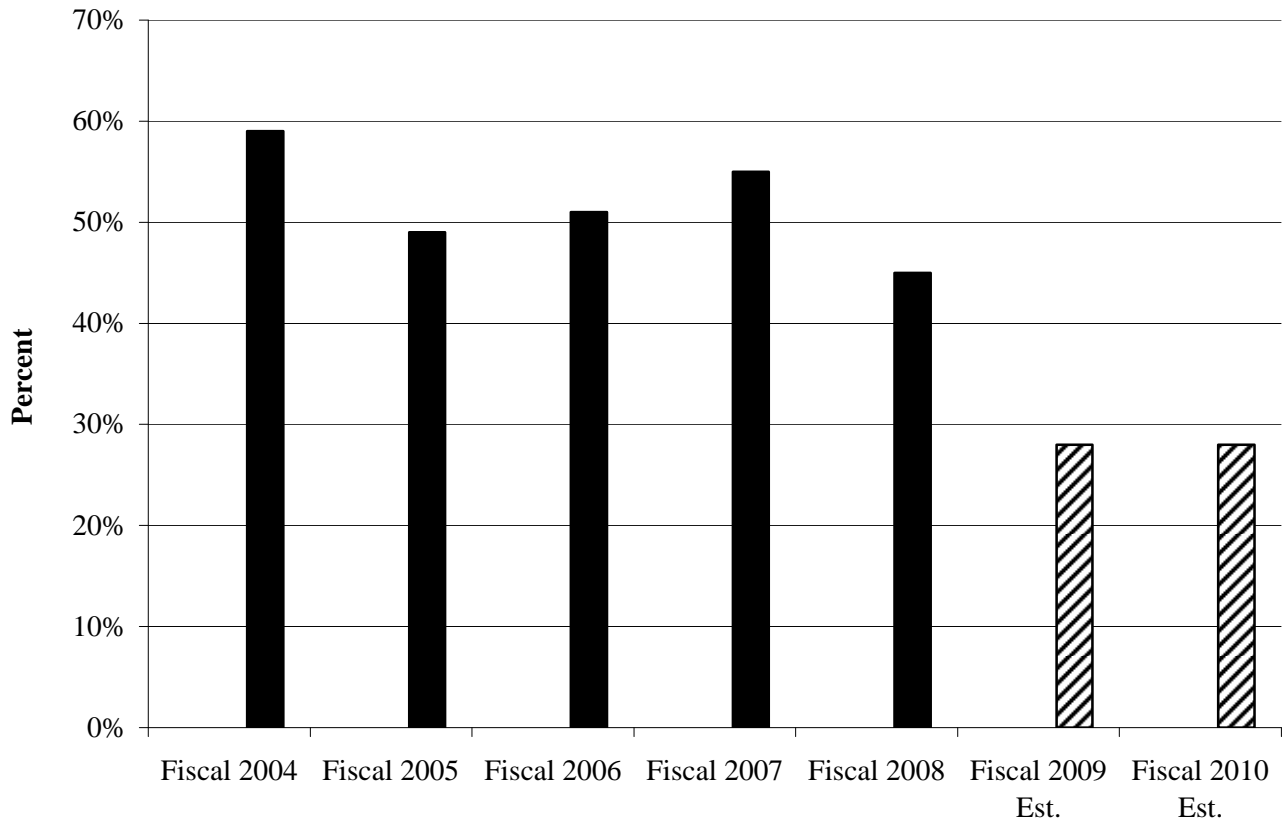
DHMH: Department of Health and Mental Hygiene  
OLA: Office of Legislative Audits

Source: Department of Health and Mental Hygiene

- DHMH’s objectives in terms of the appropriateness of the physical environment at its facilities as well as facility infrastructure systems continue to reveal a need for some considerable capital improvement. The percent of facility infrastructure systems in good/excellent condition was at 87% in fiscal 2008, unchanged from fiscal 2007. However, as shown in **Exhibit 2**, in fiscal 2008 only 45% of residential and program buildings met licensing requirements, current building standards, and patient/client needs.

More dramatically, according to the MFR data, this figure is anticipated to fall to 28% in fiscal 2009 and 2010. This decline is because this data is tied to standards established by the Joint Commission on the Accreditation of Healthcare Organizations. New patient safety goals for psychiatric hospitals (with a specific emphasis on suicide prevention) has prompted a re-assessment of those buildings that meet standards, hence the significant downgrading of the percentage of buildings in compliance with requirements, standards, and needs. The department estimates that it requires \$5.4 million in capital funding to address Environment of Care patient safety standards. The fiscal 2010 capital budget provides \$2.5 million (with \$2.5 million planned for fiscal 2011). The MHA operating budget contains an additional \$419,000 for the same purpose.

**Exhibit 2**  
**Percentage of Residential and Program Buildings Meeting**  
**Licensing Requirements, Building Standards, and Patient Needs**  
**Fiscal 2004-2010**



Source: Department of Health and Mental Hygiene; Department of Legislative Services

- One measure of the department’s ability to attract and retain a skilled workforce is the employment rate within 20 key classifications (see **Exhibit 3**). These 20 classifications are taken from over 750 classification levels used by DHMH and are considered by the department to be a representative sample of those classifications key to fulfilling the mission of the department. The employment rate is calculated by dividing the number of filled positions versus total positions on a monthly basis and then averaged for the year. This particular measure improved between fiscal 2003 and 2004 from 89 to 91%, and stayed at that level until fiscal 2006 when it fell back to 90% as shown in Exhibit 1. In fiscal 2007, the employment rate fell again to 89% (paralleling overall statewide employment rates) where it stayed in fiscal 2008.

**Exhibit 3**  
**DHMH MFR Retention Goal: 20 Key Classification Levels**

Sanitarian IV/Environmental Sanitarian II	Direct Care Assistant II
Coordinator Special Programs Health Services/Developmental Disabilities	Community Health Nurse II
Medical Care Program Specialist II	Health Facility Surveyor Nurse I
Agency Procurement Specialist II	Registered Nurse
Office Secretary III	Computer Network Specialist II
Public Health Lab Scientist General and Lead	Fiscal Accounts Clerk II
Social Worker II, Health Services	Accountant II
Program Administrator II, Health Services	Physician Clinical Specialist
Alcohol and Drug Counselors	Physician Program Manager
Epidemiologist III	Health Policy Analyst, Advanced

DHMH: Department of Health and Mental Hygiene  
MFR: Managing for Results

Source: Department of Health and Mental Hygiene

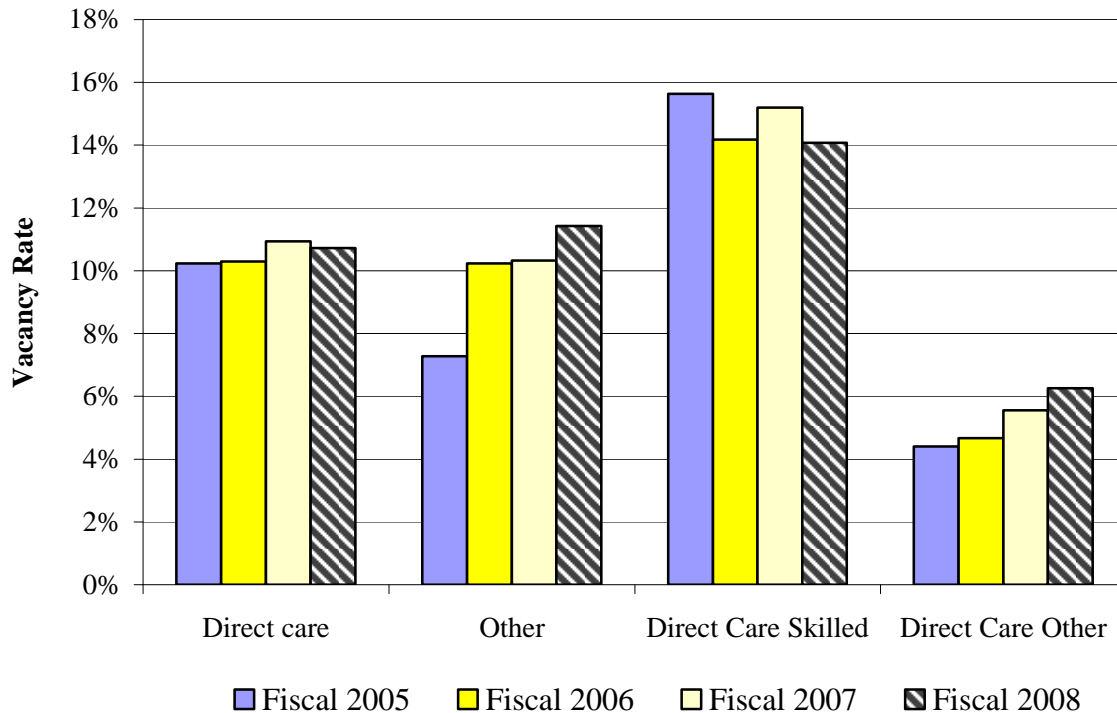
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Digging behind this employment retention data a little further, as shown in **Exhibit 4**, in fiscal 2008, the direct care categories included in this analysis have vacancy rates below that of non-direct care categories, a reversal from prior years. However, this does not relate to any dramatic change in the ease of hiring direct care workers, but rather the fact that there are almost 100 fewer direct care positions included in this analysis for fiscal 2008 compared to fiscal 2007. Indeed, the number of direct care vacancies in fiscal 2008 was actually above the number in fiscal 2005.

There continues to be a striking difference in terms of vacancy rates within the direct care categories between skilled direct care workers (for example nurses and physicians) and other direct care workers (in this instance direct care assistants), although this gap narrows slightly in fiscal 2008 compared to fiscal 2007 and earlier.

The only targeted response to this particular vacancy problem continues to be mission critical bonuses for nurses. These bonuses were first offered in fiscal 2007 and were budgeted at \$346,000. They were budgeted at the same level in fiscal 2008 and 2009 but are budgeted at closer to actual experience in fiscal 2010 in the facility budgets. Bonuses are paid to nurses with good evaluations and five or fewer unscheduled absences. Nurses who meet this criteria are eligible for \$3,000 bonuses.

**Exhibit 4  
DHMH – 20 Key Classification Levels  
Vacancy Rates  
Fiscal 2005-2008**



DHMH: Department of Health and Mental Hygiene

Source: Department of Health and Mental Hygiene; Department of Legislative Services

In fiscal 2007, 415 nurses actually received this bonus (58%) at a cost of \$1.245 million. In fiscal 2008, this figure fell to \$1,024,650 which meant again that DHMH had to absorb the additional costs through savings elsewhere in the department’s budget.

To date, the data collected on the effectiveness of the bonus on an individual basis shows that in fiscal 2007 the separation rate among nurses who received the bonus was 11% compared to 55% who did not. The contrast was similar in fiscal 2008 with a 6% separation rate for those nurses receiving the bonus compared to 45% for those who did not. DHMH believes the bonus is a useful retention tool and has resulted in improved nurse retention at the facilities (and this is reflected in **Exhibit 5** for nurse positions throughout the department).

As also shown in Exhibit 5, the range of vacancy rates (measured by total positions divided by end of calendar year vacancies) between the job classifications have narrowed considerably in calendar 2008 compared to calendar 2007. However, this appears to be primarily attributable to a drop in the number of authorized positions.

**Exhibit 5**  
**DHMH: Vacancy and Turnover Rates**  
**Calendar 2006-2008**

	2006		2007		2008	
	<u>Vacancy Rate</u>	<u>Turnover Rate</u>	<u>Vacancy Rate</u>	<u>Turnover Rate</u>	<u>Vacancy Rate</u>	<u>Turnover Rate</u>
Direct Care (Exc. Nurses)	7.0%	15.4%	7.1%	21.9%	7.8%	17.8%
Support Staff	6.3%	15.9%	4.6%	16.0%	5.0%	11.8%
Misc. Paraprofessional	6.6%	12.0%	7.8%	11.6%	6.0%	9.3%
Administrative/ Clerical	10.2%	12.6%	10.2%	12.1%	5.3%	7.9%
Misc. Professional	12.1%	13.9%	11.0%	14.5%	7.2%	11.9%
Nurses	12.4%	21.1%	11.0%	22.6%	8.9%	17.6%
Trades and Other	5.7%	8.1%	8.6%	11.3%	6.6%	10.3%
<b>DHMH</b>	<b>9.9%</b>	<b>15.1%</b>	<b>9.4%</b>	<b>16.6%</b>	<b>7.1%</b>	<b>13.1%</b>

DHMH: Department of Health and Mental Hygiene

Source: Department of Health and Mental Hygiene; Department of Legislative Services

Turnover rates, as measured by total positions divided by the number of separations from employment during the year, remain high but are also lower than prior years. However, while generally lower than prior years, turnover rates remain relatively high among direct care staff (nurses and direct care).

## **Fiscal 2009 Actions**

### **Impact of Cost Containment**

The DHMH Administration fiscal 2009 budget has, to date, experienced two rounds of cost containment actions totaling \$1,633,364 in general funds and \$15,156 in federal funds:

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- June 2008 Board of Public Works (BPW) actions reduced the DHMH Administration budget by \$531,706 in general funds and \$15,156 in federal funds. These cuts were primarily achieved through personnel savings as well as miscellaneous operating expenses.
- October 2008 BPW actions reduced the DHMH Administration budget by an additional \$1,101,658. Again, the cuts were primarily achieved through reductions in fringe benefits (Other Post Employment Benefits prefunding and health insurance).

Additional cost containment actions are anticipated in fiscal 2009. For example, savings generated by the furloughs ordered by the Governor will reduce the DHMH Administration budget by an estimated \$370,000 in general funds.

## **Proposed Budget**

As shown in **Exhibit 6**, the DHMH Administration budget funding falls by 4.3%, or just over \$2.1 million, from the fiscal 2009 working appropriation to the proposed fiscal 2010 budget. This fall assumes the reduction of the deferred compensation match contingent on legislation and the abolition of four positions in Section 19 of the budget. As discussed below, much of this decline is technical, based on the funding of major information technology development projects. Indeed, as shown in **Exhibit 7**, absent major information technology development projects, the DHMH Administration budget grows by just under \$1.1 million, 2.3%. Of this, personnel expenses account for \$415,000, 1.2%, with nonpersonnel core funding up \$645,000, 5.3%. However, significant Back of the Bill reductions that will impact DHMH related to the abolition of vacant positions, contractual assistance, contract savings, and other unallocated reductions will likely cut the budget further.

In terms of personnel expenditures, outside the changes that are impacting all budgets, the only noticeable change is the abolition of five regular positions. According to the department, one abolition was used to generate funding to partially offset the development of licensing and inspection software for the Office of Food Protection and Consumer Health Services. Specifically, this software is required by the Food and Drug Administration in order for Maryland to continue regulating milk and shellfish produced in the State for export. The other four abolitions relate to the centralization of personnel classifications and salary functions provided for in Section 19 of the budget.

**Exhibit 6  
Proposed Budget  
DHMH Administration  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2009 Working Appropriation	\$27,600	\$30	\$13,371	\$8,219	\$49,220
2010 Allowance	<u>27,992</u>	<u>410</u>	<u>13,292</u>	<u>5,847</u>	<u>47,541</u>
Amount Change	\$391	\$380	-\$79	-\$2,372	-\$1,680
Percent Change	1.4%	1,266.7%	-0.6%	-28.9%	-3.4%
Contingent Reduction	-\$420	\$0	-\$11	\$0	-\$431
Adjusted Change	-\$29	\$380	-\$90	-\$2,372	-\$2,111
Adjusted Percent Change	-0.1%	1,266.7%	-0.7%	-28.9%	-4.3%

**Where It Goes:**

<b>Personnel Expenses</b>	<b>\$ 415</b>
Employee and retiree health insurance .....	\$885
Retirement contributions .....	298
Miscellaneous adjustments .....	93
Turnover adjustments .....	89
Other fringe benefit adjustments .....	-24
Workers' compensation premium assessment .....	-68
Regular earnings .....	-84
Deferred compensation (contingent reduction) .....	-190
Reduction in Other Post Employment Benefits' unfunded liability .....	-216
Abolished positions (5 full-time equivalents).....	-368
<b>Information Technology and Communications</b>	<b>-\$2,751</b>
Licensing and inspection system for milk/shellfish.....	162
DBM telecommunications (alignment to actual).....	140
Data center maintenance and PC upgrade lease payments .....	114
Expanded communications bandwidth based on higher demand .....	99
Replacement equipment.....	79
Annapolis Data Center charges .....	35
Lower outside contract costs for the Public Health Information Network .....	-83
Assigned telecommunications capital lease charges .....	-126

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**Where It Goes:**

Electronic Vital Records System .....	-971
Computerized Health Record Information System.....	-2,200
<b>Miscellaneous Changes</b>	<b>\$ 256</b>
Implementation of Chapters 213 and 214 of 2008 establishing an Organ and Tissue Donor Registry (special funds).....	380
Anatomy Board operations .....	75
Office of Administrative Hearings assigned costs.....	57
Security services .....	51
Patient advocate legal services contracts .....	-59
Contractual employment.....	-90
Insurance.....	-158
<b>Other</b> .....	<b>-\$31</b>
<b>Total</b>	<b>-\$2,111</b>

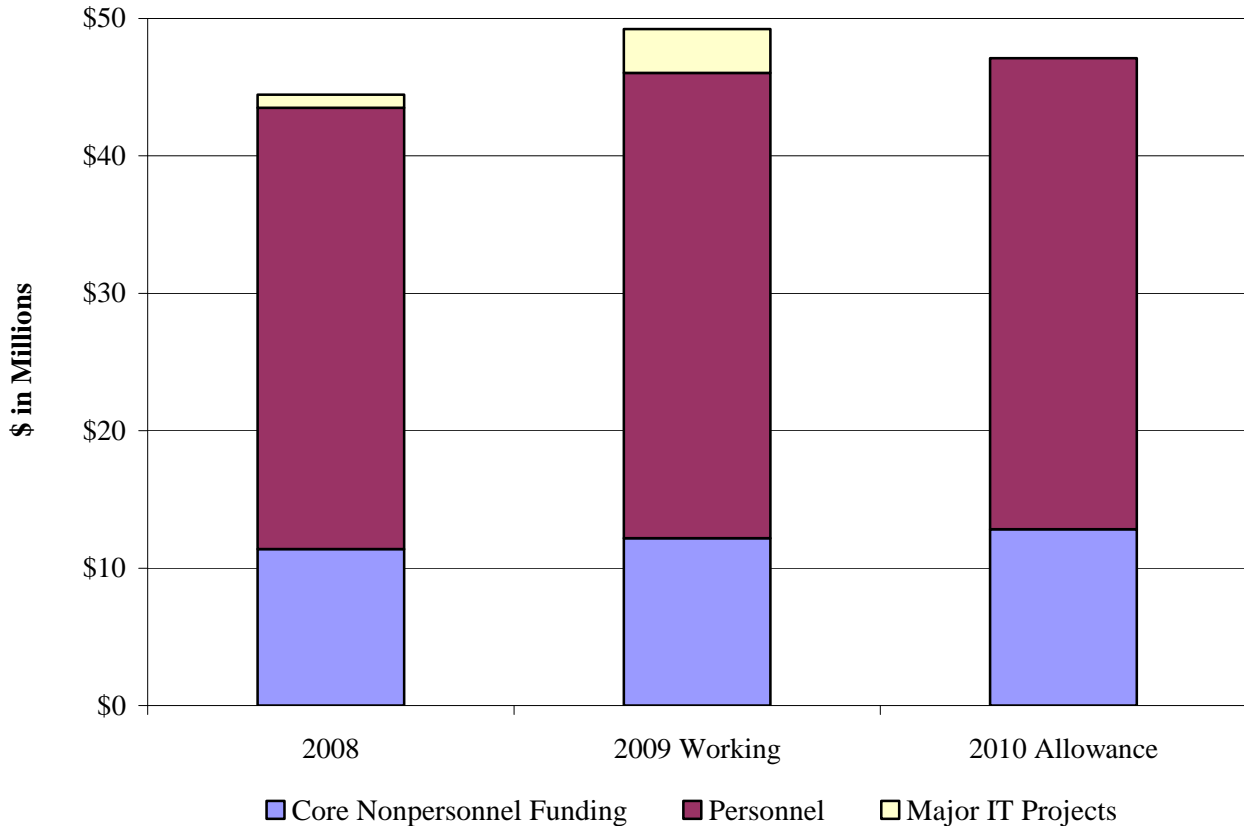
DBM: Department of Budget and Management

PC: Personal Computer

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

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**Exhibit 7**  
**DHMH – Administration**  
**Fiscal 2008-2010**



IT: Information Technology

Note: See text for explanation.

Source: Department of Legislative Services; Department of Health and Mental Hygiene

**Information Technology and Communications**

Outside of personnel, the most significant budget changes are in the area of Information Technology and Communications, and specifically changes to the two major information technology development projects in the department: the Electronic Vital Records System (EVRS), and the Computerized Hospital Record Information System (CHRIS). In both instances, the drop in funding is technical in that any proposed fiscal 2010 funding for these projects would be expected not in the DHMH budget but rather in the Major Information Technology Project Development Fund (MITDPF) in the Department of Information Technology (DoIT).

It should be noted that fiscal 2010 funding for EVRS is in the MITDPF, but funding for CHRIS is not. Indeed, as noted in **Appendix 2**, a variety of identified risks with CHRIS as conceived and planned (the scope of work involved in the implementation phase, the potential for inadequate stakeholder involvement, the lack of dedicated internal resources, insufficient plans for training, and resources for ongoing system maintenance) has resulted in:

- DoIT asking for the project to be replanned into a series of manageable phases; and
- \$3.2 million in previously awarded funding for CHRIS being withdrawn in the fiscal 2010 budget.

As currently scheduled, DoIT hopes to be able to move forward with CHRIS in fiscal 2011.

Although funding for CHRIS is pushed out into the future, it might be possible that when CHRIS does move forward, the State can access federal stimulus funds that have been set-aside for health information technology. At the time of writing, the final stimulus package has not been finalized. However, as currently drafted, public hospitals appear eligible for the proposed health information technology funding, and there is some possibility that the type of health record technology that is currently being considered for funding in the stimulus package is something that might be suitable for the State hospitals. Certainly, the department should investigate this possibility.

### **Miscellaneous Programmatic Changes**

Miscellaneous programmatic changes include \$380,000 to fund the Maryland Anatomical Gift Donor Registry as provided for in Chapters 213 and 214 of 2008. This registry will be supported by special funds from the Organ and Tissue Donor Awareness Fund which in turn derives its revenue from voluntary contributions made during the driver's license application and renewal process. Expenses at the Anatomy Board also rise quite sharply (\$75,000, or 12%, over fiscal 2009), primarily driven by costs of transporting bodies and cremations.

Another budget change is in the Resident Grievance Program. This program operates as patient advocacy program for residents of State-run psychiatric facilities and State Residential Centers. The program is a mechanism for investigating and mediating grievances of alleged violations of residents' rights. In addition to the services provided by State employees or Rights Advisors, indigent residents of State psychiatric facilities also have access to contractual legal services for alleged rights violations and benefit entitlements, and residents of State Residential Centers have access to contractual legal services for a variety of services. This contractual support is provided in response to two different legal settlements entered into by the department and, as shown in Exhibit 6, is anticipated to fall by \$59,000 in fiscal 2010.

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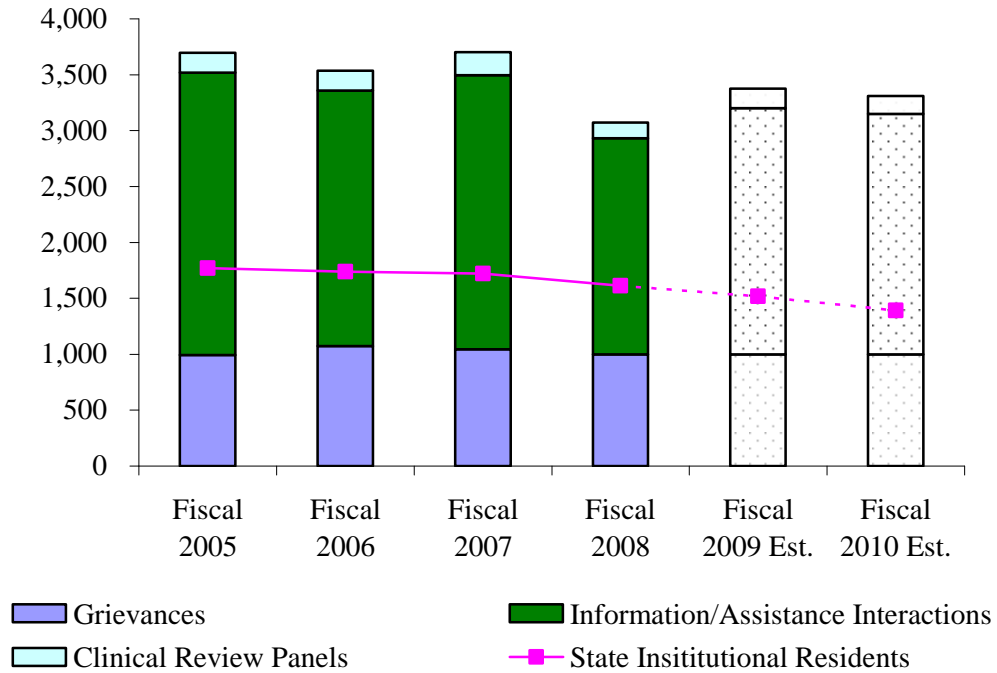
The Resident Grievance System's formal workload is broken down into three categories:

- Grievances, or cases that allege a violation of patients' rights and whose goal is to obtain a specific outcome. Regulation requires grievances to be resolved within 65 days. MFR data suggests that 95% of the grievances are resolved in the 65-day time frame, a measure that appears not to change regardless of the actual number of grievances handled.
- Information/Assistance, which are not formal cases and do not allege a rights violation but are contacts with a Rights Advisor where the facility resident is seeking information, clarification, or assistance with a concern.
- Clinical Review Panels, which are used to determine whether to approve the administration of medication over the residents' objection.

As shown in **Exhibit 8**, total requests for Resident Grievance System services have fallen 6% between fiscal 2005 and 2008; the more time-consuming grievances have been relatively constant over the period but have fallen in recent years. At issue is whether the demand for the program will be as strong as predicted, especially given the sharp projected declines in institutional residents planned for in the fiscal 2010 budget, a 14% drop from the most recent actual. Certainly, as noted above, the department anticipates a drop in the use of contractual legal services from fiscal 2009 to 2010 (9%). **Although the program did lose one vacant program administrator position in the October 2008 BPW cost containment actions, the Department of Legislative Services recommends deleting one rights advisor position.**

Finally, one item that is missing from that budget that might have been expected is funding for the Community Services Rate Reimbursement Commission. The commission, among other things, provides data to MHA and DDA on community-based provider costs and recommends rates for those providers, although those recommendations are advisory and not mandatory. The commission was due to expire September 30, 2008, and was not funded in the fiscal 2009 budget. However, Chapter 573 of 2008 extended the commission until 2011. Despite this action, funding was not specifically provided for the commission in fiscal 2010. The commission continues to meet even without specific funding, MHA and DDA bearing the cost.

**Exhibit 8**  
**Resident Grievance System**  
**Requests for Services**  
**Fiscal 2005-2010**



Source: Department of Legislative Services; Department of Health and Mental Hygiene

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>		<b><u>Position Reduction</u></b>
1. Reduce funding for capital lease purchases of replacement personal computers.	\$ 34,485	GF	
2. Increase turnover based on internal reorganization of government and public relations offices.	34,500	GF	
3. Delete one position in the Office of Public Relations. This office consists of a Communications Director and four other staff. The Department of Health and Mental Hygiene may choose the position to abolish.	69,000	GF	1.0
4. Delete one Rights Advisor position in the Resident Grievance System. The Department of Health and Mental Hygiene may choose the position to abolish.	64,500	GF	1.0
<b>Total General Fund Reductions</b>	<b>\$ 202,485</b>		<b>2.0</b>

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets DHMH Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2008</b>					
Legislative Appropriation	\$44,735	\$30	\$34,822	\$3,804	\$83,391
Deficiency Appropriation	0	0	256	0	256
Budget Amendments	-17,482	1,187	-21,101	1,457	-35,939
Cost Containment	-625	0	-36	0	-661
Reversions and Cancellations	0	-453	-2,083	-64	-2,601
<b>Actual Expenditures</b>	<b>\$26,627</b>	<b>\$764</b>	<b>\$11,859</b>	<b>\$5,197</b>	<b>\$44,446</b>
<b>Fiscal 2009</b>					
Legislative Appropriation	\$28,841	\$30	\$13,386	\$5,049	\$47,306
Cost Containment	-1,633	0	-15	0	-1,649
Budget Amendments	391	0	0	3,171	3,562
<b>Working Appropriation</b>	<b>\$27,600</b>	<b>\$30</b>	<b>\$13,371</b>	<b>\$8,219</b>	<b>\$49,220</b>

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

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## **Fiscal 2008**

The fiscal 2008 legislative appropriation for DHMH Administration was reduced by almost \$39 million. This reduction was derived as follows:

- Deficiency appropriations added \$256,000 in federal funds for an assessment of legal preparedness to address a potential influenza pandemic, fraud, and abuse tracking system.
- Budget amendments reduced the legislative appropriation by just under \$36 million.
  - General fund budget amendments reduced the legislative appropriation by just under \$17.5 million. Significant reductions to the appropriation included:
    - Just over \$17.5 million to reflect the realignment of the Deputy Secretariat for Health Care Financing from the DHMH Administration to the Medicaid budget.
    - Just over \$1.8 million in utility costs originally budgeted in the DHMH Administration budget subsequently transferred to State-run facilities.
    - Almost \$92,000 as a result of the close-out realignment of health insurance and telecommunications expenditures.

Significant additions to the general fund appropriation included:

- Almost \$1.3 million added through close-out transactions to cover higher than anticipated salaries and fringe benefits costs and other operating expenses (primarily a result of lower than anticipated federal fund indirect cost collections due to the statewide hiring freeze).
- \$492,000 to reflect DHMH Administration's share of the fiscal 2008 cost-of-living allowance (COLA) originally budgeted in the Department of Budget and Management.
- \$178,000 for various expenses including higher rent and a contractual Attorney General to handle administrative appeals.
- Special fund budget amendments of just under \$1.2 million added to the appropriation. These funds related to two major information technology development projects: the development of an electronic vital records system (\$987,000); and the replacement of the Hospital Management Information System (\$200,000).
- Federal fund amendments reduced the appropriation by just over \$21 million. Virtually all of this related to the realignment of the Deputy Secretariat for Health Care Financing from the DHMH Administration to the Medicaid budget.

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- Reimbursable fund budget amendments added almost \$1.5 million to the legislative appropriation. The major change was an increase of \$1.25 million due to additional funding attained from the Health Regulatory Commissions for administrative support services. Chapters 627 and 628 of 2007 authorized DHMH to assess the health regulatory commissions for administrative support services. The fiscal 2008 Administration budget assumed a \$1.25 million general fund reduction in anticipation of this legislation. Thus, the reimbursable funds simply backfill the general fund reduction that was already taken in the base budget.
- Fiscal 2008 cost containment actions taken by BPW reduced the DHMH Administration budget by an additional \$661,000, primarily in personnel savings as well as such items as telecommunications, supplies, and equipment replacement.
- Finally, the appropriation was reduced by just over \$2.6 million in a combination of special, federal, and reimbursable fund cancellations across various programs. The largest single cancellation, \$1.9 million in federal funds, as noted above related to lower than anticipated federal fund indirect cost collections.

### **Fiscal 2009**

To date, the fiscal 2009 legislative appropriation has been increased by just over \$1.9 million. This change is derived as follows:

- Cost containment reductions taken by BPW in June and October 2008 reduced the legislative appropriation by almost \$1.65 million (\$1.633 million general funds, \$15,000 federal funds). Details on these reductions are provided above.
- Budget amendments have added almost \$3.6 million to the appropriation. Specifically:
  - General funds have increased overall by \$400,000. This increase is derived from increases including \$512,000 representing the DHMH Administration portion of the fiscal 2008 COLA, \$184,000 in funding from the Mental Hygiene and Developmental Disabilities administrations to create the new Deputy Secretariat for Behavioral Health, and \$35,000 for the annual salary review and other adjustments which are partially offset by the transfer of \$346,000 in funding for a nurse retention bonus from the DHMH Administration budget to the State-run institutions.
  - Reimbursable funds have increased by almost \$3.2 million. These are funds received from DoIT for the development of an electronic vital records system (\$971,000); and the replacement of the Hospital Management Information System (\$2.2 million).

## Major Information Technology Projects

### Department of Health and Mental Hygiene Computerized Health Record Information System (CHRIS)

<b>Project Description:</b>	To replace the existing Hospital Management Information System with an integrated clinical and management information system in 15 State hospitals. System will include pharmacy, electronic medical record, and clinical point of entry/order modules.		
<b>Project Business Goals:</b>	No quantifiable business goals have been identified. No ROI analysis has been conducted. These goals/calculation are anticipated prior to the selection of the final technical solution.		
<b>Estimated Total Project Cost:</b>	\$8,341,520. Initial project estimate was \$4,950,000 (exclusive of operations and maintenance costs).	<b>New/Ongoing Project:</b>	Ongoing.
<b>Project Start Date:</b>	May 2005	<b>Projected Completion Data:</b>	July 2007 subsequently revised to October 2009. This date will be further revised to reflect budget and scope changes.
<b>Schedule Status:</b>	CHRIS has suffered significant delays as a result of problems gathering requirements from the 15 different State hospitals and a subsequent delay in issuing the RFP attributed to the inability of the outside contracted project manager to complete the RFP and supporting documentation. As a result, the project timelines have been pushed back by over two years. The actual design/implementation schedule will not be known until the contract is awarded. The RFP was issued in June 2008 and two responses were received, although one was deemed non-responsive. Presentations from the other vendor were due to be made in January 2009. However, the fiscal 2010 budget withdraws \$3.2 million of previously appropriated funding for the project. This will push the project implementation further out into the future.		
<b>Cost Status:</b>	Project delay has resulted in project spending through fiscal 2008 of only 4% of appropriated funds and 2% of estimated project cost at completion. Current cost estimates are based on the cost of similar projects in other states. A firmer budget baseline will not be known until the project is awarded. At present, the fiscal 2009 ITPR and fiscal 2010 MITDPF reports on total cost do not match, with the ITPR noting a substantially higher cost (\$10.25 million).		
<b>Scope Status:</b>	While the overall project scope is unlikely to change, how the project proceeds is expected to change significantly. Rather than moving forward with a significant amount of concurrent tasks, the project will be split into more manageable pieces.		
<b>Project Management Oversight Status:</b>	CHRIS has been subject to all four elements of DoIT's project management oversight model. An IV&V was initiated in September 2008. Results have not yet been released to the department by DoIT.		
<b>Identifiable Risks:</b>	As conceived, and planned, the project involves significant risks because of the scope of work involved in the implementation phase, the potential for inadequate stakeholder involvement, the lack of dedicated internal resources, insufficient plans for training, and resources for ongoing system maintenance and support.		

<b>Additional Comments:</b>	Delays in funding for CHRIS and the subsequent adjustment to the project schedule resulted in a budget reduction of \$750,000 in the 2008 session. Identifiable project risks have resulted in withdrawals of prior year funding and deferring the project until fiscal 2011.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	4,510.0	-3,200.0	5,000.0	2,031.6	0.0	0.0	0.0	8,341.6
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$4,510</b>	<b>-\$3,200.0</b>	<b>\$5,000.0</b>	<b>\$2,031.6</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$7,031.6</b>	<b>\$8,341.6</b>

DoIT: Department of Information Technology  
 ITPR: Information Technology Project Request  
 IV&V: Independent Verification and Validation  
 MITDPF: Major Information Technology Project Development Fund  
 RFP: Request For Proposal  
 ROI: Return on Investment

**Department of Health and Mental Hygiene  
Electronic Vital Records System**

<b>Project Description:</b>	To replace the existing systems used by the Vital Statistics Administration with an integrated web-enabled vital records system to include the registration of births, deaths, fetal deaths, marriages, and divorces.		
<b>Project Business Goals:</b>	No quantifiable business goals have been identified or quantitative ROI analysis conducted. However, measurable goals could be developed around improvements in customer service <i>e.g.</i> , time to issue relevant certificates, as well as potential operational efficiencies through less data entry.		
<b>Estimated Total Project Cost:</b>	\$4,732,000. Initial price estimate was \$2,800,000 (exclusive of operations and maintenance costs).	<b>New/Ongoing Project:</b>	Ongoing.
<b>Project Start Date:</b>	April 2006.	<b>Projected Completion Data:</b>	July 2011.
<b>Schedule Status:</b>	The Electronic Vital Records System is being implemented in three phases: births; deaths; and fetal deaths, marriages, and divorces. The birth records component was scheduled to “go live” in January 2009. However, systems acceptance testing, scheduled for July-August was delayed until October-December and many issues were identified with the software received from the vendor during systems acceptance testing. Implementation is now scheduled for February.		
<b>Cost Status:</b>	Through fiscal 2008, 66% of appropriated funds had been spent, or 17% of the estimated project cost at completion. This funding pattern is consistent with the intent to roll-out the project in three distinct phases. However, out-year project costs as well as DHMH current services costs (for system help desk and maintenance) are likely to increase.		
<b>Scope Status:</b>	No change.		
<b>Project Management Oversight Status:</b>	The Electronic Vital Records System has been subject to three of the four elements of DoIT's project management oversight model (no Peer Review Committee has been assigned). An IV&V was initiated in September 2008 and conducted in November through December 2008 on project management and system architecture. The results have not yet been presented to DHMH by DoIT.		
<b>Identifiable Risks:</b>	The major project risk is out-year funding. Current funding only covers the federally mandated birth and death record modules, not the fetal death, marriage and divorce component. It had been anticipated that federal funding could be available for some of the project as pieces of the project relate to federal reporting and other requirements under the Intelligence Reform and Terrorism Prevention Act of 2004. However, no federal funds have yet been made available as implementation of the Act continues to stall.		

<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,997.0	770.0	1,300.0	365.0	300.0	0.0	0.0	4,732.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$1,997.0</b>	<b>\$770.0</b>	<b>\$1,300.0</b>	<b>\$365.0</b>	<b>\$300.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$4,732.0</b>

DHMH: Department of Health and Mental Hygiene  
 DoIT: Department of Information Technology  
 IV&V: Independent Verification and Validation  
 ROI: Return on Investment

**Object/Fund Difference Report  
DHMH – Administration**

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09-FY10 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	468.20	464.00	463.00	-1.00	-0.2%
02 Contractual	15.88	17.59	13.59	-4.00	-22.7%
<b>Total Positions</b>	<b>484.08</b>	<b>481.59</b>	<b>476.59</b>	<b>-5.00</b>	<b>-1.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 32,108,397	\$ 33,859,896	\$ 34,705,929	\$ 846,033	2.5%
02 Technical and Spec. Fees	686,470	653,433	563,074	-90,359	-13.8%
03 Communication	2,511,859	2,496,163	2,600,682	104,519	4.2%
04 Travel	543,524	557,963	575,091	17,128	3.1%
06 Fuel and Utilities	107,935	177,892	159,894	-17,998	-10.1%
07 Motor Vehicles	77,748	76,255	81,941	5,686	7.5%
08 Contractual Services	5,716,945	8,212,942	5,712,348	-2,500,594	-30.4%
09 Supplies and Materials	321,087	299,944	306,619	6,675	2.2%
10 Equipment – Replacement	33,183	120,409	198,800	78,391	65.1%
11 Equipment – Additional	312,190	324,000	317,969	-6,031	-1.9%
12 Grants, Subsidies, and Contributions	135,974	139,933	139,933	0	0%
13 Fixed Charges	1,890,917	2,301,561	2,178,578	-122,983	-5.3%
<b>Total Objects</b>	<b>\$ 44,446,229</b>	<b>\$ 49,220,391</b>	<b>\$ 47,540,858</b>	<b>-\$ 1,679,533</b>	<b>-3.4%</b>
<b>Funds</b>					
01 General Fund	\$ 26,627,221	\$ 27,600,220	\$ 27,991,712	\$ 391,492	1.4%
03 Special Fund	763,778	30,000	410,000	380,000	1266.7%
05 Federal Fund	11,858,657	13,370,693	13,291,648	-79,045	-0.6%
09 Reimbursable Fund	5,196,573	8,219,478	5,847,498	-2,371,980	-28.9%
<b>Total Funds</b>	<b>\$ 44,446,229</b>	<b>\$ 49,220,391</b>	<b>\$ 47,540,858</b>	<b>-\$ 1,679,533</b>	<b>-3.4%</b>

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary  
DHMH – Administration**

<u>Program/Unit</u>	<u>FY08 Actual</u>	<u>FY09 Wrk Approp</u>	<u>FY10 Allowance</u>	<u>Change</u>	<u>FY09 - FY10 % Change</u>
01 Executive Direction	\$ 7,117,681	\$ 9,111,529	\$ 9,478,885	\$ 367,356	4.0%
02 Financial Management Administration	33,228,848	33,609,908	34,737,780	1,127,872	3.4%
08 Major IT Projects	944,068	3,170,529	0	-3,170,529	-100.0%
01 Executive Direction	1,395,150	1,372,977	1,398,909	25,932	1.9%
01 Dep. Sec. for Behavioral Health and Disabilities	1,760,482	1,955,448	1,925,284	-30,164	-1.5%
<b>Total Expenditures</b>	<b>\$ 44,446,229</b>	<b>\$ 49,220,391</b>	<b>\$ 47,540,858</b>	<b>-\$ 1,679,533</b>	<b>-3.4%</b>
General Fund	\$ 26,627,221	\$ 27,600,220	\$ 27,991,712	\$ 391,492	1.4%
Special Fund	763,778	30,000	410,000	380,000	1266.7%
Federal Fund	11,858,657	13,370,693	13,291,648	-79,045	-0.6%
<b>Total Appropriations</b>	<b>\$ 39,249,656</b>	<b>\$ 41,000,913</b>	<b>\$ 41,693,360</b>	<b>\$ 692,447</b>	<b>1.7%</b>
Reimbursable Fund	\$ 5,196,573	\$ 8,219,478	\$ 5,847,498	-\$ 2,371,980	-28.9%
<b>Total Funds</b>	<b>\$ 44,446,229</b>	<b>\$ 49,220,391</b>	<b>\$ 47,540,858</b>	<b>-\$ 1,679,533</b>	<b>-3.4%</b>

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.