

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

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$120,216	\$122,336	\$116,881	-\$5,455	-4.5%
Special Fund	29,933	53,651	48,834	-4,817	-9.0%
Federal Fund	106,464	103,836	109,435	5,600	5.4%
Reimbursable Fund	<u>596</u>	<u>497</u>	<u>645</u>	<u>149</u>	<u>29.9%</u>
Total Funds	\$257,210	\$280,319	\$275,795	-\$4,524	-1.6%

- The Governor's proposed budget is \$4.5 million less than the fiscal 2007 working appropriation, a decrease of 1.6%.
- The decline is largely due a \$10.0 million prior year grant for the Prince George's Hospital Center and the elimination of \$3.0 million for the immigrant health initiative. These decreases are offset by a \$6.0 million increase in the Women, Infants, and Children Supplemental Nutrition Food Program and a \$2.9 million increase in core funding for the local health departments.

Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	319.70	316.70	314.70	-2.00
Contractual FTEs	<u>11.75</u>	<u>18.16</u>	<u>18.83</u>	<u>0.67</u>
Total Personnel	331.45	334.86	333.53	-1.33

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	12.59	4.00%
Positions Vacant as of 12/31/06	36.30	11.46%

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

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- The fiscal 2008 allowance has two fewer positions than fiscal 2007. The Community Health Administration and the Family Health Administration each abolish one vacant position.
- The projected fiscal 2008 turnover rate of 4.00% is 7.46 percentage points lower than the current vacancy rate of 11.46%. To achieve this turnover rate in fiscal 2008, it will be necessary to maintain 12.59 vacancies. Currently, the department has 36.3 vacancies, of which 6 have been vacant for longer than 12 months.

Analysis in Brief

Major Trends

Statewide Syphilis Rate Exceeds National Average but Shows Improvement: In 2005, the statewide infection rate was 5.6 cases per 100,000 population, an 18% decrease over the 2004 rate of 6.8 cases. Despite the decline, the infection rate is still significantly higher than the national rate of 3.0 cases per 100,000 population. The problem is pronounced in Baltimore City, where the rate of syphilis among men is 30.6 cases per 100,000 population, accounting for 62% of all reported Maryland cases.

Infant Mortality Rate Improves in 2005: Following the national trend, Maryland's overall infant mortality rate increased in 2003 and 2004 but declined to 7.3 deaths per 1,000 live births in 2005. The Babies Born Healthy and Immigrant Health Initiatives are working to reduce the infant mortality rate by expanding direct care to uninsured pregnant women and children.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add a section that prohibits the expenditure of funds until legal proceedings related to the 2007 Master Settlement Agreement payment are concluded.		
2. Delete two long-term vacant positions.	\$ 182,811	2.0
3. Increase turnover expectancy from 4.00 to 6.00%.	430,050	
Total Reductions	\$ 612,861	2.0

Updates

Lyme Disease Prevalence and Prevention Efforts: Committee narrative included in the *2006 Joint Chairmen's Report* required the Community Health Administration to educate physicians on tick-borne infections including Lyme disease and develop and distribute educational materials for the citizens of Maryland. This update will review the department's efforts to slow the spread of Lyme disease.

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Community and Family Health Administrations
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

As of July 1, 2001, the Community and Public Health Administration was divided into two separate administrations – the Community Health Administration (CHA) and the Family Health Administration (FHA).

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

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

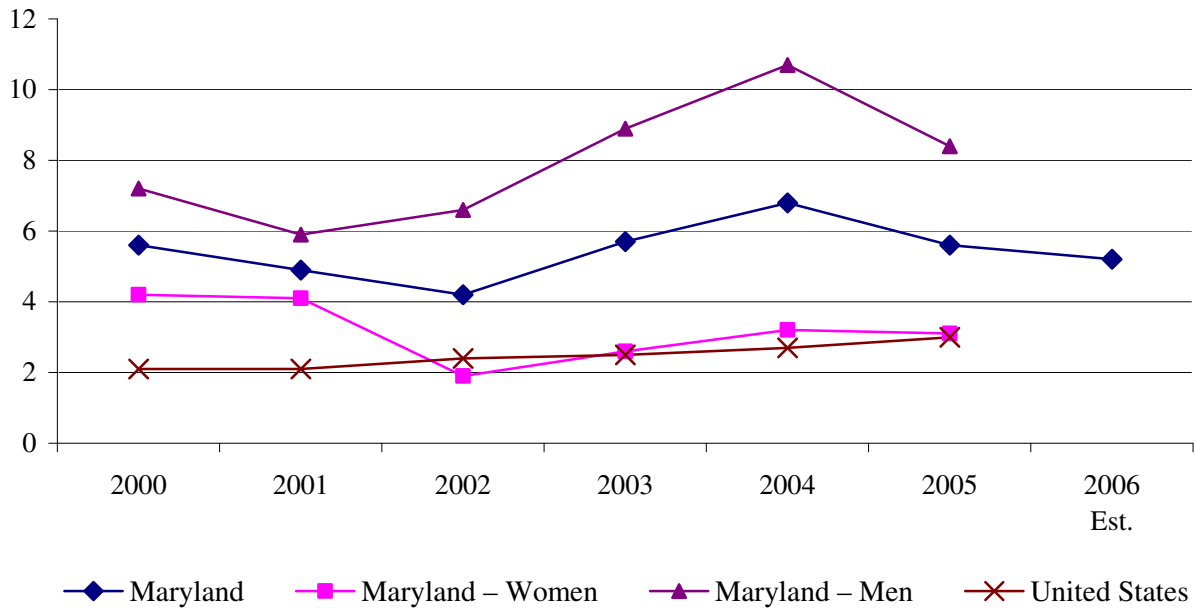
Performance Analysis: Managing for Results

Primary/Secondary Syphilis

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

Syphilis rates in Maryland are displayed in **Exhibit 1**. In 2005, the Community Health Administration reported a statewide infection rate of 5.6 cases per 100,000 population, an 18% decrease over the 2004 rate of 6.8 cases. Despite the decline, the rate is still significantly higher than the national rate of 3.0 cases per 100,000. Increased infection rates are associated with HIV infection and high-risk sexual behavior, specifically, among men who have sex with men. The problem is pronounced in Baltimore City, where the rate of syphilis among men is 30.5 cases per 100,000 population, accounting for 62% of all reported Maryland cases. Preliminary calendar 2006 data show a decrease in the Baltimore City syphilis rate from 30.5 to 24.4 cases per 100,000.

Exhibit 1
Rates of Primary/Secondary Syphilis
Cases Per 100,000 Population
Calendar 2000-2005



Note: Healthy People 2010 Goal: 0.2 Cases Per 100,000 People.

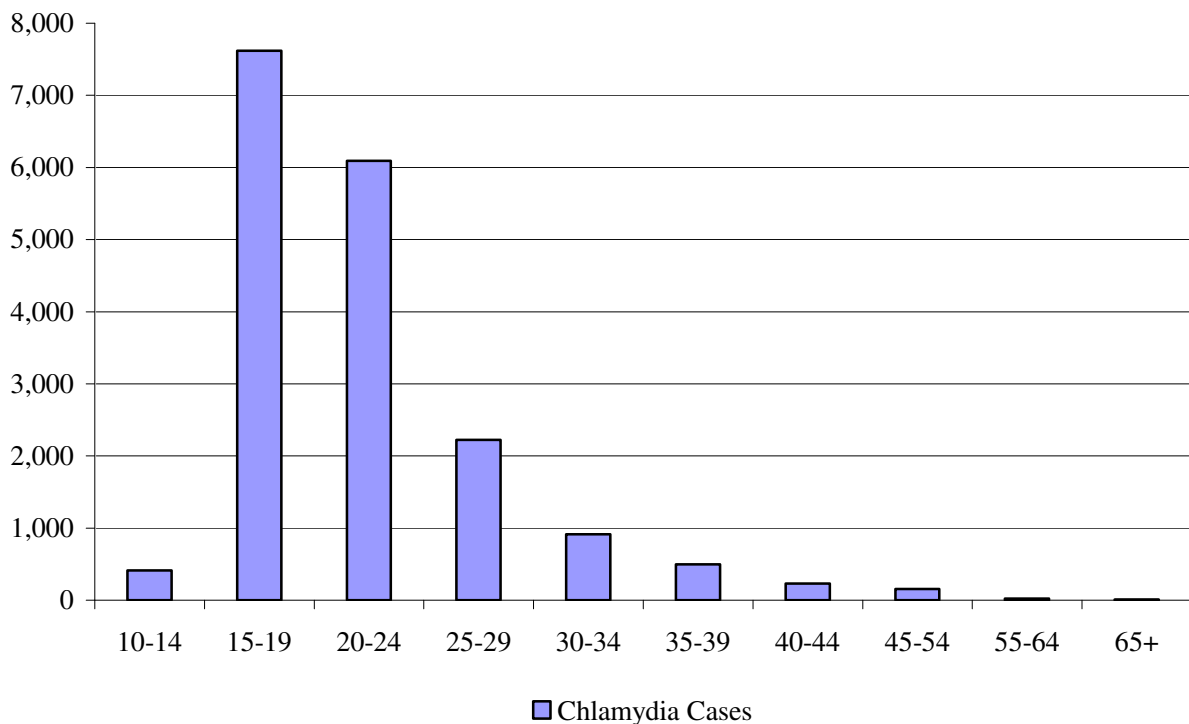
Source: Department of Health and Mental Hygiene; Centers for Disease Control and Prevention

The Community Health Administration has attempted to address the problem through a contract with the Department of Public Safety and Correctional Services to conduct syphilis testing at the Baltimore City Booking and Intake Center. Corrections-based testing targets high-risk populations and leads to case follow-up and treatment in the community as well as inside the institutions. In 2005, the Community Health Administration conducted 21,107 screenings at the intake center – an increase of 13.6% over 2004. Other actions taken include increased technical assistance to local health departments and Baltimore City through local and regional meetings, on-site reviews of local protocols and procedures, and training sessions. Additionally, the Community Health Administration is partnering with the Baltimore City Health Department to analyze risk factors specific to Baltimore City and to strategize additional interventions. Preliminary calendar 2006 data show a decrease in statewide syphilis rate from 5.6 to 5.2 cases per 100,000 and a decrease in the Baltimore City rate from 30.5 to 24.4 cases per 100,000.

Chlamydia

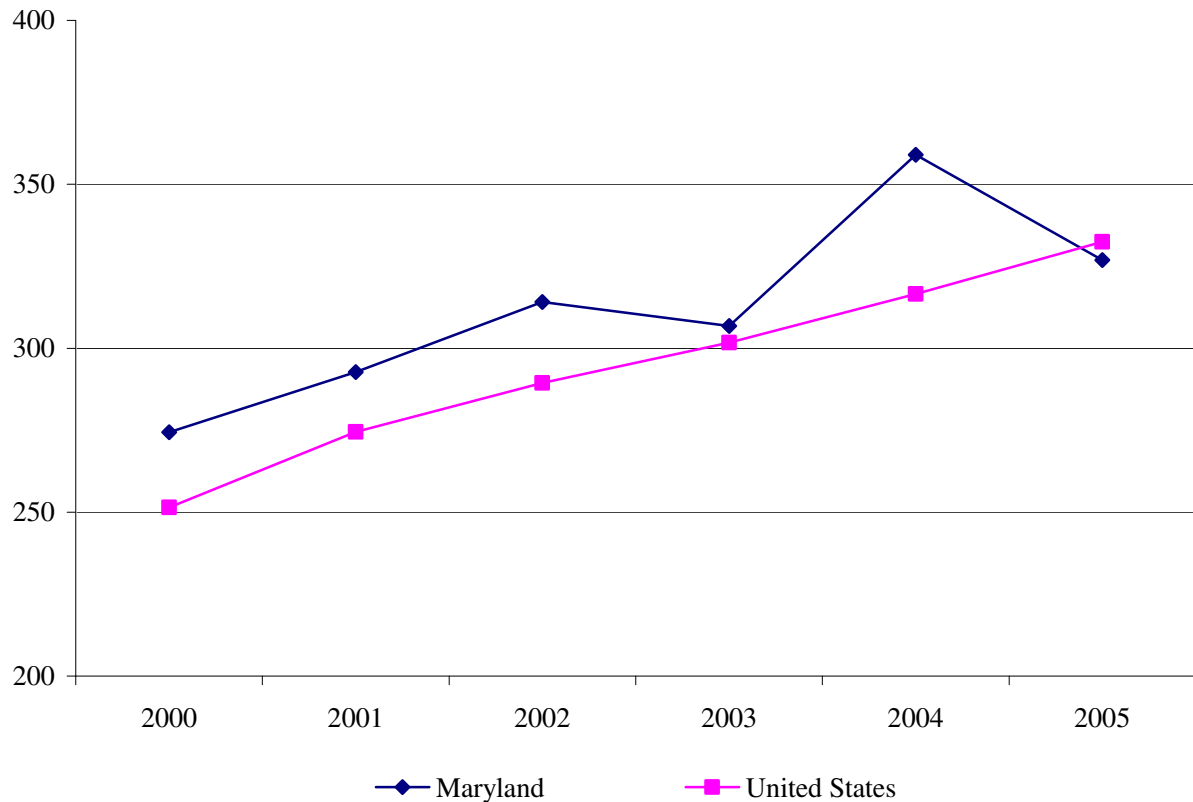
The Community Health Administration recently expanded coordination with the Maryland State Department of Education (MSDE) to support outreach, education, and screening for sexually transmitted diseases including Chlamydia which is one of the most prevalent STDs. In women, Chlamydia infections, which are usually asymptomatic, may result in pelvic inflammatory disease, which is a major cause of infertility. As shown in **Exhibit 2**, Chlamydia disproportionately affects teenagers and young adults. This is particularly worrisome given that most infections are occurring either before or during child bearing years. According to the Centers for Disease Control and Prevention (CDC), women infected with Chlamydia are up to five times more likely to become infected with HIV, if exposed. Infections rates in Maryland and nationally have increased substantially during the last 10 years. **Exhibit 3** shows this increase between 2000 and 2005. The increase most likely reflects increased screening, a greater emphasis on reporting, and the use of increasingly sensitive diagnostic tests.

Exhibit 2
Number of Chlamydia Cases by Age Group
Calendar 2005



Source: Community Health Administration

Exhibit 3
Number of Chlamydia Cases
Per 100,000 Population
Calendar 2000-2005



Source: Community Health Administration; Centers for Disease Control and Prevention

The Community Health Administration is working to prevent and reduce the spread of Chlamydia through data sharing, training, and STD screening support for some high school-based clinics in Prince George's and Baltimore counties. Additionally, MSDE recommends a statewide curriculum for family health instruction which includes human sexuality and STD prevention. However, teaching content in each jurisdiction varies widely as determined by local school boards.

Infant Mortality Rates

The Maternal and Perinatal Health Program within the Family Health Administration is charged with reducing infant mortality and promoting the health and well-being of all women and children. Infant mortality rates are used to indicate the total health of populations in the United States and

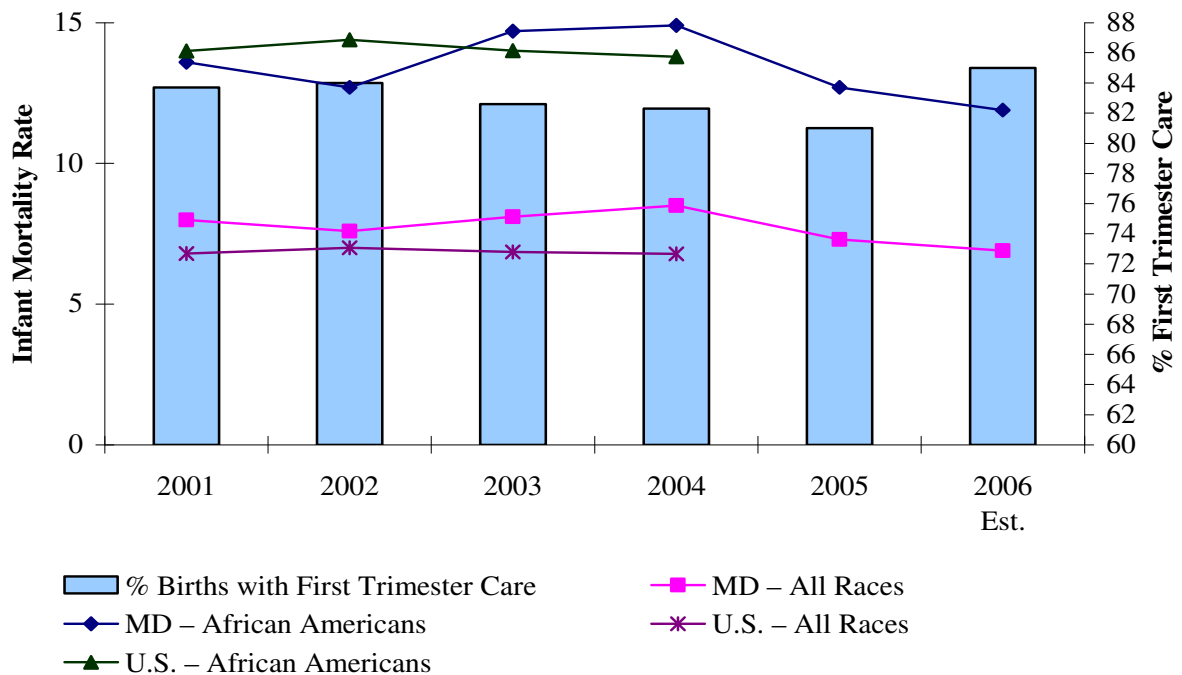
internationally. During the second half of the twentieth century, infant mortality rates in the United States fell from 29.2 to 6.9 per 1000 live births, a decline of 76%. Over this period, infant mortality rates declined for all races; however, rates for African American infants have consistently been higher than rates for white infants. Mirroring the national trend, Maryland's infant mortality rate decreased 23% during the 1990s due to improved access to preconception, prenatal, and family planning services. Also contributing to the decline was the development of hospital perinatal standards, high risk consultation, and community-based perinatal health improvements.

In 2002, the United States infant mortality rate increased for the first time since 1958. According to the National Center for Health Statistics, infant mortality rates were the highest among mothers who smoked, had no prenatal care, were teenagers, were unmarried, and had less education. Following the national trend, Maryland's overall infant mortality rate increased in 2003 and 2004 but declined to 7.3 deaths per 1,000 live births in 2005. **Exhibit 4** shows the infant mortality rates in Maryland and the United States from 2001 through 2006, as well as the percent of Maryland births with first trimester care. Following national trends, Maryland's African American infant mortality rate has consistently been higher than other races. In 2005, nearly 60% of the 545 infant deaths in Maryland were African American babies. Also shown in Exhibit 4, is a 3.6 percentage point decline between 2002 and 2005, in the percent of births with first trimester care. The increase in 2006 reflects the potential impact of the Babies Born Healthy and Immigrant Health initiatives. Prenatal care during the first trimester helps to identify and prevent any medical, genetic, or environmental risk factors that might increase the possibility of a premature or low-birth weight baby. In 2003, Maryland hospitals spent approximately \$133 million to care for premature infants, of which approximately half was charged to Medicaid.

The recent rise in mortality rates may be attributable to a number of reasons including a decline in community-based perinatal care reflecting fiscal constraints and a reduction in the number of obstetricians available to meet community needs. Additionally, rising malpractice premiums have also resulted in some providers limiting their practice to higher paying clients. The Babies Born Healthy and the Immigrant Health initiatives are working to reverse these trends. In fiscal 2007, the State budget included an additional \$2.0 million to fund the Babies Born Healthy Initiative and a \$3.0 million enhancement to fund the Immigrant Health Initiative. Funding for both programs is dedicated to providing direct care to uninsured pregnant women and children. Through these initiatives, basic prevention strategies including perinatal, postnatal, and preconception/family planning were expanded primarily at the local health departments. Other programs helping to expand prenatal and postnatal care include Medicaid and the Maryland Children's Health Insurance Program.

The fiscal 2008 allowance includes an additional \$1.0 million to fund the Babies Born Healthy Initiative; however, funding for the Immigrant Health Initiative was eliminated. The discontinuation of this program may adversely impact access to care and enabling services (outreach and transportation) for immigrant pregnant women and children. However, restoration of funds in the Medicaid budget for this population may alleviate some of the impact. The department's goal is to reduce the infant mortality rate to no more than 5.3 per 1,000 live births for all races, and 8.0 per 1,000 live births for African Americans by 2010. The department also strives to increase the percent of births receiving first trimester care to 90% by 2010. **The department should comment on the impact the Babies Born Healthy and Immigrant Health Initiatives are having on pregnancy outcomes.**

Exhibit 4
Maryland Infant Mortality¹ Rates and
Percent of Births with First Trimester Care
Calendar 2001-2006
Cases Per 1,000 Live Births



¹ Death during the first year of life.

Note: National data are only available through calendar 2004.

Source: Department of Health and Mental Hygiene; National Center for Health Statistics; Centers for Disease Control and Prevention

Governor's Proposed Budget

The allowance for the Community and Family Health Administrations decreases \$4.5 million, as detailed in **Exhibits 5** and **6**. Funding for the Community Health Administration increases \$1.6 million due to a \$2.9 million increase in funding for core public health services. Funding for the Family Health Administration decreases \$6.2 million mainly due to the deletion of \$3.0 million for the immigrant health initiative and the reduction of \$10.0 million due to a prior year grant for the Prince George's County Hospital Center.

Exhibit 5
Distribution of Funding by Administration
Fiscal 2006-2008

	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Working</u> <u>Appropriation</u>	<u>2008</u> <u>Allowance</u>	<u>2007-08</u> <u>Difference</u>	<u>%</u> <u>Change</u>
Community Health Administration					
Administration	\$1,018,570	\$893,857	\$951,148	\$57,291	6%
Community Health Services	17,358,879	19,089,660	17,783,600	-1,306,060	-7%
Core Public Health	66,351,987	68,160,951	71,050,283	2,889,332	4%
Subtotal	\$84,729,436	\$88,144,468	\$89,785,031	\$1,640,563	2%
Family Health Administration					
Administration	\$2,471,238	\$2,372,962	\$2,495,755	\$122,793	5%
Family Health Services	104,380,922	107,648,077	102,403,923	-5,244,154	-5%
Prevention and Disease Control	32,164,299	34,659,665	33,633,945	-1,025,720	-3%
Cigarette Restitution Funds	33,463,777	47,494,263	47,476,518	-17,745	0%
Subtotal	\$172,480,236	\$192,174,967	\$186,010,141	-\$6,164,826	-3%
Total	\$257,209,672	\$280,319,435	\$275,795,172	-\$4,524,263	-2%

Source: Governor's Budget Books, Fiscal 2008; Department of Legislative Services

Exhibit 6
Governor's Proposed Budget
DHMH – Community and Family Health Administrations
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2007 Working Appropriation	\$122,336	\$53,651	\$103,836	\$497	\$280,319
2008 Governor's Allowance	<u>116,881</u>	<u>48,834</u>	<u>109,435</u>	<u>645</u>	<u>275,795</u>
Amount Change	-\$5,455	-\$4,817	\$5,600	\$149	-\$4,524
Percent Change	-4.5%	-9.0%	5.4%	29.9%	-1.6%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$583
Turnover adjustments	450
Contributions to employee retirement system	350
Overtime	73
Other fringe benefit adjustments	25
Abolished/transferred positions	-188
Health insurance costs decline due to one-time savings	-423

Other Community Health Administration Changes

Core public health funds for local health departments (formula increase)	2,889
Refugee health screening	199
Decrease in federally sponsored emerging infection research at academic health centers	-203
Immunization activities	-761
Elimination of federally sponsored surveillance and investigation of Pfiesteria and harmful algal blooms program (project ends September 2007)	-1,016

Other Family Health Administration Changes

Federal funds for the Women, Infants, and Children Supplemental Nutrition Program	5,862
Babies Born Healthy	999
Human Immunodeficiency Virus prevention services for family planning clients	400
Infant and toddler early intervention case management	259
Smoke Alarms for Everyone	139
Tobacco prevention activities	95

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Where It Goes:

University of Maryland, Baltimore Perinatal Outreach Program	-282
Cigarette Restitution Fund (CRF) management support – decrease in general and federal funds offset by increase in CRF special funds for management support.....	-366
Statewide Cancer Program	-956
Immigrant health services.....	-3,000
Prince George’s County Hospital Center fiscal 2007 grant.....	-10,000

Other Cigarette Restitution Fund Changes

Department of Health and Mental Hygiene Management support	331
Other	2
Administration	-350

Other Changes

Department of Budget and Management paid telecommunications	84
Vehicle replacement for food protection and consumer health activities.....	84
Prior year grant funds	69
Contractual personnel	48
Software maintenance.....	45
Other	35

Total **-\$4,524**

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

Personnel Expenses

Personnel expenses in the Community and Family Health Administrations are expected to increase \$1.7 million in fiscal 2008 (excluding retiree health insurance spending). The increase is largely attributable to a \$0.6 million increase in increments, a \$0.5 million increase in turnover, and a \$0.4 million increase in employee retirement contributions.

Immunization Activities

The immunization program within the Community Health Administration investigates all reported cases of vaccine-preventable disease and enforces school and day care immunization laws, among other activities. Funding for immunization activities is expected to decrease \$0.8 million, or 14% in fiscal 2008. The decrease is mainly due to a one-time only fiscal 2007 \$1.1 million general fund initiative to vaccinate elementary school children ages 5 to 11 years with Influenza Vaccine. The purpose of the program is to decrease student and school staff absenteeism and to decrease the probability of virus transmission among younger siblings and elderly household contacts. The allowance also decreases \$0.1 million as the Centers for Disease Control and Prevention have

assumed responsibility for all vaccine distribution and other duties previously included in the Community Health Administration budget. This is part of an effort by the CDC to nationalize vaccine purchasing, distribution, and inventory control of all Vaccines for Children and other federally purchased vaccines. Funds were further reduced \$0.3 million due to the discontinuation of CDC funding for tetanus diphtheria vaccines. These savings, which total \$1.5 million are offset by a \$0.7 million increase in grants to the local health departments to perform a number of activities including increasing the number of adolescent providers enrolled in the Vaccine for Children program; advertising and promotion of late-season influenza vaccination activities; and initiating local health department surveillance of Varicella (chicken pox) disease.

Other Community Health Administration Initiatives

Independent of the core public health program, the Community Health Administration derives 50% of its budget from federal contracts and grant programs. Among these programs are several changes in fiscal 2008.

- Federal funds for emerging infection research at the academic health centers are expected to decrease \$0.2 million in fiscal 2008. The decrease is due to a \$0.3 million reduction for research relating to food-borne illness provided by the University of Maryland, School of Medicine. The decrease in funding will adversely affect the State's capacity to investigate outbreaks of food-borne illness. This decrease is offset by a \$47,102 increase for research relating to invasive cases of bacterial diseases, such as meningitis, provided by the Johns Hopkins Bloomberg School of Public Health.
- Expiration of federal funds for surveillance and investigation activities related to Pfiesteria and other harmful algal blooms, results in a reduction of \$1.0 million in fiscal 2008.

Reimbursable funds for refugee health screening services are expected to increase \$0.2 million in fiscal 2008. The Maryland Office of New Americans in the Department of Human Resources provides financial support for this program through an annual agreement with the Department of Health and Mental Hygiene (DHMH). Reimbursable funds are provided to DHMH to reimburse local health departments for specific health services provided to new refugees. Approximately 1,300 refugees will receive health screenings in fiscal 2008.

The fiscal 2008 allowance also includes \$2.9 million in general funds to increase the amount of core public health funds from \$68.2 million to \$71.1 million. State law requires the amount of funding to increase annually based on inflation, as measured by the Consumer Price Index and population growth. The formula does not include a cost-of-living adjustment (COLA) for State employees; however, a COLA has been provided to the local health departments each year since 1999 when a COLA for State employees was include in the State budget. In fiscal 2008, the allowance includes \$434,000 budgeted in the Department of Budget and Management for a local health department COLA. **The department should comment on whether the COLAs included in the budget historically have been sufficient to compensate for the costs associated with providing these adjustments.**

Immigrant Health Initiative

The fiscal 2008 allowance eliminates \$3.0 million for the Immigrant Health Initiative. This program provides ambulatory care services to legal immigrant pregnant women and children. The elimination of funds may adversely impact access to care and enabling services including transportation, translation and outreach, especially in counties with large immigrant populations such as Montgomery and Prince George's counties. Restoration of funds in the Medicaid budget to provide healthcare services to legal immigrant pregnant women and children may alleviate some of the impact due to the discontinuation of this program. However, the Medicaid program does not support transportation or outreach activities.

Babies Born Healthy

The Babies Born Healthy program provides direct care services, such as prenatal, preconception/family planning, and postnatal care for uninsured, low-income pregnant women and children. The goal of the program, which started in fiscal 2007, is to reduce infant mortality and improve infant health in Maryland. Funding for the program is expected to increase \$1.0 million in fiscal 2008. The additional funds will be used to award competitive grants to entities who serve women who are at high risk for poor pregnancy outcomes. The target population includes women with a history of a poor pregnancy outcome, low socio-economic status, and racial and ethnic minorities. Priority areas of funding include (1) increasing reproductive health and family planning services to post-partum women; (2) enhancing outreach and education for high-risk pregnant women; (3) improving access to prenatal care for low-income, uninsured pregnant women; and (4) ensuring appropriate newborn screening and follow-up. Funding under this program will also be used to maintain some of the public health infrastructure that was developed under the fiscal 2007 Immigrant Health Initiative.

Other Family Health Administration Initiatives

- Funding for the Women, Infants, and Children (WIC) Supplemental Nutrition Program increases \$5.9 million in the fiscal 2008 allowance. The program, which is almost entirely federally funded, provides nutrition and education services to low-income women, pregnant and postpartum women, and their young children. The increase in funds will allow the program to serve approximately 119,000 individuals per month, an increase of 8,000.
- A \$0.4 million increase in federal funds for expanded Human Immunodeficiency Virus counseling and testing. This funding will be used for enhanced prevention efforts in those communities where racial and ethnic minorities are impacted disproportionately by HIV/AIDS, specifically, Baltimore City and Prince George's County.
- Funds for the Infant and Toddlers program increase \$0.3 million. This project provides case management to Medicaid eligible infants and toddlers under age three. The project is carried out in accordance with a Memorandum of Understanding with the Medicaid program.

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- The CDC will provide Maryland with \$0.1 million to implement the Smoke Alarms for Everyone (SAFE) project in fiscal 2008. The SAFE project will competitively award three to five communities up to \$25,000 each to conduct home visits and to install smoke alarms in households that are unprotected in case of a fire. The project anticipates protecting approximately 7,000 households against fire-related injuries and death.
- Funds for the University of Maryland Perinatal Outreach Program, which supports community-based providers in the provision of high-risk obstetric care, decreases \$0.3 million, eliminating the program. Despite the discontinuation of this program, the perinatal health infrastructure in Maryland has been significantly strengthened by the Babies Born Healthy Initiative, decreasing the impact of this reduction.

Changes to general and special fund programs include:

- General funds for the Statewide Cancer Program decrease \$1.0 million in fiscal 2008. This program provides breast and cervical cancer screening, diagnosis, treatment, and outreach services to women. Reduced funding may limit these services as well as limit the funding available for breast reconstruction for women who have had a mastectomy.
- A \$10.0 million grant was provided in fiscal 2007 to support operational needs at the Prince George's County Hospital Center.

In fiscal 2008, \$0.3 million in CRF management support expenses are transferred to the CRF DHMH management support program offsetting the general and federal fund decrease in the FHA budget.

Cigarette Restitution Funds

CRF program spending decreases \$17,745 in the Governor's proposed budget. The majority of programs are funded at the fiscal 2007 level or have a small change in funding. In fiscal 2008, \$0.3 million in tobacco and cancer administrative costs are transferred to the CRF DHMH management support program offsetting the decrease in these programs. **Exhibit 7** details changes in CRF program spending since fiscal 2006.

Proposed fiscal 2008 State funding for tobacco prevention includes \$18.6 million in the CRF budget and \$2.4 million in the Family Health Administration budget. Together, this funding meets the requirement that the Governor include \$21.0 million in the budget for this purpose. This amount is less than the amount recommended by CDC which recommends a minimum amount of spending of \$5.98 per capita for tobacco prevention activities, which is equivalent to approximately \$30.3 million in Maryland.

Exhibit 7
Change in Cigarette Restitution Fund Program Spending
Fiscal 2006-2008

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2007-08</u>	<u>%</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Difference</u>	<u>Change</u>
Cancer Prevention, Education, Screening, and Treatment					
Statewide academic health centers	\$11,511,750	\$15,400,000	\$15,400,000	\$0	0%
Local public health	7,504,090	7,504,090	7,504,090	0	0%
Baltimore City public health	2,446,000	2,446,000	2,446,000	0	0%
Surveillance and evaluation	1,196,037	1,293,523	1,290,181	-3,342	0%
Administration	757,614	999,585	736,822	-262,763	-26%
Database development	385,000	385,000	385,000	0	0%
Statewide public health	111,798	111,798	111,798	0	0%
Subtotal	\$23,912,289	\$28,139,996	\$27,873,891	-\$266,105	-1%
Tobacco Use Prevention and Cessation					
Administration	\$320,757	\$769,544	\$682,333	-\$87,211	-11%
Countermarketing	500,000	500,000	500,000	0	0%
Local public health	6,958,347	12,090,000	12,090,000	0	0%
Statewide public health	1,065,631	3,465,489	3,470,500	5,011	0%
Surveillance and evaluation	0	1,900,000	1,900,000	0	100%
Other tobacco cessation	428,725	0	0	0	0%
Subtotal	\$9,273,460	\$18,725,033	\$18,642,833	-\$82,200	0%
DHMH management support	278,028	629,234	959,794	330,560	53%
Total	\$33,463,777	\$47,494,263	\$47,476,518	-\$17,745	0%

DHMH: Department of Health and Mental Hygiene

Source: Governor's Budget Books, Fiscal 2008

Recommended Actions

1. Add the following section:

SECTION X. AND BE IT FURTHER ENACTED, That \$26,478,675 of the special fund appropriation from the Cigarette Restitution Fund may not be expended until the Department of Budget and Management and the State's Office of the Attorney General submit a letter to the budget committees certifying that the legal proceedings related to the 2007 Master Settlement Agreement (MSA) payment will not result in revenues received by the Cigarette Restitution Fund during 2007 falling below \$152,574,004. Funds shall be withheld from the appropriation as follows:

<u>L00A12.10</u>	<u>Agriculture – Marketing and Development</u>	<u>\$293,388</u>
<u>L00A12.13</u>	<u>Agriculture – Tobacco Transition Program</u>	<u>\$939,278</u>
<u>M00F03.06</u>	<u>Cancer Prevention/Screening/Treatment and Heart/Lung</u>	<u>\$3,805,427</u>
<u>M00F03.06</u>	<u>Tobacco Use Prevention and Cessation Program</u>	<u>\$2,545,175</u>
<u>M00F03.06</u>	<u>Department of Health and Mental Hygiene Management</u>	
	<u>– Prevention and Disease Control</u>	<u>\$131,034</u>
<u>M00K02.01</u>	<u>Alcohol and Drug Abuse</u>	<u>\$2,336,306</u>
<u>R00A03.04</u>	<u>Maryland State Department of Education – Aid to</u>	
	<u>Nonpublic Schools</u>	<u>\$533,805</u>
<u>C81C00.14</u>	<u>Office of the Attorney General – Civil Litigation Division</u>	<u>\$57,476</u>
<u>M00Q01.03</u>	<u>Medical Provider Reimbursement</u>	<u>\$15,836,786</u>
	<u>Total Funds Withheld</u>	<u>\$26,478,675</u>

The budget committees shall have 45 days to review and comment on the letter from the date the letter was received by the committees.

Explanation: This language prohibits the expenditure of \$26.5 million of Cigarette Restitution Funds. 13.7% of funding is withheld for each program receiving a Cigarette Restitution Fund appropriation in fiscal 2008. Ongoing legal actions by the participating manufacturers threaten to reduce the amount of revenue available to the states. These manufacturers contend that nonparticipating manufacturers have exploited legal loopholes to reduce their payments to the states, giving those manufacturers a competitive advantage in the pricing of their products. The Master Settlement Agreement authorizes participating manufacturers that lose a certain share of the market to withhold three times the amount of their losses. This withholding is known as a nonparticipating manufacturer's adjustment. Based on preliminary estimates, an action of this sort has the potential to reduce the 2007 payment under the MSA by \$1.1 billion, or 18%, of which Maryland's share is approximately \$26.5 million.

This language also requires the Department of Budget and Management and the State's Office of the Attorney General to submit a letter to the committees notifying the committees

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of the conclusion of the proceedings. The budget committees will have 45 days to review and comment prior to the release of funds.

Information Request	Authors	Due Date
Letter notifying the committees of the conclusion of the legal proceedings	DBM Office of the Attorney General	45 days prior to release of funds

	<u>Amount Reduction</u>	<u>Position Reduction</u>
2. Delete 2 long-term vacant positions. The department needs to maintain 13 vacancies to meet the fiscal 2008 turnover rate of 4%, but currently has 36 vacant positions. Abolishing 2 positions will still allow the department to fill 21 vacant positions. The position abolitions should be allocated among the administrations.	\$ 182,811 GF	2.0
3. Increase turnover expectancy to 6.00%. Fiscal 2008 turnover is budgeted at 4.00% which is below the current 11.46% vacancy rate. This action will still allow the department to fill 17 vacancies in fiscal 2008. This reduction should be allocated across both administrations.	240,828 GF 43,005 SF 146,217 FF	
Total Reductions	\$ 612,861	2.0
Total General Fund Reductions	\$ 423,639	
Total Special Fund Reductions	\$ 43,005	
Total Federal Fund Reductions	\$ 146,217	

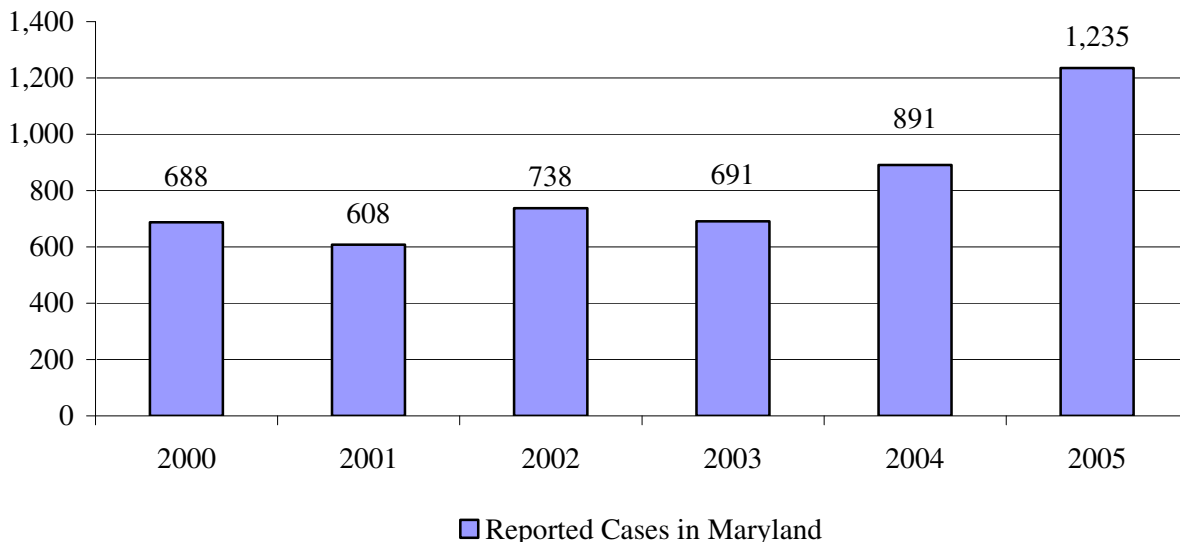
Updates

1. Lyme Disease Prevalence and Prevention Efforts

Narrative in the 2006 *Joint Chairmen's Report* required the Community Health Administration to educate Maryland physicians and other healthcare providers on the state-of-the-art diagnosis and treatment of tick-borne infections including Lyme disease. The committees also requested the department to develop and distribute educational materials as to the risks of tick-borne infections, prevention of infection, and identification of signs and symptoms of infection. The impetus for the request was a concern about the growing prevalence of Lyme disease throughout the State.

Lyme disease is an inflammatory illness caused by a tick bite. The number of reported cases in Maryland has increased close to 80% since 2000. **Exhibit 8** shows this increase between 2000 and 2005. The number of reported cases has also increased nationally, however, at a slower rate. In 2005, Maryland had the sixth highest incidence of Lyme disease in the United States. In 2005, Montgomery County had the highest number of reported cases followed by Howard, Carroll, Anne Arundel and Fredrick counties.

Exhibit 8
Number of Cases of Lyme Disease in Maryland
Fiscal 2000-2005



Source: Centers for Disease Control and Prevention

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In fall 2005, the Community Health Administration formed a Lyme disease subcommittee to address five areas including surveillance, ecology, public awareness and provider education, diagnostic best practices, and treatment guidelines. The goal of the subcommittee is to develop a statewide Lyme Disease Strategic Control Plan. The department expects to complete the plan in spring 2007. The plan will include recommendations for an enhanced public health response. Other actions taken by the Community Health Administration include:

- providing updated Lyme disease surveillance information to physicians on the Medical Chirurgical Faculty of Maryland (MedChi) web site;
- developing a document entitled “Tick-borne Rickettsial Diseases in Maryland” and posting the document on the MedChi web site;
- providing an educational flyer on Lyme disease to school-aged children;
- distributing Maryland Lyme disease statistics to the local health departments; and
- providing training on the prevention and reporting of Lyme disease to summer camp inspectors.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$117,103	\$29,787	\$123,794	\$243	\$270,926
Deficiency Appropriation	3,837	0	1,283	0	5,120
Budget Amendments	-444	902	5,143	446	6,047
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	-756	-1,660	-94	-2,509
Actual Expenditures	\$120,496	\$29,933	\$128,560	\$596	\$279,585 ¹
Fiscal 2007					
Legislative Appropriation	\$115,883	\$53,619	\$127,020	\$497	\$297,019
Budget Amendments	6,453	32	-23,185	0	-16,700
Working Appropriation	\$122,336	\$53,651	\$103,835	\$497	\$280,319

¹ After the close of fiscal 2006, the Department of Health and Mental Hygiene transferred the emergency preparedness appropriation from the Community Health Administration to the Office of Preparedness and Response (M00F06). As a result, the actual fiscal 2006 expenditures were \$257.2 million, or \$22.4 million less.

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

Fiscal 2006

The Community and Family Health Administrations finished fiscal 2006 \$8.7 million above its legislative appropriation.

The general fund appropriation increased \$3.8 million as a result of a deficiency appropriation to the academic health centers – the University of Maryland Medical Group and The Johns Hopkins Institute. This increase was offset by budget amendments reducing general funds by a total of \$0.4 million. Of that amount, \$1.6 million was reduced to cover operating deficits in other units of the department; funds were primarily available due to decreased expenditures in the Breast and Cervical Cancer and Maryland Primary Care programs. This decrease was offset by a \$0.5 million increase to recognize the fiscal 2006 COLA; a \$0.4 million increase to reflect the transfer of one position and the consolidation of various emergency preparedness functions under CHA; and a \$0.3 million increase to accurately reflect health insurance costs among the departments.

The special fund appropriation increased \$0.9 million. Of that amount, \$0.7 million available from the Maryland Cancer Fund supported administration of the fund and cancer research, prevention, and treatment grants; and \$0.2 million available from prior year human service contracts was used to offset the costs of contracts in fiscal 2006. Funds were cancelled primarily as a result of grants not awarded under the Maryland Cancer Fund, less CRF spending than anticipated and less prior year grant activity than projected.

The federal fund appropriation increased \$1.3 million as a result of a deficiency appropriation to recognize higher than anticipated federal fund attainment. Budget amendments added an additional \$5.1 million to the federal fund appropriation. Significant increases were made in the following areas:

- \$1.1 million for the WIC Supplemental Nutrition Program;
- \$1.0 million related to the transfer of one position and the consolidation of various emergency preparedness functions under CHA;
- \$0.5 million for a colorectal screening demonstration program in Baltimore City;
- \$0.4 million to provide family planning services at various local health departments;
- \$0.4 million for HIV/AIDS family planning services;
- \$0.3 million for emergency and pandemic flu planning and training activities;
- \$0.3 million to maintain a state of readiness to respond to public health threats; and

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- \$0.2 million for breast and cervical cancer outreach, education, screening, and follow-up services.

Smaller increases totaling \$0.9 million include assistance for physician student loan repayment, the tobacco quitline, abstinence education, baseline data collection on the number of minorities in the workforce, injury prevention, special health care needs data collection, and oral health. Federal funds were cancelled due to less federal funds expended than anticipated.

The reimbursable fund appropriation increased \$0.4 million as a result of funds from the Department of Human Resources to provide refugee health screenings and \$9,519 as a result of funds from the Maryland Emergency Management Agency to cover Hurricane Katrina-related overtime costs. Funds were cancelled because the appropriation for refugee health screenings exceeded the cost.

Fiscal 2007

The fiscal 2007 appropriation decreased \$16.7 million mostly reflecting the transfer of \$23.2 million in federal funds and \$0.4 million in general funds for emergency preparedness activities from CHA to the Office of Preparedness and Response. Funds were also reduced by a \$50,000 transfer of general funds from FHA to the Deputy Secretary for Health Care Finance to support the Maryland P3 Diabetes Management Project in Allegany County. These decreases were offset by a \$0.8 million general fund increase and a \$32,039 special fund increase to recognize the fiscal 2006 COLA. General funds were further increased \$5.0 million to support an operating grant to the Prince George's Hospital Center and \$1.1 million to support a one-time only initiative to vaccinate elementary school children against influenza.

Object/Fund Difference Report
DHMH – Community and Family Health Administrations

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	319.70	316.70	314.70	-2.00	-0.6%
02 Contractual	11.75	18.16	18.83	0.67	3.7%
Total Positions	331.45	334.86	333.53	-1.33	-0.4%
Objects					
01 Salaries and Wages	\$ 22,249,329	\$ 22,712,618	\$ 23,582,389	\$ 869,771	3.8%
02 Technical and Spec Fees	551,554	731,814	779,913	48,099	6.6%
03 Communication	484,633	426,204	523,866	97,662	22.9%
04 Travel	476,700	507,190	500,642	-6,548	-1.3%
07 Motor Vehicles	230,910	140,253	247,727	107,474	76.6%
08 Contractual Services	143,697,925	149,694,948	148,486,813	-1,208,135	-0.8%
09 Supplies and Materials	2,692,942	3,602,129	2,475,540	-1,126,589	-31.3%
10 Equipment – Replacement	40,580	0	0	0	0.0%
11 Equipment – Additional	897,450	112,068	532,030	419,962	374.7%
12 Grants, Subsidies, and Contributions	85,821,162	102,327,953	98,599,163	-3,728,790	-3.6%
13 Fixed Charges	66,487	64,258	67,089	2,831	4.4%
Total Objects	\$ 257,209,672	\$ 280,319,435	\$ 275,795,172	-\$ 4,524,263	-1.6%
Funds					
01 General Fund	\$ 120,216,435	\$ 122,335,726	\$ 116,880,605	-\$ 5,455,121	-4.5%
03 Special Fund	29,933,230	53,651,420	48,834,114	-4,817,306	-9.0%
05 Federal Fund	106,464,413	103,835,789	109,435,438	5,599,649	5.4%
09 Reimbursable Fund	595,594	496,500	645,015	148,515	29.9%
Total Funds	\$ 257,209,672	\$ 280,319,435	\$ 275,795,172	-\$ 4,524,263	-1.6%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

Fiscal Summary
DHMH – Community and Family Health Administrations

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
03 Consumer Health and Facility Services	\$ 18,377,449	\$ 19,983,517	\$ 18,734,748	-\$ 1,248,769	-6.2%
07 Core Services	66,351,987	68,160,951	71,050,283	2,889,332	4.2%
02 Family Health Services and Primary Care	106,852,160	110,021,039	104,899,678	-5,121,361	-4.7%
06 Prevention and Disease Control	65,628,076	82,153,928	81,110,463	-1,043,465	-1.3%
Total Expenditures	\$ 257,209,672	\$ 280,319,435	\$ 275,795,172	-\$ 4,524,263	-1.6%
General Fund	\$ 120,216,435	\$ 122,335,726	\$ 116,880,605	-\$ 5,455,121	-4.5%
Special Fund	29,933,230	53,651,420	48,834,114	-4,817,306	-9.0%
Federal Fund	106,464,413	103,835,789	109,435,438	5,599,649	5.4%
Total Appropriations	\$ 256,614,078	\$ 279,822,935	\$ 275,150,157	-\$ 4,672,778	-1.7%
Reimbursable Fund	\$ 595,594	\$ 496,500	\$ 645,015	\$ 148,515	29.9%
Total Funds	\$ 257,209,672	\$ 280,319,435	\$ 275,795,172	-\$ 4,524,263	-1.6%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.