

M00J
Laboratories Administration
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$18,125	\$18,564	\$20,265	\$1,702	9.2%
Contingent & Back of Bill Reductions	0	0	-94	-94	
Adjusted General Fund	\$18,125	\$18,564	\$20,171	\$1,608	8.7%
Special Fund	469	451	465	14	3.1%
Adjusted Special Fund	\$469	\$451	\$465	\$14	3.1%
Federal Fund	3,658	2,783	3,117	334	12.0%
Contingent & Back of Bill Reductions	0	0	-10	-10	
Adjusted Federal Fund	\$3,658	\$2,783	\$3,107	\$324	11.6%
Reimbursable Fund	676	686	656	-30	-4.4%
Adjusted Reimbursable Fund	\$676	\$686	\$656	-\$30	-4.4%
Adjusted Grand Total	\$22,927	\$22,484	\$24,399	\$1,915	8.5%

- The fiscal 2010 allowance increases the appropriation for the Laboratories Administration by \$1.9 million, or 8.5%, with both general and federal funds increasing.
- The increase in general funds is attributed to the implementation of Chapter 256 of 2008, the Newborn Screenings Act (\$0.9 million) and personnel costs (\$0.6 million).
- The contingent reduction shown in the chart above is due to language in the Back of the Bill eliminating funding for deferred compensation in fiscal 2010.

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

For further information contact: Alison Mitchell

Phone: (410) 946-5530

Personnel Data

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>
Regular Positions	254.00	252.00	247.00	-5.00
Contractual FTEs	<u>2.42</u>	<u>2.78</u>	<u>4.28</u>	<u>1.50</u>
Total Personnel	256.42	254.78	251.28	-3.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	14.80	5.99%
Positions and Percentage Vacant as of 12/31/08	15.00	5.95%

- The fiscal 2010 allowance includes 5.0 fewer regular positions than the fiscal 2009 working appropriation. This is the result of 6.0 abolished positions and 1.0 new position, all in the Division of Newborn and Childhood Screening.
- Contractual positions are increase by 1.5 positions to assist with administrative support and professional services.
- As of December 31, 2008, the Laboratories Administration had a vacancy rate of 6.0% with 15.0 vacant positions. This vacancy rate almost exactly matches the budgeted turnover allocated in the fiscal 2010 allowance.

Analysis in Brief

Major Trends

Newborn Screenings Comprise a Vast Majority of the Tests: Newborn screenings comprise 92% of the tests conducted by the Laboratories Administration but require only 10% of the staff. On the other hand, environmental, molecular, virology, immunology, and microbiology tests comprise 8% of the tests and 90% of the staff.

Continued Commitment to Accuracy: The accuracy evaluation of the lab tests demonstrates the Laboratories Administration's continued commitment to accuracy.

Changes at the Division of Drug Control: The work for the Division of Drug Control is becoming more manageable with two significant changes – staggering of license renewals and transferring the responsibility for routine pharmacy inspections to the Board of Pharmacy.

Recommended Actions

1. Concur with Governor's allowance.

M00J – DHMH – Laboratories Administration

M00J
Laboratories Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

The mission of the Laboratories Administration is to promote, protect, and preserve the health of the people of Maryland from the consequences of communicable diseases, environmental factors, and unsafe consumer products through the following measures:

- adopting scientific technology to improve the quality and reliability of laboratory practice in the areas of public health and environmental protection;
- expanding newborn hereditary disorder screening and childhood lead poisoning screening with accuracy and efficiency;
- maintaining laboratory emergency preparedness efforts; and
- promoting quality and reliability of laboratory data in support of public health and environmental programs.

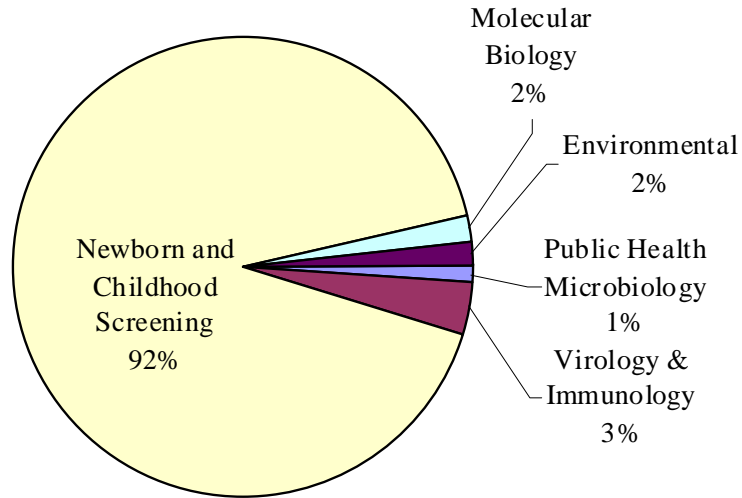
The Department of Health and Mental Hygiene has regional laboratories in Salisbury and Cumberland.

Performance Analysis: Managing for Results

Newborn Screenings Comprise a Vast Majority of the Tests

Exhibit 1 shows that newborn and childhood screening account for 92% of the 11 million tests conducted by the Laboratories Administration in fiscal 2008, while the remaining 8% of tests are split between environmental, molecular, virology, immunology, and microbiology tests. However, the Newborn and Childhood Screening Division employs only about 10% of the employees within the Laboratories Administration because the tests are heavily automated. Since the other tests are more time consuming and labor intensive, the other divisions of the Laboratories Administration require more staff.

**Exhibit 1
Proportion of Lab Test by Type
Fiscal 2008**



Source: Department of Health and Mental Hygiene

Continued Commitment to Accuracy

Proficiency testing of the Laboratories Administration’s work demonstrates the administration’s continued commitment to accuracy. **Exhibit 2** shows that in fiscal 2008, the Laboratories Administration surpassed the stated goal in all four categories of testing.

**Exhibit 2
Percent Accuracy in Proficiency Testing
Fiscal 2005-2008**

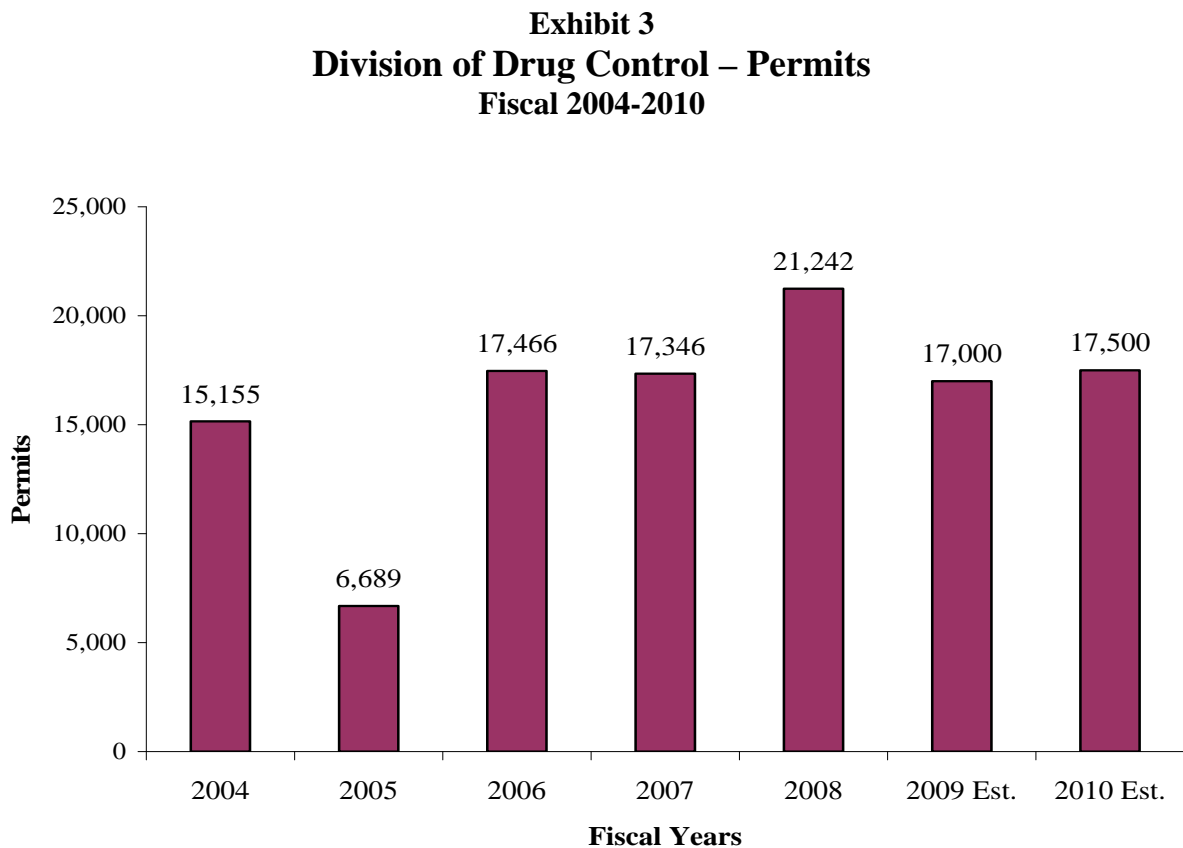
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Goal</u>
Infectious Bacterial Testing	100%	100%	100%	99%	98%
Viral Disease Testing	100%	98%	98%	100%	98%
Environmental Testing	97%	97%	97%	97%	95%
Newborn Screening	100%	100%	100%	100%	98%

Source: Department of Health and Mental Hygiene

Changes at the Division of Drug Control

The Division of Drug Control registers practitioners and establishments to legally manufacture, distribute, dispense, or otherwise handle controlled dangerous substances in Maryland. In April 2007, the division implemented a staggered renewal cycle to replace the system in which all permits expired on June 30. The old system required all nine employees in the Division of Drug Control and some temporary employees to work intensely during the issuance period, from April through September. The staggering of license renewals will smooth out the workload of the Division of Drug Control throughout the year.

Exhibit 3 shows the number of permits processed by the Division of Drug Control with the dip in fiscal 2005 due to computer problems and insufficient staffing. At the current time, the Division of Drug Control has one vacant position.



Source: Department of Health and Mental Hygiene

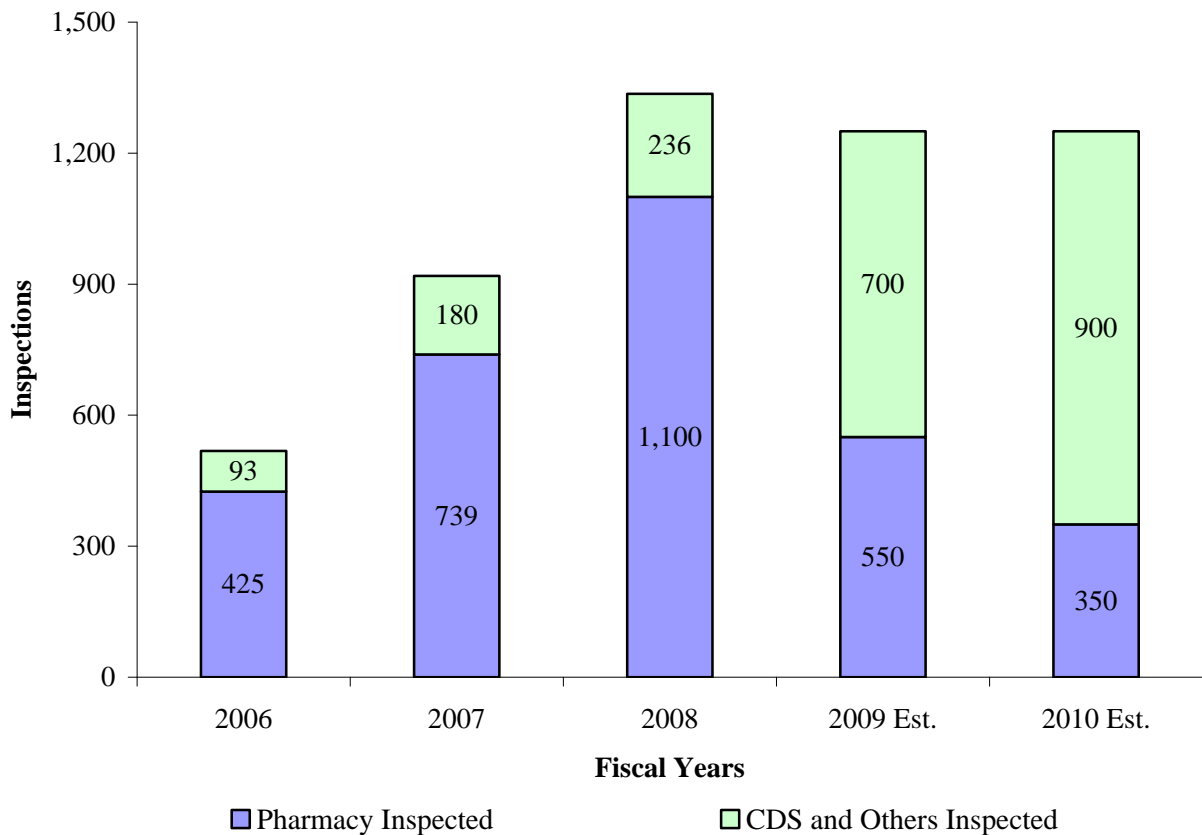
The Board of Pharmacy has taken responsibility for conducting routine annual inspections of pharmacies, which frees up the Division of Drug Control to focus on other responsibilities. Even though the Board of Pharmacy is officially responsible for pharmacy inspections, the Division of

Analysis of the FY 2010 Maryland Executive Budget, 2009

Drug Control will continue to be involved with the process for the next couple of years by training the Board of Pharmacy inspectors and assisting with inspections if the board’s inspectors fall behind. The Division of Drug Control will continue to conduct investigations of pharmacists or prescribing practitioners, inspect pharmacy closure, and audit methadone programs.

Exhibit 4 shows the number of pharmacies inspected each year decreasing in fiscal 2009 as the other work with controlled dangerous substances increases. In fiscal 2006, the number of pharmacies inspected by the Division of Drug Control was low due to understaffing.

Exhibit 4
Division of Drug Control – Pharmacy Inspections
Fiscal 2006-2010



CDS: Controlled Dangerous Substances

Source: Department of Health and Mental Hygiene

Fiscal 2009 Actions

Proposed Deficiency

The Laboratories Administration received general, federal, and special fund deficiency appropriations totaling \$1.9 million. The general fund deficiency appropriation allocates \$0.6 million to cover the cost of expanding the newborn screening activities as directed by Chapter 256 of 2008. Federal fund deficiency appropriations are increasing the funding for pandemic influenza and bioterrorism activities (\$0.8 million), HIV surveillance (\$0.3 million), and food safety security monitoring activities (\$0.2 million). The special fund deficiency appropriation (\$13,708) is payment from the local health departments for HIV testing services.

Impact of Cost Containment

The Laboratories Administration experienced fiscal 2009 cost containment to salaries and fringe benefits with a general fund reduction of \$0.8 million and a federal fund reduction of \$11,317. Also, the Laboratories Administration had an estimated \$175,561 in general fund savings due to furloughs of State employees.

Proposed Budget

As shown in **Exhibit 5**, the fiscal 2010 allowance increases the appropriation for the Laboratories Administration by \$1.9 million, or 8.5%, with both general and federal funds increasing. The increase in general funds is mainly attributed to two things: the implementation of Chapter 256 of 2008 – the Newborn Screenings Bill (\$0.9 million) – and personnel costs (\$0.6 million).

The contingent reduction shown in the chart below is due to language in the Back of the Bill eliminating funding for deferred compensation in fiscal 2010.

Personnel

The fiscal 2010 allowance includes five fewer positions than the fiscal 2009 working appropriation. This is the result of six abolished positions and one new position all in the Division of Newborn and Childhood Screening. Six vacant positions from the Developmental Disabilities Administration were transferred to the Laboratories Administration in the fiscal 2009 working appropriation to assist the Division of Newborn and Childhood Screening with their expanded responsibilities. However, before the Laboratories Administration had a chance to fill the positions, the fiscal 2010 allowance deleted the positions. The new position in the Division of Newborn and Childhood Screening is a filled position that is being transferred from the Family Health Administration.

Contractual positions are increasing by 1.5 positions to assist with administrative support and professional services. Specifically, 1.0 position will provide administrative support for the Forensic Laboratory Advisory Committee as a result of Chapter 147 of the 2007 regular session. The other 0.5 position will be a public health laboratory scientist that is required to perform analyses and interpret the results of food samples submitted by the Food and Outbreak Section.

Exhibit 5
Proposed Budget
DHMH – Laboratories Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2009 Working Appropriation	\$18,564	\$451	\$2,783	\$686	\$22,484
2010 Allowance	<u>20,265</u>	<u>465</u>	<u>3,117</u>	656	<u>24,504</u>
Amount Change	\$1,702	\$14	\$334	-\$30	\$2,020
Percent Change	9.2%	3.1%	12.0%	-4.4%	9.0%
Contingent Reduction	-\$94	\$0	-\$10	\$0	-\$104
Adjusted Change	\$1,608	\$14	\$324	-\$30	\$1,915
Adjusted Percent Change	8.7%	3.1%	11.6%	-4.4%	8.5%
Where It Goes:					
Personnel Expenses					
Employee and retiree health insurance pay-as-you-go costs.....					\$698
Retirement contribution.....					199
Other fringe benefit adjustments					86
One new position.....					83
Deferred compensation - contingent reduction					-104
Delete funds reducing Other Post Employment Benefits' unfunded liability.....					-113
Six abolished positions.....					-227
Other Changes					
Expanded responsibilities associated with Chapter 256 of 2008 the Newborn Screenings Act					911
Cost of laboratory supplies for the Division of Newborn and Childhood Screening.....					166
Food Emergency Response Network federal grant not funded in fiscal 2009					162
Increased cost of laboratory supplies for the Epidemiology and Laboratory Capacity Program					66
Cost of contractual employment increases mainly due to 1.5 new positions.....					62
Division of Environmental Chemistry laboratory supplies costs					60
Increased travel expenditures					26
Fiscal 2009 one-time equipment purchase cost for the Water Laboratory section					-57
Reduced need for laboratory supplies in the Division of Virology and Immunology					-101
Other.....					-1
Total					\$1,915

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

As of December 31, 2008, the Laboratories Administration had a vacancy rate of 6.0% with 15.0 vacant positions, and this vacancy rate almost exactly matches the budgeted turnover allocated in the fiscal 2010 allowance. This is a departure from recent history because the vacancy rate for the Laboratories Administration had been above 10% for the past few years. The administration had carried a number of vacant positions from year to year because the administration had trouble recruiting for public health laboratory scientist positions due to noncompetitive salaries. Over the past two years, the administration has lost 20.0 vacant positions, which has caused the vacancy rate to closely match the budgeted turnover.

Newborn and Childhood Screening

Chapter 256 of 2008 designated the Laboratories Administration as the only laboratory in the State authorized to conduct newborn screening tests starting January 1, 2009. Prior to this new law, the Laboratories Administration performed the newborn screenings for 70% of the babies born in Maryland. As a result of the new law, the Division of Newborn and Childhood Screening's workload is expected to increase roughly 40% in fiscal 2010.

With the additional responsibility provided to the Laboratories Administration under the new law, the fiscal note for the legislation estimated the administration would require 6.0 additional positions to adequately staff the Division of Newborn and Childhood Screening for the expanded responsibilities. However, as explained in the personnel section, the Division of Newborn and Childhood Screening received only 1.0 new position in the fiscal 2010 allowance.

The 6.0 abolished positions in the allowance along with turnover has left the Division of Newborn and Childhood Screening short 10.0 positions. The administration indicates that staffing shortages have made the implementation of Chapter 256 of 2008 difficult. The staff is required to work long hours and weekends, which has increased overtime costs. The Laboratories Administration says the long hours are causing the staff to be fatigued, which the administration is worried might have an adverse impact on accuracy of data entry and the timely detection of abnormal screening results.

The Laboratories Administration did receive additional funding in the fiscal 2009 deficiency appropriation and the fiscal 2010 allowance to fund non-personnel aspects of the expanded responsibilities of the Division of Newborn and Childhood Screening. In total, the appropriation for the division increased \$0.9 million to fund the expansion of responsibilities. Funding for laboratory supplies increased \$0.3 million to cover the increase in the testing. The division plans to purchase four additional tandem mass spectrometers over five years, which will be a total cost of \$1.2 million and a fiscal 2010 cost of \$0.3 million. In addition, the fiscal 2010 allowance increased \$0.2 million to cover a part-time physician clinical geneticist, a full-time genetic counselor, and a back-up medical on-call service from the University of Maryland, Baltimore for the follow-up program. Also, costs related to software maintenance, equipment, and telecommunication were provided in the fiscal 2010 allowance.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Health and Mental Hygiene – Laboratories Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2008					
Legislative Appropriation	\$17,879	\$29	\$3,443	\$725	\$22,076
Deficiency Appropriation	0	\$446	\$511	0	958
Budget Amendments	\$378	\$0	\$0	\$0	378
Cost Containment	-\$132	\$0	-\$17	\$0	-150
Reversions and Cancellations	0	-7	-279	-49	-335
Actual Expenditures	\$18,125	\$469	\$3,658	\$676	\$22,927
Fiscal 2009					
Legislative Appropriation	\$18,514	\$447	\$2,794	\$686	\$22,441
Cost Containment	-843	0	-11	0	-854
Budget Amendments	892	4	0	0	897
Working Appropriation	\$18,564	\$451	\$2,783	\$686	\$22,484

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

Fiscal 2008

Actual fiscal 2008 spending for the Laboratories Administration exceeded the legislative appropriation by almost \$0.9 million. General funds increased by a net of \$0.2 million due to funding for consultant services for the new public health laboratory (\$0.2 million) and cost-of-living adjustments (\$0.2 million). The general fund increases were offset by cost containment reductions to positions and supplies (\$0.1 million) and a transfer of funds to the Health Occupation Boards as dictated by the fiscal 2008 budget bill (\$0.1 million).

Special funds increased by a total of \$0.4 million, which was caused by increased funding from local health departments for expanded HIV testing. Also, federal funds increased by \$0.5 million due to additional funding for food monitoring services and pandemic influenza surge capacity.

In total, the Laboratories Administration canceled \$0.3 million at the end of fiscal 2008. Federal funds were canceled due to lower than anticipated activity in the areas of laboratory support to the AIDS Administration (\$0.2 million) and the Office of Preparedness and Response (\$0.1 million).

Fiscal 2009

The Laboratories Administration has a fiscal 2009 working appropriation of \$22.5 million, which is \$42,678 more than the legislative appropriation. General funds increased to fund the annual salary review adjustment (\$653,065) and employee cost-of-living adjustments (\$239,142). The general fund increases were offset by \$842,603 in general fund cost containment reductions to salaries and fringe benefits. Special funds increased by \$4,391 to fund the annual salary review, and federal funds decreased by \$11,317 in cost containment to salaries and fringe benefits.

**Object/Fund Difference Report
DHMH – Laboratories 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>
Positions					
01 Regular	254.00	252.00	247.00	-5.00	-2.0%
02 Contractual	2.42	2.78	4.28	1.50	54.0%
Total Positions	256.42	254.78	251.28	-3.50	-1.4%
Objects					
01 Salaries and Wages	\$ 15,568,906	\$ 16,299,201	\$ 17,024,596	\$ 725,395	4.5%
02 Technical and Spec. Fees	110,998	95,348	157,231	61,883	64.9%
03 Communication	144,552	130,330	137,449	7,119	5.5%
04 Travel	30,442	9,778	35,823	26,045	266.4%
07 Motor Vehicles	22,993	25,873	33,408	7,535	29.1%
08 Contractual Services	1,175,984	901,410	1,647,398	745,988	82.8%
09 Supplies and Materials	4,824,334	4,851,227	5,299,306	448,079	9.2%
10 Equipment – Replacement	205,146	56,500	0	-56,500	-100.0%
11 Equipment – Additional	746,067	10,462	83,000	72,538	693.3%
12 Grants, Subsidies, and Contributions	30,000	30,000	30,000	0	0%
13 Fixed Charges	67,163	73,866	55,360	-18,506	-25.1%
Total Objects	\$ 22,926,585	\$ 22,483,995	\$ 24,503,571	\$ 2,019,576	9.0%
Funds					
01 General Fund	\$ 18,124,530	\$ 18,563,532	\$ 20,265,118	\$ 1,701,586	9.2%
03 Special Fund	468,669	451,490	465,394	13,904	3.1%
05 Federal Fund	3,657,826	2,783,172	3,117,187	334,015	12.0%
09 Reimbursable Fund	675,560	685,801	655,872	-29,929	-4.4%
Total Funds	\$ 22,926,585	\$ 22,483,995	\$ 24,503,571	\$ 2,019,576	9.0%

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

**Fiscal Summary
DHMH – Laboratories 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>
J401 Executive Direction	\$ 336,501	\$ 336,651	\$ 343,015	\$ 6,364	1.9%
J402 Administrative And Support Services	4,024,147	3,507,606	3,424,556	-83,050	-2.4%
J412 Emerging Infections	407,643	255,555	261,423	5,868	2.3%
J415 Epidemiology and Laboratory Capacity	329,553	257,895	342,560	84,665	32.8%
J418 Tuberculosis Consortium	32,990	4,200	7,615	3,415	81.3%
J420 Public Health Microbiology	2,145,397	2,339,195	2,390,930	51,735	2.2%
J421 Virology and Immunology	1,803,053	2,320,749	2,213,688	-107,061	-4.6%
J422 Newborn Screenings	2,803,533	2,796,380	4,073,303	1,276,923	45.7%
J423 Clinical Laboratories	1,239,430	1,526,501	1,461,290	-65,211	-4.3%
J427 Chlamydia Control	602,544	533,176	581,403	48,227	9.0%
J428 Retrovirus Lab Service Surveillance	416,635	250,000	350,000	100,000	40.0%
J429 Retrovirus Lab Prevention	550,407	621,950	625,179	3,229	0.5%
J430 HIV Viral Load Test	428,812	476,560	428,812	-47,748	-10.0%
J431 HIV Drug Resistant Strains	121,565	73,320	71,565	-1,755	-2.4%
J432 Flow Cytometry	219,088	238,698	219,089	-19,609	-8.2%
J433 Expanded and Integrated HIV Testing	20,027	0	0	0	0%
J440 Environmental Microbiology	834,003	1,035,816	929,816	-106,000	-10.2%
J441 Environmental Chemistry	3,149,543	2,776,891	3,335,645	558,754	20.1%
J442 Radiation Chemistry	19,793	21,712	24,902	3,190	14.7%
J443 Water Laboratory	149,483	90,532	124,889	34,357	38.0%
J444 Air Quality Control	36,708	41,800	57,400	15,600	37.3%
J445 Hazardous And Toxic Wastes	55,563	63,022	21,089	-41,933	-66.5%
J447 FERN Safety and Security Monitoring	230,326	0	162,024	162,024	0%
J451 Eastern Shore Regional Laboratory	946,040	947,507	1,011,856	64,349	6.8%
J452 Cheverly Regional Laboratory	54,602	0	0	0	0%
J453 Cumberland Regional Laboratory	443,271	495,714	447,463	-48,251	-9.7%
J480 Drug Control	801,518	771,132	817,455	46,323	6.0%
J493 Pandemic Influenza	98,646	0	0	0	0%
J494 Bioterrorism Preparedness and Response	202,639	186,428	216,055	29,627	15.9%
J496 Bioterrorism – Laboratory Capacity	416,125	515,005	560,549	45,544	8.8%
J497 Emergency Response Preparedness	7,000	0	0	0	0%
Total Expenditures	\$ 22,926,585	\$ 22,483,995	\$ 24,503,571	\$ 2,019,576	9.0%

<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>
General Fund	\$ 18,124,530	\$ 18,563,532	\$ 20,265,118	\$ 1,701,586	9.2%
Special Fund	468,669	451,490	465,394	13,904	3.1%
Federal Fund	3,657,826	2,783,172	3,117,187	334,015	12.0%
Total Appropriations	\$ 22,251,025	\$ 21,798,194	\$ 23,847,699	\$ 2,049,505	9.4%
Reimbursable Fund	\$ 675,560	\$ 685,801	\$ 655,872	-\$ 29,929	-4.4%
Total Funds	\$ 22,926,585	\$ 22,483,995	\$ 24,503,571	\$ 2,019,576	9.0%

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