

M00A01
Administration
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$26,236	\$25,083	\$25,972	\$889	3.5%
Contingent & Back of Bill Reductions	0	0	-894	-894	
Adjusted General Fund	\$26,236	\$25,083	\$25,079	-\$5	0.0%
Special Fund	150	410	410	0	
Adjusted Special Fund	\$150	\$410	\$410	\$0	0.0%
Federal Fund	13,373	13,437	14,429	992	7.4%
Contingent & Back of Bill Reductions	0	0	-68	-68	
Adjusted Federal Fund	\$13,373	\$13,437	\$14,361	\$924	6.9%
Reimbursable Fund	6,137	7,142	7,078	-64	-0.9%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Reimbursable Fund	\$6,137	\$7,142	\$7,077	-\$66	-0.9%
Adjusted Grand Total	\$45,896	\$46,073	\$46,926	\$853	1.9%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- Although the Department of Health and Mental Hygiene (DHMH) Administration budget increases by \$853,000, or 1.9%, from the fiscal 2010 working appropriation to the fiscal 2011 allowance, this increase is driven by costs assigned to the department for such things as the Office of Administrative Hearings and information technology and communications costs. The underlying budget clearly reveals the impact of ongoing cost containment.

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

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Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	464.00	440.50	437.50	-3.00
Contractual FTEs	<u>11.35</u>	<u>13.79</u>	<u>13.90</u>	<u>0.11</u>
Total Personnel	475.35	454.29	451.40	-2.89

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	22.05	5.04%
Positions and Percentage Vacant as of 12/31/09	22.00	4.99%

- The fiscal 2010 working appropriation reflects the loss of 7.5 regular positions due to cost containment.
- A further 3.0 regular positions are cut by the fiscal 2011 allowance. The elimination of these positions, all vacant information technology positions, will generate savings to fund outside contract support for various information technology activities.

Analysis in Brief

Major Trends

Timeliness of Birth Certificate Filings: The percentage of birth certificates filed with the Division of Vital Records within 72 hours fell sharply in fiscal 2009. Computer issues were blamed, although a new Electronic Vital Records System is being implemented which, among other things, is anticipated to address this problem.

Residential and Program Buildings Fall Short of Licensing Requirements, Building Standards, and Meeting Patient Needs: As noted in the 2009 session, changes in the joint commission’s patient safety standards resulted in a significant downgrading of the number of buildings meeting requirements, standards, and patient needs. However, a number of contracts have been awarded or will be awarded shortly to begin to address these patient safety issues.

The Ability of the Department to Attract and Retain a Skilled Workforce Fell in Fiscal 2009: The employment rate within key job classifications within the department fell in fiscal 2009.

Recommended Actions

	<u>Funds</u>
1. Reduce funding for in-state travel in the Office of the Inspector General and audit function to the most recent actual.	\$ 20,000
2. Delete funding for online training courses.	38,000
3. Reduce funding for outside patient advocacy legal contracts to reflect lower institutional enrollment and a favorable contract environment.	44,000
Total Reductions	\$ 102,000

Updates

The Utilization of Audited Statements Submitted by Community Providers: Chapter 335 of 2008, the fiscal 2009 budget bill, included language requesting the submission of a report concerning the auditing of community-based programs that receive funding from programs within DHMH generally, with particular emphasis on the Mental Hygiene Administration (MHA) and Developmental Disabilities Administration (DDA). DHMH submitted the requested report just prior to the close of fiscal 2009. In addition to an overview of auditing activity conducted by the department on community providers generally, the report provided specific information with regard to MHA and DDA community providers.

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Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

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. The Office of the Secretary includes the general support functions 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 various public health administration and offices within the department.

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).

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 measures are somewhat administrative in nature and, for the most part, as shown in **Exhibit 1**, vary little from year to year.

However, 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 significantly improved its performance on this measure from earlier in the decade. After going back over the 35% threshold in fiscal 2007, the number of repeat findings has fallen in both fiscal 2008 and 2009.

- The percentage of birth certificates filed with the Division of Vital Records within 72 hours of birth fell sharply in fiscal 2009 from prior years to 66%. This was due to issues with the existing information technology system used to collect and manage birth certificate information. The department is in the process of implementing a new information technology system for vital records: the Electronic Vital Records System (EVRS). However, as will be discussed below in the discussion of the fiscal 2011 budget, and is also noted in **Appendix 2**, there have been issues with the development of the EVRS that has impacted the filing of birth certificates in a timely manner although not, according to the department, impacting service to the general public.

Exhibit 1
Selected Program Measurement Data
DHMH – Administration
Fiscal 2005-2009

	<u>Actual 2005</u>	<u>Actual 2006</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>
Repeat OLA audit comments (%)	29	27	41	32	14
Condition of facility infrastructure systems (% in good/excellent condition)	88	87	87	87	91
Employment rate within 20 key classifications (%)	91	90	89	89	87
State retention rate grades 1-26 (%)	91	90	89	89	90
Birth certificates filed with the Division of Vital Records within 72 hours of birth (%)	96	95	95	94	66
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

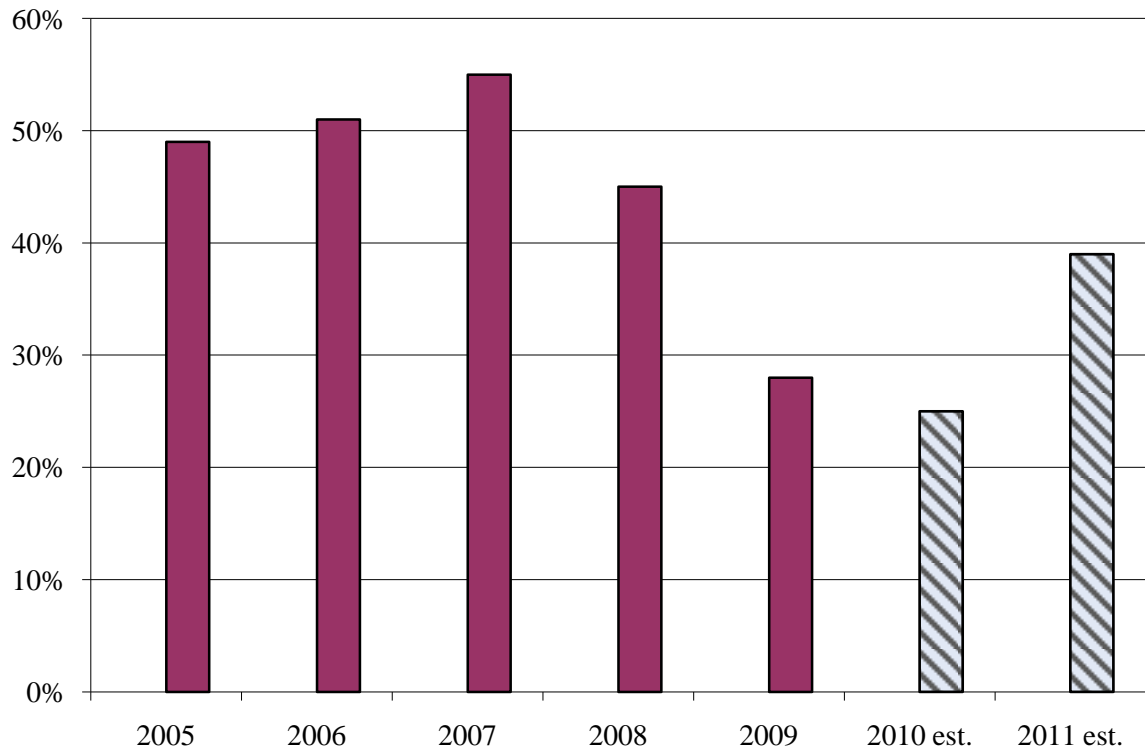
Source: Department of Health and Mental Hygiene

- 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 91% in fiscal 2009, up from fiscal 2008. This improvement is attributed to the closure of obsolete buildings and ongoing capital improvement projects.

Another measure, residential and program buildings meeting licensing requirements, current building standards, and patient/client needs, is tied to standards established by the joint commission. As shown in **Exhibit 2**, new patient safety goals for psychiatric hospitals established in 2008 resulted in a significant downgrading of the percentage of buildings in compliance with requirements, standards, and needs.

The fiscal 2010 capital budget provided \$4.0 million to make the necessary improvements, with operating funds also provided. To date, contracts have been, or will shortly be, awarded for work on 7 of the 10 identified improvement projects. Further, based on the actual bidding and the revised scope of work given recent facility and unit closure, the projects are projected to now cost only \$3.4 million. For the 3 projects for which awards are not expected until sometime later this fiscal year, delays are attributed to the slowing of various projects because of the revised scope based on facility/unit closures as well as the disqualification of low bidders.

Exhibit 2
Percentage of Residential and Program Buildings Meeting
Licensing Requirements, Building Standards, and Patient Needs
Fiscal 2005-2011



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% and has fallen further to 87% in fiscal 2009.

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

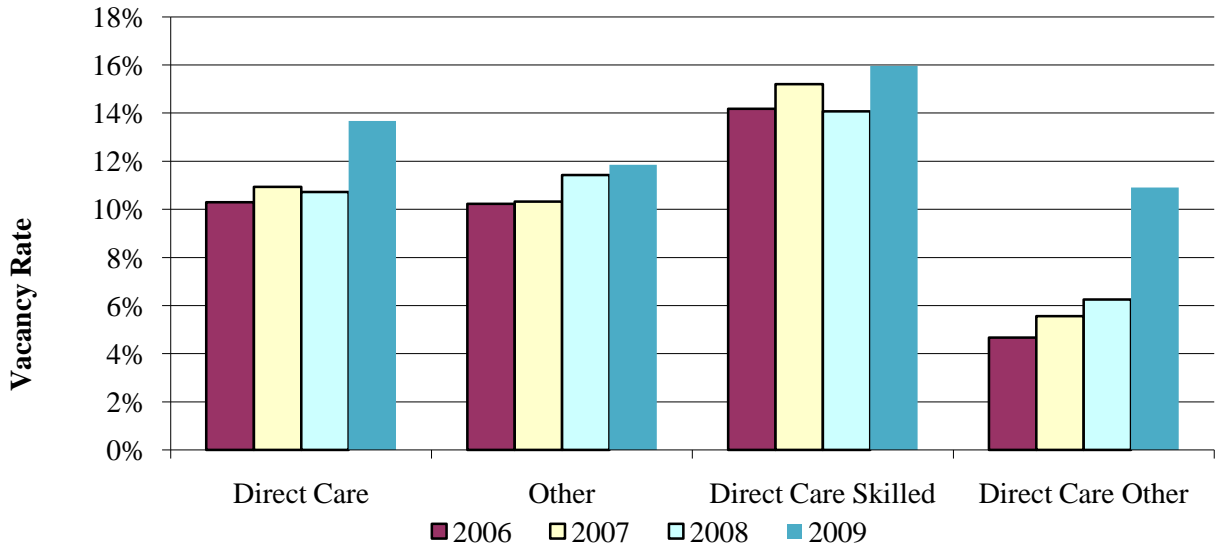
DHMH: Department of Health and Mental Hygiene
MFR: Managing for Results

Source: Department of Health and Mental Hygiene

Exhibit 4 presents more detailed information from the same data and shows that in fiscal 2009, the department, as has generally been the case in recent years, has had more difficulty retaining workers in the direct care categories even though the number of direct care workers are fewer than in fiscal 2008. Indeed, the number of direct care vacancies is higher in fiscal 2009 than at any time in recent years. This may seem surprising given the level of unemployment generally in the State but appears in part due to the timing of transfers between Spring Grove, Perkins, and Carter, as a result of capacity changes.

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 quite sharply in fiscal 2009 compared to prior years not because vacancies among skilled direct workers is improving, conversely it is not. Rather, vacancies among direct care workers rose dramatically. Again, this may be a timing issue. Generally the department notes it still receives significantly more applications for unskilled vacancies compared to skilled vacancies.

**Exhibit 4
DHMH – 20 Key Classification Levels
Vacancy Rates
Fiscal 2006-2009**



DHMH: Department of Health and Mental Hygiene

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

It is unclear how this situation will change in the near future: not only are State employees not receiving cost-of-living or merit increases in fiscal 2011, furloughs are also continuing. In addition, the department’s efforts to target specific vacancy issues, for example in the nursing area through mission critical retention bonuses, were cut as part of fiscal 2010 cost containment and are not budgeted in fiscal 2011.

Fiscal 2010 Actions

Impact of Cost Containment

To date in fiscal 2010, the DHMH Administration budget has been reduced by almost \$2.2 million in cost containment actions, almost \$2.1 million general funds and \$101,000 in federal funds. In addition to savings generated from the imposition of furloughs, a variety of operating and contractual reductions have been imposed (for example, to travel, training, nurse scholarships, and equipment replacement) as well as the elimination of vacant and filled positions.

Proposed Budget Reveals Ongoing and Deeper Cost Containment in Fiscal 2011

As shown in **Exhibit 5**, the fiscal 2011 allowance for the DHMH Administration is \$853,000 (1.9%) above the fiscal 2010 working appropriation. This change reflects several across-the-board actions to be allocated by the Administration including a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

However, a closer examination of the budget reveals the impact of cost containment actions in virtually all aspects of the DHMH Administration budget.

Personnel Expenses

Personnel expenses increase by just over \$244,000. Most of the increase is in employee and retiree health insurance and retirement contributions. The \$90,000 increase for reclassifications relates to three positions in the Office of the Inspector General transferred from the Carter Center. These positions are being reclassified in order to improve fraud prevention efforts and are primarily federally funded.

Three vacant information technology positions are abolished. As in fiscal 2010, these abolitions are linked to new funding elsewhere in the budget. Specifically, according to the department, the abolitions support two information technology initiatives. First is the ongoing development of milk/shellfish licensing and inspection software for the Office of Food Protection and Consumer Health Services. 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. Secondly, the savings also fund contract support for information technology projects through the statewide Consulting and Technical Services (CATS) contract. Faced with the choice of hiring regular employees or using a contractor, the department weighed the higher hourly rate of contractors through the CATS contract against what it perceives as better outcomes and decided to continue with contractors.

Information Technology and Communications

The continuing impact of cost containment is also visible in the information technology and communications area of the DHMH Administration budget. With the exception of the contracting and licensing system funding discussed above, major increases are either assigned costs over which the department has no control (for the new statewide personnel system and telecommunications capital lease payments) or federally funded (the enhancements to the Public Health Information Network, specifically to upgrade Centers for Disease Control and Prevention mandated storage area networks). While many of the declines in this area are technical in nature, there is ongoing and new cost containment in telecommunications, equipment replacement, and software purchases.

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

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimbursable</u> <u>Fund</u>	<u>Total</u>
2010 Working Appropriation	\$25,083	\$410	\$13,437	\$7,142	\$46,073
2011 Allowance	<u>25,972</u>	<u>410</u>	<u>14,429</u>	<u>7,078</u>	<u>47,890</u>
Amount Change	\$889	\$0	\$992	-\$64	\$1,817
Percent Change	3.5%		7.4%	-0.9%	3.9%
Contingent Reduction	-\$894	\$0	-\$68	-\$1	-\$964
Adjusted Change	-\$5	\$0	\$924	-\$66	\$853
Adjusted Percent Change	-0.0%	0.0%	6.9%	-0.9%	1.9%
Where It Goes:					
Personnel Expenses				\$244	
Employee and retiree health insurance (including Section 19 reduction)					\$507
Retirement contributions					370
Reclassifications					90
Unallocated November Board of Public Works’ personnel cost containment					68
Workers’ compensation premium assessment (including Sections 21 and 23 reductions).....					42
Turnover adjustment					-90
Other fringe benefit adjustments					-96
Abolished positions (3 regular positions).....					-217
Regular salaries (including Section 18 reduction)					-431
Information Technology and Communications				-\$773	
Statewide personnel system (assigned cost).....					404
Outside contracts and milk/shellfish licensing system.....					300
Public Health Information Network enhancement (federal funds)					299
Telecommunication capital lease payment (assigned cost).....					75
Equipment replacement.....					-59
Various telecommunications charges.....					-86
Outside data entry (accounting shift to Medicaid)					-100
Various software upgrades (security, network maintenance, anti-virus etc.).....					-114
Aithent fraud recovery system used by the Office of Inspector General (previously funded under a federal grant).....					-114
H1N1 vaccine campaign (federal grant)					-213

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Where It Goes:

Electronic Vital Records System.....	-1,165
Miscellaneous Expenses	\$1,360
Office of Administrative Hearings (assigned cost)	1,796
In-state and out-of-state travel.....	-34
Communications costs.....	-49
Printing costs (annualization of savings from print shop consolidation undertaken in fiscal 2010).....	-100
Tuition assistance	-252
Other.....	22
Total	\$853

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

The most significant budget change in this area is technical and relates to the EVRS. As always, any proposed fiscal 2011 funding for this project 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. Just under \$1.2 million is provided for this project in fiscal 2011 in the MITDPF. As noted in Appendix 2, the implementation of the first module of the EVRS, births, essentially experienced a year-long delay because of a failure of the system to meet identified national standards and defects discovered during systems acceptance testing. Enhanced project management oversight has been required for this project, driving up costs. However, this additional oversight appears to have the project back on-track in terms of functionality.

However, the other major information technology project that the department had been developing, the Computerized Health Record Information System (CHRIS), has been paused with little indication that it will move forward unless new and significant non-State funding sources are found to support its development. As was noted in the fiscal 2010 DHMH Administration analysis, the project was foundering for a variety of reasons. Although the department had issued a request for proposal and had almost completed the technical evaluation of the one acceptable proposal (a review which had included contacting four different jurisdictions using the recommended solution, all of whom were generally pleased with the product) funding constraints resulted in the project being halted. These constraints were underscored by the fact that the estimated cost of CHRIS had risen dramatically to \$10 to \$20 million from the initial project estimate of just under \$5 million.

Miscellaneous Programmatic Changes

Miscellaneous programmatic changes show a significant increase. However, this is driven by a sharp rise in the Office of Administrative Hearings (OAH) charge to the department. OAH is supported by allocating costs to the agencies that utilize its services. Last year, OLA asked OAH to conduct a review of their estimates for “Average Case Hours.” OAH completed a four-month long survey last spring to determine the total amount of time OAH Administrative Law Judges (ALJ) spent on different types of cases since some cases last up to two days. The total time includes writing, hearings, disposals, and withdrawals. For some agencies, the average case hours increased

dramatically. Others went down. Additionally, with regards to the actual number of cases, OAH used to only count the number of cases “heard” in its cost allocation methodology. Now it is counting the number of “cases handled,” because many cases are settled or withdrawn before they go to hearing but still consume an ALJ’s time. Taken together, this change in average case hours and case count resulted in significant changes in cost allocation.

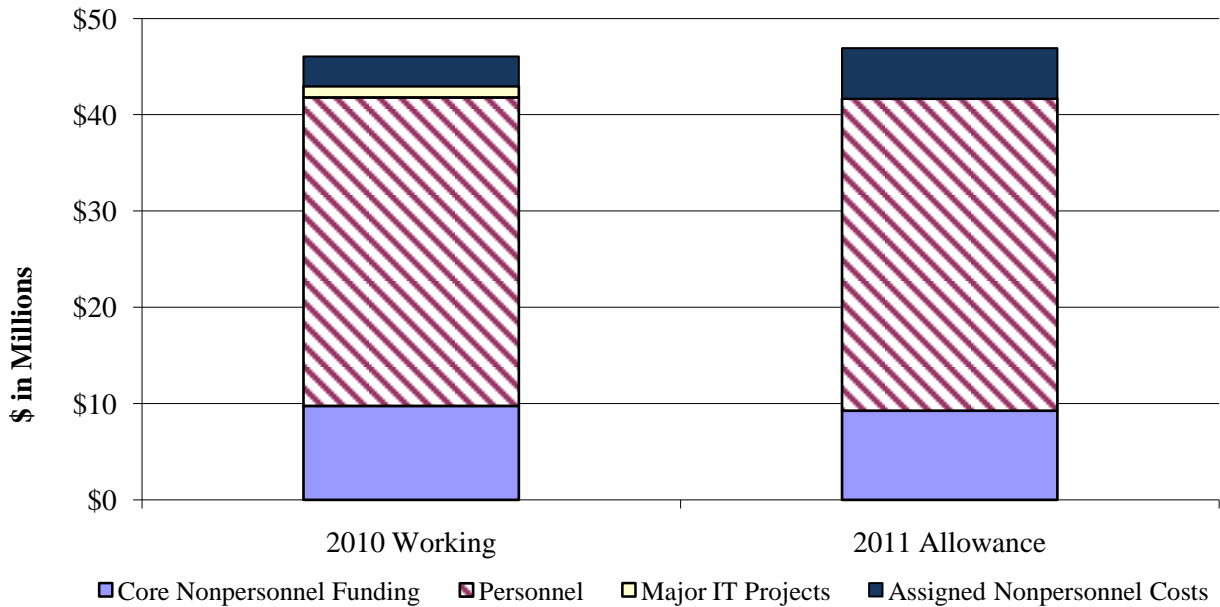
Outside of this increase, there are declines in areas such as travel, communications, printing, and tuition assistance, all related to ongoing and deeper cost containment.

Finally, one item that is included in the budget in fiscal 2011 is funding for the Community Services Rate Reimbursement Commission (CSRRC). This funding was not included in the fiscal 2009 budget or the fiscal 2010 allowance, although fiscal 2010 budget bill language ultimately restricted funding to support the CSRRC in fiscal 2010. Indeed, funding was provided as intended by the language. Ironically, while the commission continued to meet even without specific funding in fiscal 2009 (MHA and DDA bearing the cost), it has not met in fiscal 2010 although funding has been provided. Further, at the time of writing, the department had not submitted a report on the CSRRC and ways to improve the rate-setting process generally. The fiscal 2010 budget bill required that report to be submitted by October 1, 2009.

An Alternative View of the Budget

As shown in **Exhibit 6**, an alternative view of growth for the DHMH Administration perhaps best reveals the impact of ongoing cost containment on this particular budget. Assigned nonpersonnel costs (for example, the Department of Budget and Management (DBM) assigned costs for telecommunications, capital leases, OAH and other information technology costs) increase almost \$2.2 million, 70.0%, from fiscal 2010 to 2011. Although these costs generally reflect utilization of the related functions by DHMH, the department has limited control or ability to limit these costs. Even the more modest growth in personnel costs is largely outside of the department’s control. Those areas of spending the department does have more control over, categorized as core nonpersonnel funding in Exhibit 6, declines by almost \$500,000 from fiscal 2010 to 2011, 5.1%. To be sure, not all of this decline can be attributed to cost containment (for example, there are one-time changes in federal grants). However, this is where most of the discretionary cost containment is occurring.

Exhibit 6
DHMH – Administration
Working 2010 – Allowance 2011



DHMH: Department of Health and Mental Hygiene
IT: information technology

Note: See text for explanation.

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

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funding for in-state travel in the Office of the Inspector General and audit function to the most recent actual.	\$ 15,000	GF
	\$ 5,000	FF
2. Delete funding for online training courses. Although utilized by the department for seven years as a training tool, deletion is recommended as an additional cost containment measure.	38,000	GF
3. Reduce funding for outside patient advocacy legal contracts to reflect lower institutional enrollment and a favorable contract environment. This represents a 10% reduction from fiscal 2010 levels.	44,000	GF
Total Reductions	\$ 102,000	
Total General Fund Reductions	\$ 97,000	
Total Federal Fund Reductions	\$ 5,000	

Updates

1. The Utilization of Audited Statements Submitted by Community Providers

Chapter 335 of 2008, the fiscal 2009 budget bill, included language requesting the submission of a report concerning the auditing of community-based programs that receive funding from programs within DHMH, with particular emphasis on MHA and DDA.

DHMH submitted the requested report just prior to the close of fiscal 2009. In addition to an overview of auditing activity conducted by the department on community providers generally, the report provided specific information with regard to MHA and DDA community providers. It should be noted that for MHA, this information related exclusively to the grants provided to the Core Service Agencies (CSAs) and not community providers delivering services through the fee-for-service public mental health system. Those providers are subject to scrutiny by the utilization review procedures carried out by the Administrative Services Organization (ASO) which is contracted by the State to administer the fee-for-service system. Under those procedures, ASO focuses on the veracity of claims. Although MHA has been slowly developing outcome measures within the fee-for-service system, the administration is some way from actively linking those outcomes to payment beyond the differential rates paid to providers implementing evidence-based practices.

The primary purpose of the audited reports received by MHA and DDA is to track the utilization of awarded grants/contracts. For MHA, the reports are used to ensure the viability of CSAs and to ensure that the CSAs are appropriately tracking subcontractor contracts. For DDA, the reports are used as the basis for cost settlements for rate based services. In both instances, the Community Services Reimbursement Rate Commission also uses these audited reports in its deliberations on provider inflationary increases.

The report reveals two points of potential concern:

- neither MHA nor DDA utilizes the audit reports in the development of its budget; and
- in its use of audited reports, MHA does appear to link, albeit in a limited fashion, outcomes and funding. DDA, however, does not use the audited reports to link funding and provider outcomes or quality. It should be noted that DHMH indicated in a follow-up discussion with the Department of Legislative Services that DDA is certainly interested in a closer linkage between how a clients' needs are met and the rates paid to providers. Certainly, this is an area where MHA, and especially DDA, could stand to improve its contracting practices.

Current and Prior Year Budgets

Current and Prior Year Budgets					
DHMH – Administration					
(\$ in Thousands)					
	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Reimb.</u>	<u>Total</u>
Fiscal 2009	Fund	Fund	Fund	Fund	
Legislative Appropriation	\$28,841	\$30	\$13,386	\$5,049	\$47,306
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	47	481	171	3,910	4,609
Cost Containment	-2,551	0	-15	0	-2,567
Reversions and Cancellations	-101	-361	-169	-2,822	-3,453
Actual Expenditures	\$26,236	\$150	\$13,373	\$6,137	\$45,896
Fiscal 2010					
Legislative Appropriation	\$27,081	\$410	\$13,280	\$5,847	\$46,618
Cost Containment	-2,077	0	-101	0	-2,178
Budget Amendments	80	0	258	1,295	1,632
Working Appropriation	\$25,083	\$410	\$13,437	\$7,142	\$46,073

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

Fiscal 2009

The fiscal 2009 legislative appropriation for the DHMH Administration was reduced by just over \$1.4 million. This reduction was derived as follows:

- Budget amendments increased the legislative appropriation by just over \$4.6 million.
 - General fund budget amendments increased the legislative appropriation by \$47,000. Additions to the appropriation included:
 - \$512,000 to reflect DHMH Administration’s share of the fiscal 2009 cost-of-living adjustment originally budgeted in DBM;
 - \$184,000 transferred from MHA and DDA as part of a reorganization involving the new Deputy Secretariat for Behavioral Health;
 - \$38,000 as a result of the close-out realignment of health insurance and telecommunications expenditures; and
 - \$35,000 in Annual Salary Review funding and other adjustments.

These additions were almost entirely offset by the following reductions:

- \$376,000 as a result of close-out realignment of expenses; and
- \$346,000 for a nurse retention bonus originally budgeted in the DHMH Administration budget subsequently transferred to other parts of the department as appropriate.
- Special fund budget amendments of almost \$481,000 added to the appropriation. Virtually this entire amount (\$451,000) related to the development of an Organ and Tissue Donor Registry as required by Chapter 214 of 2008.
- Federal fund amendments increased the appropriation by just over \$171,000 as a result of funds available for equipment replacement under a Public Health Emergency Preparedness grant.
- Reimbursable fund budget amendments added just over \$3.9 million to the legislative appropriation. The major changes were the transfer of funds from MITDPF for CHRIS (\$2.2 million) and EVRS (\$971,000) and \$600,000 for network upgrades at Spring Grove Hospital.
- Fiscal 2009 cost containment actions taken by BPW reduced the DHMH Administration budget by almost \$2.6 million. Most of this cost containment was achieved through personnel savings (including furloughs and reductions in fringe benefits, specifically Other Post

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Employment Benefits prefunding and health insurance) as well as miscellaneous operating expenses.

- Finally, the appropriation was reduced by almost \$3.5 million in a combination of general fund reversions (\$101,000), and special, federal, and reimbursable fund cancellations across various programs. The largest single cancellation, \$2.7 million in reimbursable funds related to lower than anticipated expenditures for the two major information technology development projects currently being implemented through the DHMH Administration budget.

Fiscal 2010

To date, the fiscal 2010 legislative appropriation has been reduced by \$545,000. This change is derived as follows:

- Cost containment reductions taken by BPW in July, August, and November 2009 reduced the legislative appropriation by just under \$2.2 million (\$2.077 million general funds, \$101,000 federal funds). For more detail, see the discussion under the heading Fiscal 2010 Actions, Impact of Cost Containment.
- Budget amendments have added a little over \$1.6 million to the appropriation. Specifically:
 - General funds have increased by \$80,000 due to internal reorganization;
 - Federal funds have increased by \$258,000 from grants funds available for the development of a communications plan and other activities related to the H1N1 vaccination campaign; and
 - Reimbursable funds have increased by almost \$1.3 million. These are primarily funds received from MITDPF for the ongoing development of an electronic vital records system (\$1,165,000). The remaining funds (\$130,000) are to support the Community Services Rate Reimbursement Commission.

Major Information Technology Projects

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

Project Description:	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.		
Project Business Goals:	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.		
Estimated Total Project Cost:	Initial project estimate was \$4,950,000 (exclusive of operations and maintenance costs). The fiscal 2009 MITDPF End of Year report indicated costs of \$10 million-20 million.	New/Ongoing Project:	Ongoing but paused.
Project Start Date:	May 2005	Projected Completion Date:	Unknown. The project is paused until funding becomes available.
Schedule Status:	CHRIS 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. An RFP was issued in June 2008 and two responses were received, although one was deemed non-responsive. The fiscal 2010 budget withdrew \$3.2 million of previously appropriated funding for the project and July 2009 BPW cost containment actions cut the remainder of the funding that had not been spent to that point. The project is now officially paused.		
Cost Status:	Spending on CHRIS totaled \$478,292 through fiscal 2009 when the project was paused. No additional expenditures are anticipated at this time.		
Scope Status:			
Project Management Oversight Status:	Paused.		
Identifiable Risks:	As conceived, and planned, the project involved 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. Some of these risks contributed to the project delay and combined with funding cuts, to the present decision to pause the project.		
Additional Comments:	One potential funding source for this project would appear to be federal stimulus funds, and specifically, those funds dedicated to health information technology. However, primary focus of federal stimulus funds appeared to be electronic health record systems for practitioners and what funding for other information technology systems was available appeared to exclude mental health.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	\$0.0							\$0.0
Professional and Outside Services	478.3							478.3
Other Expenditures	0.0							0.0
Total Funding	\$478.3							478.3

BPW: Board of Public Works

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**

Project Description:	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.		
Project Business Goals:	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.		
Estimated Total Project Cost:	\$5,022,606. Initial price estimate was \$2,800,000 (exclusive of operations and maintenance costs).	New/Ongoing Project:	Ongoing.
Project Start Date:	April 2006.	Projected Completion Date:	2012
Schedule Status:	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, an inability of the system to meet national standards and multiple unsuccessful rounds of systems acceptance testing because of critical defects delayed the project. Additional project management support for the project was required by DoIT. The “birth” system went live January 2010 although without all of the scheduled features and some minor errors that have been corrected. A number of minor features will be implemented prior to a final sign-off of the acceptance of the birth module. The next module, death records, will begin development in fiscal 2010 under the same heightened project manager scrutiny currently in place. Partial funding for the “death” module was cut by BPW in November 2009 but is reflected in fiscal 2011 funding.		
Cost Status:	Through fiscal 2009, 64% of appropriated funds had been spent, or 25% of the estimated project cost at completion. This funding pattern is consistent with the intent to roll-out the project in three distinct phases. To date, costs have increased because of the need for additional project management support. Further, the agency and the contractor are still resolving issues surrounding the implementation of the birth schedule. Out-year project costs as well as DHMH current services costs (for system help desk and maintenance) are likely to increase.		
Scope Status:	No change.		
Project Management Oversight Status:	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.		
Identifiable Risks:	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. Other risks include strained relations between the State and contractor and out-year system maintenance costs which will require additional funding.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	2,417.0	1,184.7	621.0	366.0	140.2	294.0	0.0	5,022.6
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$2,417.0	\$1,184.7	\$621.0	\$366.0	\$140.2	\$294.0	\$0.0	\$5,022.60

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>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	464.00	440.50	437.50	-3.00	-0.7%
02 Contractual	11.35	13.79	13.90	0.11	0.8%
Total Positions	475.35	454.29	451.40	-2.89	-0.6%
Objects					
01 Salaries and Wages	\$ 32,930,659	\$ 32,037,698	\$ 33,352,026	\$ 1,314,328	4.1%
02 Technical and Spec. Fees	528,372	621,919	603,068	-18,851	-3.0%
03 Communication	2,526,474	2,531,663	2,495,230	-36,433	-1.4%
04 Travel	463,729	526,341	181,172	-345,169	-65.6%
06 Fuel and Utilities	162,831	159,894	171,727	11,833	7.4%
07 Motor Vehicles	122,624	70,195	78,709	8,514	12.1%
08 Contractual Services	5,683,788	7,094,345	7,710,463	616,118	8.7%
09 Supplies and Materials	283,336	302,932	294,389	-8,543	-2.8%
10 Equipment – Replacement	341,357	198,800	438,746	239,946	120.7%
11 Equipment – Additional	406,686	317,969	321,274	3,305	1.0%
12 Grants, Subsidies, and Contributions	156,185	139,933	156,185	16,252	11.6%
13 Fixed Charges	2,289,866	2,071,136	2,086,615	15,479	0.7%
Total Objects	\$ 45,895,907	\$ 46,072,825	\$ 47,889,604	\$ 1,816,779	3.9%
Funds					
01 General Fund	\$ 26,235,848	\$ 25,083,435	\$ 25,972,472	\$ 889,037	3.5%
03 Special Fund	149,982	410,000	410,000	0	0%
05 Federal Fund	13,373,147	13,436,892	14,429,015	992,123	7.4%
09 Reimbursable Fund	6,136,930	7,142,498	7,078,117	-64,381	-0.9%
Total Funds	\$ 45,895,907	\$ 46,072,825	\$ 47,889,604	\$ 1,816,779	3.9%

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary
DHMH – Administration**

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Executive Direction	\$ 8,729,253	\$ 9,623,555	\$ 10,051,799	\$ 428,244	4.4%
02 Financial Management Administration	33,420,892	31,749,240	34,375,022	2,625,782	8.3%
08 Major IT Projects	449,195	1,165,000	0	-1,165,000	-100.0%
01 Executive Direction	1,229,009	1,475,214	1,258,058	-217,156	-14.7%
01 Deputy Secretary for Behavioral Health and Disabilities	2,067,558	2,059,816	2,204,725	144,909	7.0%
Total Expenditures	\$ 45,895,907	\$ 46,072,825	\$ 47,889,604	\$ 1,816,779	3.9%
General Fund	\$ 26,235,848	\$ 25,083,435	\$ 25,972,472	\$ 889,037	3.5%
Special Fund	149,982	410,000	410,000	0	0%
Federal Fund	13,373,147	13,436,892	14,429,015	992,123	7.4%
Total Appropriations	\$ 39,758,977	\$ 38,930,327	\$ 40,811,487	\$ 1,881,160	4.8%
Reimbursable Fund	\$ 6,136,930	\$ 7,142,498	\$ 7,078,117	-\$ 64,381	-0.9%
Total Funds	\$ 45,895,907	\$ 46,072,825	\$ 47,889,604	\$ 1,816,779	3.9%

Note: The fiscal 2010 appropriation does not include deficiencies.