M00F
Public Health Administration
Department of Health and Mental Hygiene

Operating Budget Data

($ in Thousands)

	FY 14 Actual	FY 15 Working	FY 16 Allowance	FY 15-16 Change	% Change Prior Year
General Fund	$45,517	$57,385	$61,504	$4,120	7.2%
Deficiencies and Reductions	0	-1,070	-1,026	43	
Adjusted General Fund	**$45,517**	**$56,315**	**$60,478**	**$4,163**	**7.4%**
Special Fund	959	931	950	20	2.1%
Adjusted Special Fund	**$959**	**$931**	**$950**	**$20**	**2.1%**
Federal Fund	20,495	18,564	19,385	820	4.4%
Deficiencies and Reductions	0	0	-128	-128	
Adjusted Federal Fund	**$20,495**	**$18,564**	**$19,257**	**$693**	**3.7%**
Reimbursable Fund	672	845	675	-170	-20.1%
Adjusted Reimbursable Fund	**$672**	**$845**	**$675**	**-$170**	**-20.1%**
Adjusted Grand Total	**$67,642**	**$76,655**	**$81,360**	**$4,705**	**6.1%**

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- A January 2015 Board of Public Works action reduced the agency's general fund appropriation by $1.1 million to reflect a delay in the opening of the new public health laboratory.
- The fiscal 2016 allowance increases by $4.7 million (6.1%), mainly due to costs attributable to the new public health laboratory facility and other costs within the Laboratories Administration.

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

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Personnel Data

	FY 14 Actual	FY 15 Working	FY 16 Allowance	FY 15-16 Change
Regular Positions	399.90	396.90	396.90	0.00
Contractual FTEs	9.81	13.10	13.10	0.00
Total Personnel	**409.71**	**410.00**	**410.00**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	24.77	6.24%
Positions and Percentage Vacant as of 11/30/14	32.50	8.19%

- The fiscal 2016 allowance includes the same number of regular full-time equivalents (FTE) and contractual FTEs as the fiscal 2015 working appropriation.

- As of November 31, 2014 (the most recent month for which data is available), there were 32.5 vacant positions, well in excess of the number needed to meet turnover.

Analysis in Brief

Major Trends

Division of Vital Records: The Division of Vital Records has a goal to file 97% of birth certificates within five days of the birth date and 65% of death certificates within 72 hours of death. In fiscal 2014, the agency met its goal with respect to birth certificates but fell short of its goal with respect to death certificates.

Office of the Chief Medical Examiner – Ratio of Cases Per Examiner: The ratio of autopsies to medical examiners is estimated to decrease in fiscal 2015 but still remains above the limit recommended by the National Association of Medical Examiners (NAME). Furthermore, the agency completed 70% of autopsy reports within 60 days in 2014, falling short of its goal (90%). However, the agency recently learned that it has successfully attained full NAME accreditation through May 14, 2019.

Office of Preparedness and Response Demonstrates Expertise in Public Health Preparedness: In fiscal 2014, 98% of staff at local health departments received the required public health emergency response training, and 100% of local health departments completed preparedness-related operational plans. Furthermore, Maryland scored a 100% on the Centers for Disease Control and Prevention's Operational Readiness Review.

Laboratories Administration – Newborn Screenings Comprise a Vast Majority of Tests: Newborn screenings account for 91% of the tests conducted by the Laboratories Administration but require only 14% of the staff. The remaining 9% of tests are split between environmental, molecular, virology, immunology, and microbiology tests. The accuracy evaluation of the laboratory tests was met in all of the testing areas.

Laboratories Administration – Changes at the Division of Drug Control: The Division of Drug Control has increased the number of controlled dangerous substance inspections that it performs on dispensing practitioners. However, the number of total inspections has declined.

Recommended Actions

1. Concur with Governor's allowance.

M00F
Public Health Administration
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

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

- Deputy Secretary for Public Health Services;
- Office of the Chief Medical Examiner;
- Office of Preparedness and Response; and
- Laboratories Administration.

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 administrations and offices within the department. The Deputy Secretary for Public Health Services' mission is to improve the health status of individuals, families, and communities through prevention, early intervention, surveillance, and treatment.

The mission of the **Office of the Chief Medical Examiner** (OCME) is to:

- provide competent, professional, thorough, and objective death investigations in cases mandated in Maryland statute that assist State's Attorneys, courts, law enforcement agencies, and families;
- strengthen partnerships between federal, State, and local governments through training and education of health, legal, and law enforcement professionals;
- support research programs directed at increasing knowledge of pathology of disease; and
- protect and promote the health of the public by assisting in the development of programs to prevent injury and death.

The **Office of Preparedness and Response** (OPR) oversees programs focused on enhancing the public health preparedness activities for the State and local jurisdictions. The key aspects of the work conducted under the leadership of OPR are interagency collaboration and preparedness for public health emergencies. The projects in OPR are federally funded through (1) the Centers for Disease Control and Prevention (CDC) Public Health Preparedness and Response for Bioterrorism Grant; (2) the CDC Cities Readiness Initiative; and (3) the Department of Health and Human Services' National Bioterrorism Hospital Preparedness Program.

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;
- maintaining laboratory emergency preparedness efforts; and
- promoting quality and reliability of laboratory data in support of public health and environmental programs.

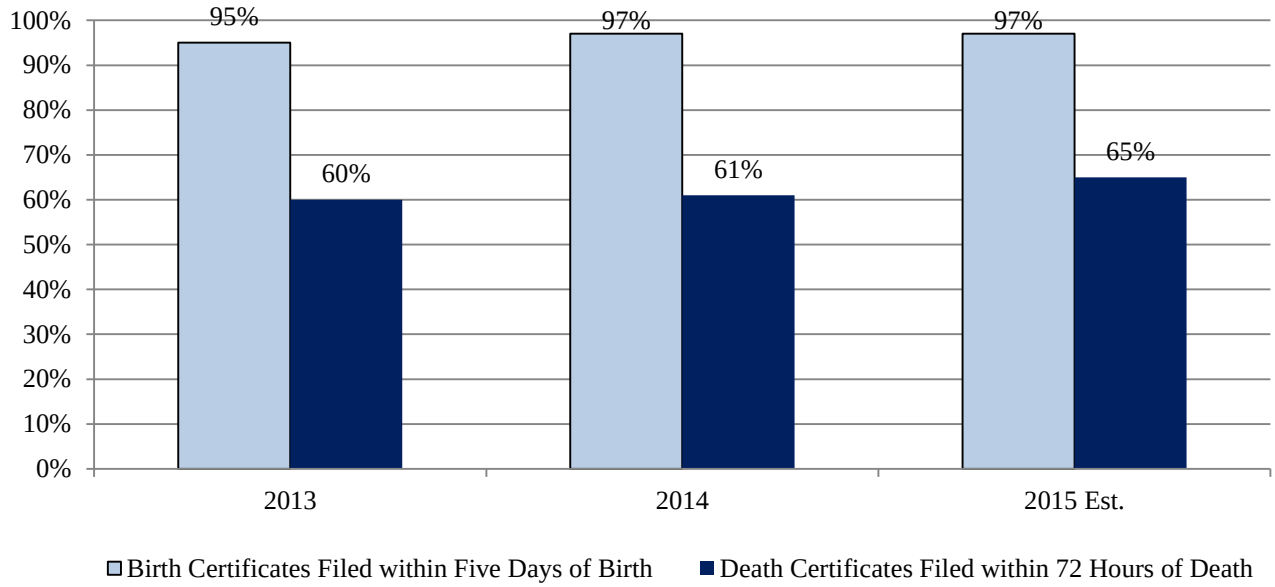
DHMH has regional laboratories in Salisbury and Cumberland, in addition to the central laboratory in Baltimore.

Performance Analysis: Managing for Results

1. Division of Vital Records

The Division of Vital Records has a goal to file 97% of birth certificates within five days of the birth date and 65% of death certificates within 72 hours of death. As shown in **Exhibit 1**, the percentage of birth certificates filed within five days increased to 97% in fiscal 2014 from 95% in fiscal 2013, meeting the agency's goal. The percentage of death certificates filed within 72 hours also increased slightly, from 60% in fiscal 2013 to 61% in fiscal 2014, but fell short of the agency's goal (65%). However, the agency's move to an Electronic Vital Records System (EVRS) for death certificates in January 2015 is likely to assist the agency in this regard. The agency moved to the EVRS for birth records in calendar 2010.

Exhibit 1
Percentage of Birth and Death Certificates Timely Filed with the Division of Vital Records
Fiscal 2013-2015 Est.



Note: Prior to fiscal 2015, 92% of all birth certificates were to be filed within 72 hours of the time of birth. However, data reflecting the percentage of birth certificates filed within five days of birth in fiscal 2013 and 2014 is available, as shown above.

Source: Department of Health and Mental Hygiene

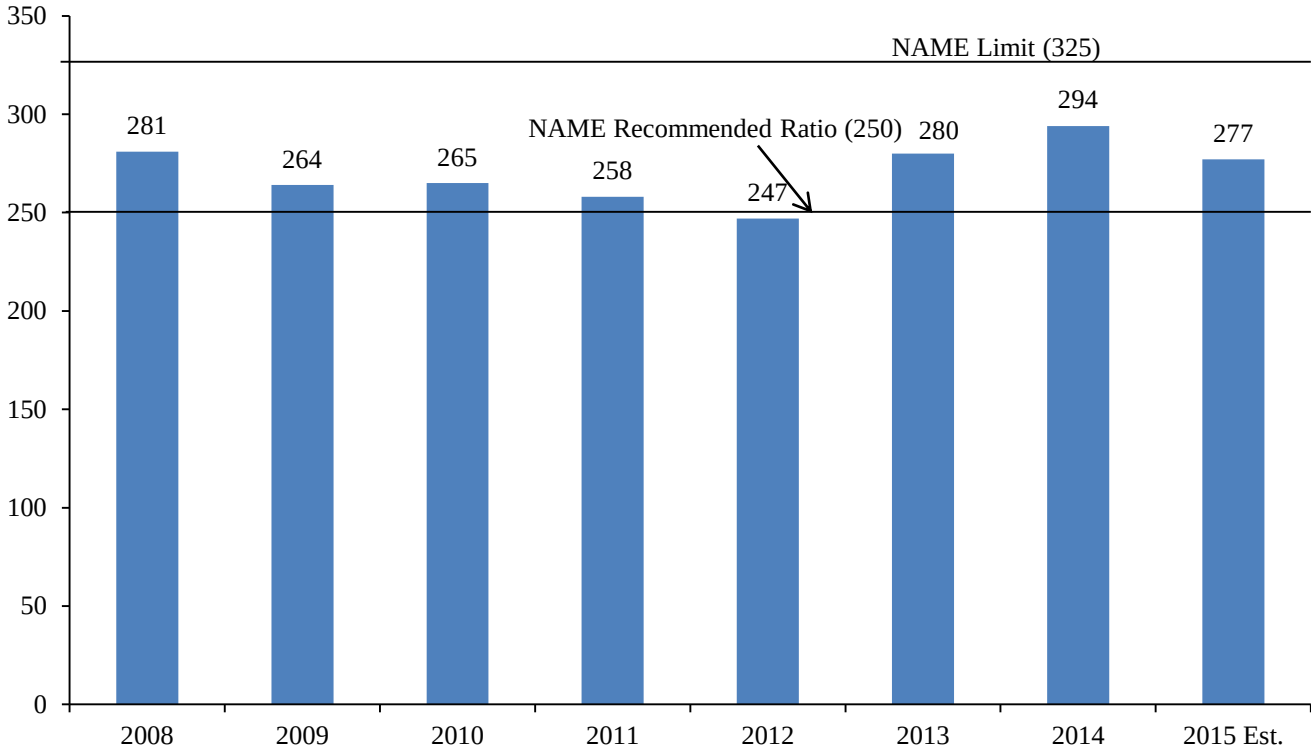
2. Office of the Chief Medical Examiner – Ratio of Cases Per Examiner

OCME is required to investigate all violent or suspicious deaths, including all deaths unattended by a physician. If the cause of death cannot be established during the initial investigation, a pathologist must perform an autopsy on the deceased.

In fiscal 2007, OCME changed reporting techniques to better reflect the caseload facing pathologists. The agency reports not only the number of autopsies performed but also the total number of cases presented for investigation. Not every death that is presented for investigation will be autopsied, but the agency reports the total number presented for investigation as it adds to the office's caseload. This change was precipitated by a change in the allowable caseload as identified by the National Association of Medical Examiners (NAME), which now includes external examinations in the total number of allowable autopsies per examiner.

Exhibit 2 shows the caseload per examiner, as well as the NAME limit of 325 and the NAME recommended maximum of 250 cases per examiner. The number of medical examiners allocated to the office increased from 13.5 to 15.6 between fiscal 2006 and 2009, causing the ratio of cases per examiner to drop significantly. Further, the total number of investigations dropped in fiscal 2009, leading to another reduction in the ratio of cases per examiner. The ratio of cases per examiner was relatively stable from fiscal 2009 to 2011 and, due to a decline in the total deaths investigated in fiscal 2012, declined to 247 cases per medical examiner in fiscal 2012. However, the ratio of cases per examiner increased in each of the next two fiscal years, reaching 294 in fiscal 2014 (well above the NAME recommended limit). The fiscal 2015 allowance included 1 additional full-time equivalent (FTE) medical examiner position, bringing the number of medical examiners to 15.5 FTEs. Accordingly, the ratio of autopsies to medical examiners is estimated to decrease to 277 in fiscal 2015. However, examinations performed are expected to continue to rise, and OCME expects caseload levels to stay above the recommended limit.

Exhibit 2
Cases Per Medical Examiner
Fiscal 2008-2015 Est.

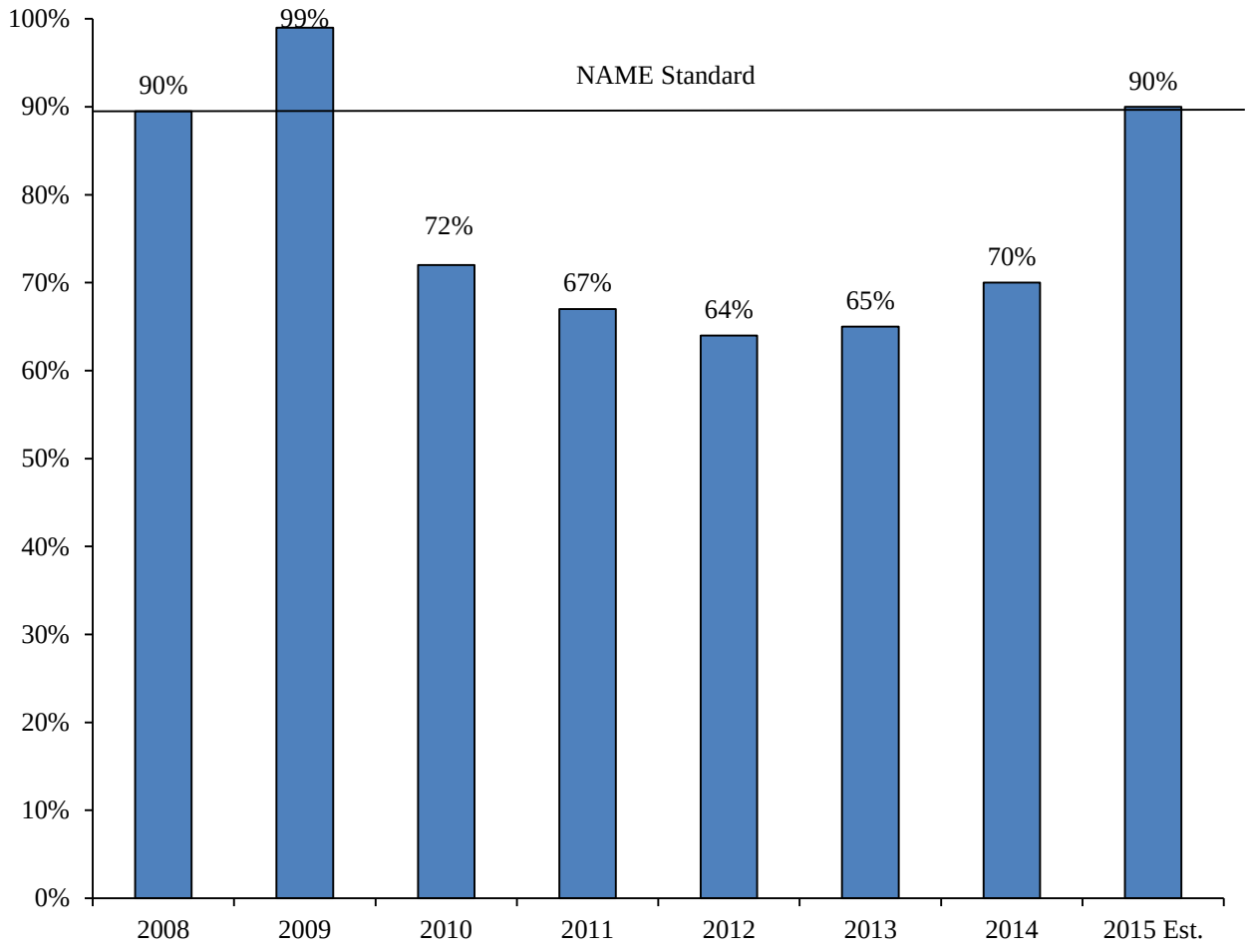


NAME: National Association of Medical Examiners

Source: Department of Health and Mental Hygiene

Another goal of OCME is to complete and forward autopsy reports to the State's Attorney's Office within 60 working days following an investigation. NAME accreditation standards specify that 90% of all cases should be completed within 60 working days, and 100% of cases should be completed in 90 working days. **Exhibit 3** shows the percent of autopsy reports completed within 60 days and forwarded to the State's Attorney's Office.

Exhibit 3
Percentage of Autopsies Reported within 60 Days
Fiscal 2008-2015 Est.



NAME: National Association of Medical Examiners

Source: Department of Health and Mental Hygiene

The addition of a new office secretary in fiscal 2008 helped the agency approach the goal of 90% of cases completed within 60 days, and in fiscal 2009, the agency exceeded this goal by completing 99% of cases within 60 days. However, OCME fell short of this goal in fiscal 2011, as only 67% of autopsy reports were completed within 60 days. The office attributed this failure to insufficient transcription support, as OCME lost 2 office secretaries – 1 through the Voluntary Separation Program, and 1 to retirement. The agency replaced 1 secretary position in fiscal 2012 but still did not meet its 90% goal. Subsequently, in fiscal 2012, only 64% of autopsy reports were completed within 60 days. In fiscal 2013, 5 new positions (including 2 secretaries) were added, and although the agency reported delays in recruitment and hiring for those positions, the agency's performance has since trended upward. Though still short of its goal, the agency completed 70% of autopsy reports in fiscal 2014. The agency estimates that it will meet its goal of completing 90% of cases within 60 days in fiscal 2015; however, it should be noted that this mirrors what the agency had previously estimated it would achieve in fiscal 2014.

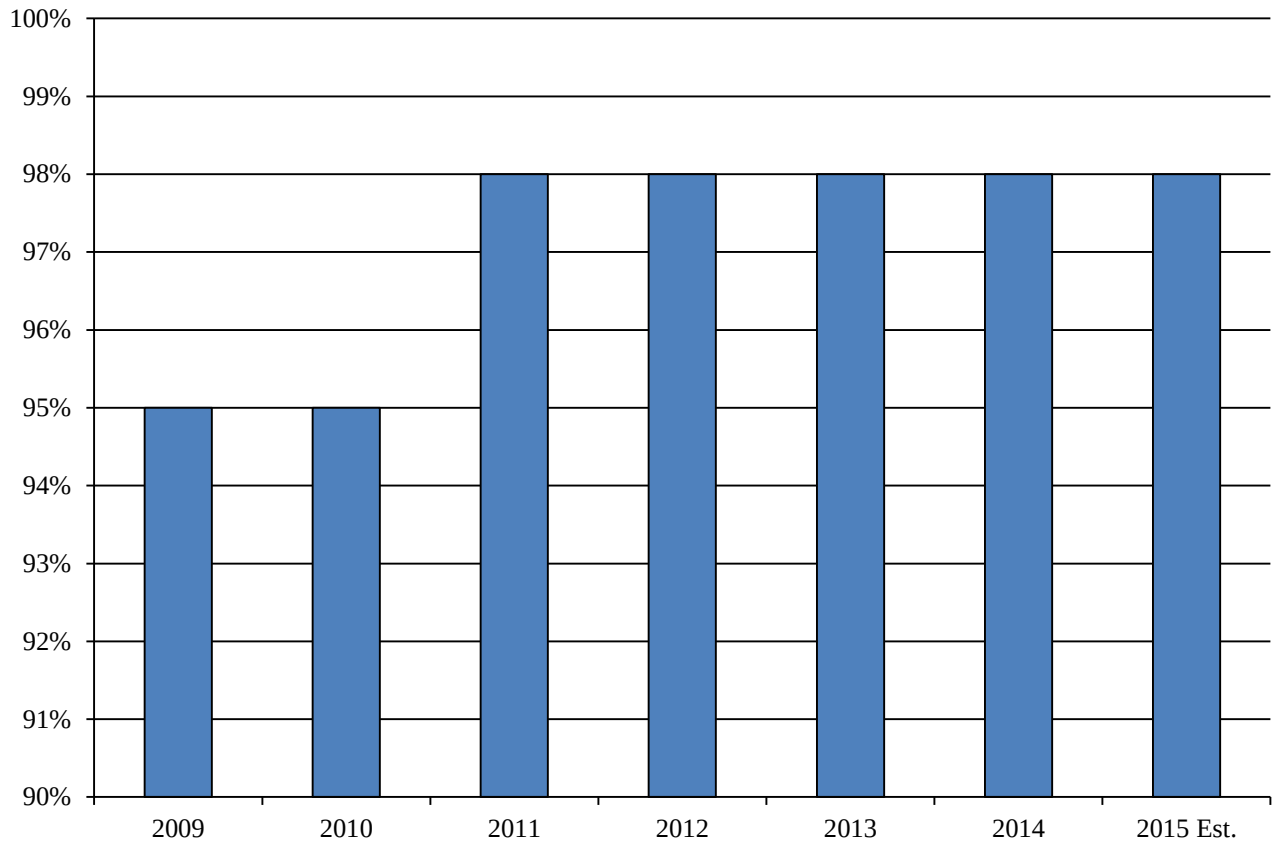
During a NAME inspection, facilities are judged against two standards – Phase I and Phase II. Phase I standards are not considered by NAME to be absolutely essential requirements; violations in these areas will not directly or seriously affect the quality of work or significantly endanger the welfare of the public or staff. Phase II standards are considered by NAME to be essential requirements; violations in these areas may seriously impact the quality of work and adversely affect the health and safety of the public or staff. To maintain full accreditation, an office may have no more than 15 Phase I violations and no Phase II violations. Provisional accreditation may also be awarded for a 12-month period if an office is found to have fewer than 25 Phase I violations and fewer than 5 Phase II violations. If awarded provisional accreditation, an office must address deficiencies that prevented it from achieving full accreditation.

Currently, it is a Phase I violation if 90% of all cases are not completed within 60 days of examination, and it is a Phase II violation if 90% of all cases are not completed within 90 days. Although OCME fell short of its goal in fiscal 2014, the agency advises that over 90% of cases are now being completed within 90 days. Additionally, it should be noted that OCME learned in October 2014 that it had successfully attained full NAME accreditation through May 14, 2019.

3. Office of Preparedness and Response Demonstrates Expertise in Public Health Preparedness

OPR strives to maintain and improve technical expertise in public health preparedness and emergency response by providing local health departments (LHD) staff with relevant state-of-the-art training and continuous education opportunities. OPR works closely with CDC and other federal agencies, as well as local colleges and universities, to develop training to enhance the skills of the public health workforce responsible for responding to public health emergencies. **Exhibit 4** shows that 98% of staff received the required public health and emergency response trainings in fiscal 2014. Moreover, through OPR's assistance, LHDs develop and implement preparedness plans and programs to address current and emerging public health threats. In fiscal 2014, 100% of LHDs completed and exercised preparedness-related operation plans.

Exhibit 4
Percentage of LHD Staff with Public Health and Emergency Response Training
Fiscal 2009-2015 Est.

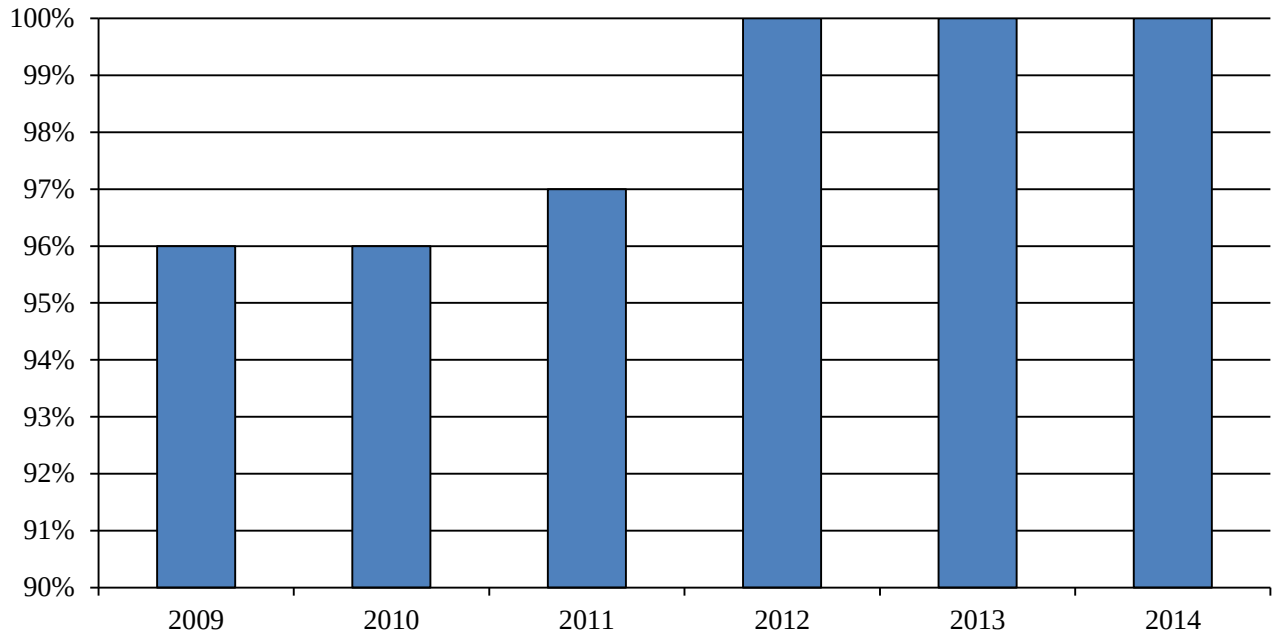


LHD: local health department

Source: Department of Health and Mental Hygiene

All states and localities funded by the CDC's Public Health Emergency Preparedness cooperative agreement have plans for receiving, distributing, and dispensing assets from CDC's Strategic National Stockpile. Assets include large quantities of medicine, vaccines, and medical supplies to supplement state and local public health agencies in a large scale public health emergency. To ensure continued readiness, CDC conducts annual Operational Readiness Reviews (formerly titled Technical Assistance Reviews) of state plans. Areas of assessment for the reviews focus on key elements that are regarded as either critical or important planning steps within a variety of functions. **Exhibit 5** shows Maryland's scores from calendar 2009 to 2014. In calendar 2014, Maryland received an overall score of 100% for the third consecutive year.

Exhibit 5
Operational Readiness Review Scores
Calendar 2009-2014



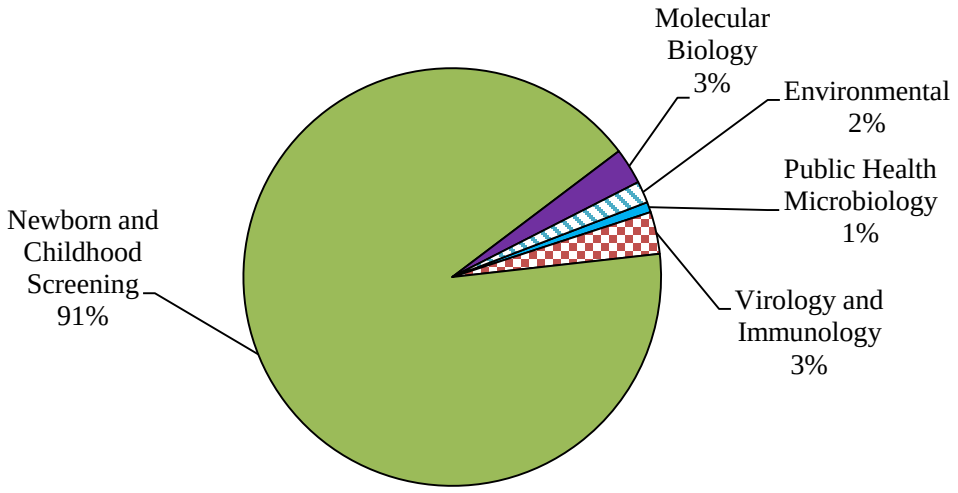
Source: Department of Health and Mental Hygiene, Centers for Disease Control and Prevention

It should be noted that, in the *2013-2014 National Snapshot of Health Preparedness* issued by CDC, the State's preparedness capabilities were rated favorably across all performance indicators, including laboratory testing and reporting, emergency operations coordination, and emergency public information and warning.

4. Laboratories Administration – Newborn Screenings Comprise a Vast Majority of Tests

Exhibit 6 shows that newborn and childhood screenings account for 91% of the 9 million tests conducted by the Laboratories Administration in fiscal 2014, while the remaining 9% of tests are split among environmental, molecular, virology, immunology, and microbiology tests. However, the Newborn and Childhood Screening Division employs only about 14% of the employees within the Laboratories Administration because the tests are heavily automated. Because other tests are more time consuming and labor intensive, the other divisions of the Laboratories Administration require more staff.

Exhibit 6
Proportion of Laboratory Tests by Type
Fiscal 2014



Source: Department of Health and Mental Hygiene

Proficiency testing of the Laboratories Administration's work demonstrates the administration's commitment to accuracy. Tests are conducted three or four times a year. Samples are sent to each division from the appropriate federal or oversight agency, including CDC, the Food and Drug Administration, and the National Voluntary Laboratory Accreditation Program. These samples are tested, and the results are then verified for accuracy. **Exhibit 7** shows that, in fiscal 2014, the Laboratories Administration met or surpassed the stated goal in all four categories of testing.

Exhibit 7
Accuracy in Proficiency Testing
Fiscal 2009-2014

	2009	2010	2011	2012	2013	2014	Goal
Infectious Bacterial Testing	98%	99%	97%	100%	100%	100%	98%
Viral Disease Testing	100%	98%	100%	99%	100%	100%	98%
Newborn Screening	100%	100%	99%	100%	100%	100%	98%
Environmental Testing	91%	92%	97%	96%	98%	95%	95%

Source: Department of Health and Mental Hygiene

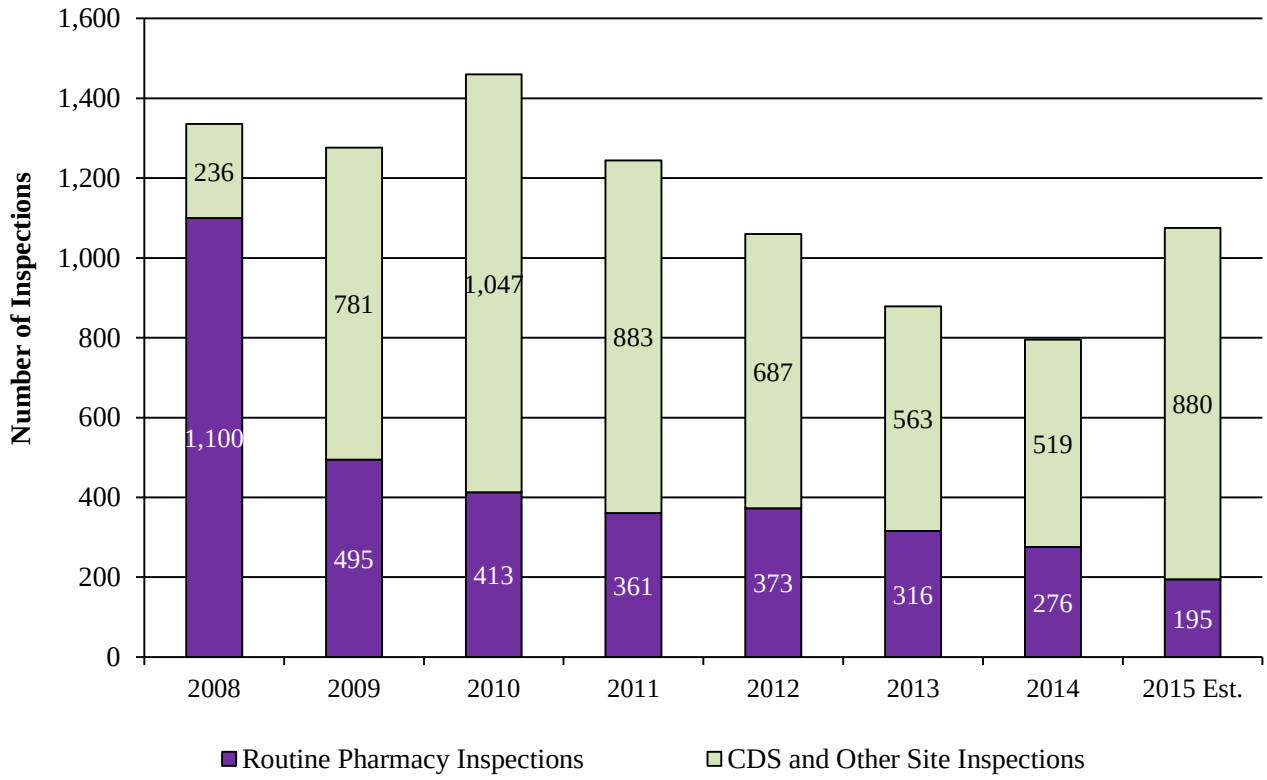
5. Laboratories Administration – Changes at the Division of Drug Control

The Division of Drug Control registers practitioners and establishments to legally manufacture, distribute, dispense, or otherwise handle controlled dangerous substances (CDS) in Maryland. The federal Controlled Substances Act of 1970 (CSA) authorizes federal regulation of the manufacture, importation, possession, and distribution of certain drugs. Under the CSA, various drugs are listed on Schedules I through V and generally involve drugs that have a high potential for abuse. Schedule I drugs have no acceptable medical use in the United States, and prescriptions may not be written for these substances. Morphine and amphetamines (such as Adderall) are examples of Schedule II drugs; anabolic steroids and hydrocodone are examples of Schedule III drugs; and benzodiazepines (such as Valium or Xanax) are Schedule IV drugs. Schedule V drugs include cough suppressants containing small amounts of codeine and the prescription drug Lyrica, an anticonvulsant and pain modulator. CDS permits are issued by the Division of Drug Control on a biennial basis, and the number of permits issued annually fluctuates slightly from year to year but generally averages between 18,000 and 19,000. The Division of Drug Control processed 17,999 permits in fiscal 2014.

Exhibit 8 shows the number of CDS inspections at pharmacies and nonpharmacy sites. In fiscal 2009, the Board of Pharmacy assumed responsibility for conducting routine annual inspections of pharmacies, which freed the Division of Drug Control to focus on other responsibilities, such as inspecting dispensing practitioners and auditing methadone programs and long-term care and assisted living facilities that possess CDS. However, the division still conducts closing inspections of pharmacies as well as CDS inspections of pharmacies. Pharmacies are required to perform an internal audit of their CDS inventory annually. When performing an inspection, the Board of Pharmacy documents the date of the most recent internal CDS audit and forwards the audit date to the Division of Drug Control. This allows the Division of Drug Control to set priorities for follow-up on CDS inspections of pharmacies. The work of the Board of Pharmacy enabled the Division of Drug Control to dramatically increase the number of CDS inspections that it performs annually for nonpharmacy entities, from 236 in fiscal 2007 to a high of 1,047 in fiscal 2010.

However, the overall number of CDS inspections for both pharmacies and nonpharmacy entities has since decreased steadily, with DDC conducting fewer than half of the number of nonpharmacy inspections in fiscal 2014 than it conducted in fiscal 2010. The agency had previously advised that this decrease is attributable to increased time spent on investigations versus inspections; however, it should be noted that the number of special investigations also decreased by almost half, from 101 in fiscal 2013 to 54 in fiscal 2014. The agency now attributes the decline in completed inspections and investigations to a reallocation of its resources to an administrative quality improvement program that is focused on improving customer service, shortening response times, and implementing an online renewal system.

Exhibit 8
Division of Drug Control Inspections
Fiscal 2008-2015 Est.



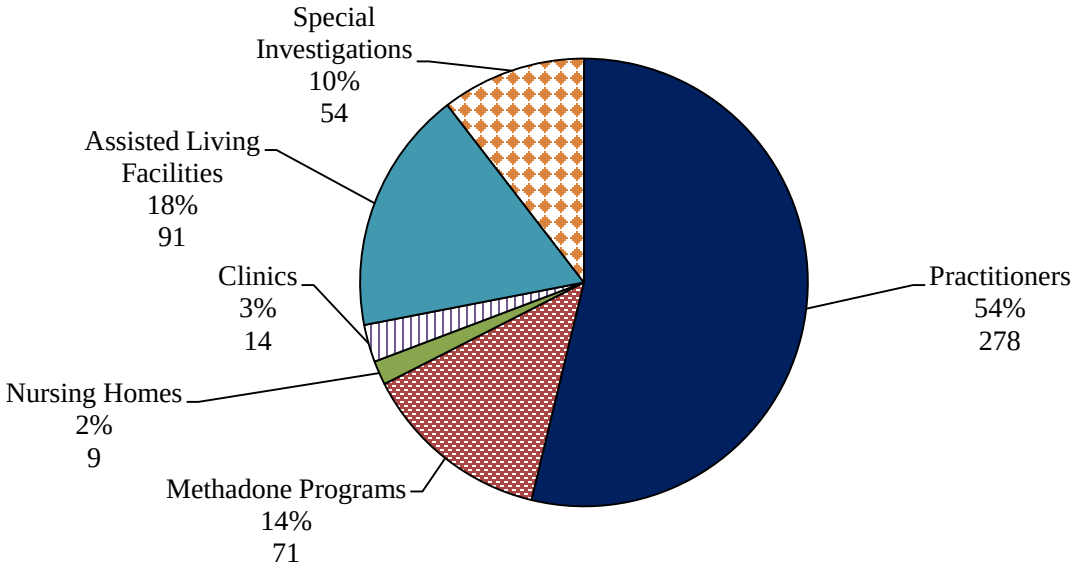
CDS: controlled dangerous substance

Note: CDS and other site inspections include special investigations.

Source: Department of Health and Mental Hygiene

Exhibit 9 shows that practitioners (physicians, podiatrists, and dentists) accounted for more than half of all nonpharmacy inspections in fiscal 2014 with 278. This represents a 16% increase over the fiscal 2013 level (239). According to the respective health occupations boards, approximately 1,500 dispensing permits are held by nonpharmacist practitioners in Maryland. The fiscal 2014 budget included funds to implement Chapter 267 of 2012, which required the Division of Drug Control to inspect the office of a dispensing practitioner at least two times within the duration of their five-year CDS permit. To meet this requirement, the agency must inspect an average of about 500 practitioners annually. Accordingly, the agency's goals include increasing the amount of practitioner inspections further over the next two fiscal years. **The agency should comment on its current strategies for increasing its inspection activities.**

Exhibit 9
Nonpharmacy CDS Inspections
Fiscal 2014



CDS: controlled dangerous substance

Source: Department of Health and Mental Hygiene

Fiscal 2015 Actions

Cost Containment

In July 2014, the Board of Public Works (BPW) withdrew $77.1 million in appropriations and abolished 61 positions statewide as fiscal 2015 cost containment. This agency's share of the reduction was $1.1 million in reduced operating expenses due to the delayed opening of the new public health laboratory (from June to September 2014). In January 2015, BPW reduced operating expenses for the agency by another $1.1 million because the opening of the new public health laboratory was delayed further (to January 2015). In addition, DHMH received a 0.6% across-the-board general fund reduction totaling $25.4 million. If allocated proportionally, it would equal $350,268 in this agency. **Exhibit 10** shows the overall impact of the cost containment actions on the fiscal 2015 appropriation.

Exhibit 10
Fiscal 2015 Reconciliation
($ in Thousands)

Action	Description	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Legislative Appropriation with Budget Amendments		**$58,454**	**$931**	**$18,564**	**$845**	**$78,794**
July BPW		-1,070	0	0	0	-1,070
Working Appropriation		**$57,385**	**$931**	**$18,564**	**$845**	**$77,724**
January BPW		-1,070	0	0	0	-1,070
January BPW Across the Board	This unit is part of the Department of Health and Mental Hygiene, which received a 0.6% across-the-board general fund reduction totaling $25,448,100. If allocated proportionally, it would equal $350,268 in this program.					
Total Actions Since January 2015		***-$1,070***	***$0***	***$0***	***$0***	***-$1,070***
Adjusted Working Appropriation		**$56,315**	**$931**	**$18,564**	**$845**	**$76,655**

BPW: Board of Public Works

Source: Department of Legislative Services

Proposed Budget

As shown in **Exhibit 11**, the fiscal 2016 allowance for PHA is $4.7 million, or 6.1%, over the fiscal 2015 working appropriation. General fund support increases by $4.2 million, primarily due to the opening of the new public health laboratory facility and various other increased costs within the Laboratories Administration. Federal fund support increases by $693,000; special fund support increases by $20,000; and reimbursable fund support decreases by $170,000.

Exhibit 11
Proposed Budget
DHMH – Public Health Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2014 Actual	$45,517	$959	$20,495	$672	$67,642
Fiscal 2015 Working Appropriation	56,315	931	18,564	845	76,655
Fiscal 2016 Allowance	60,478	950	19,257	675	81,360
Fiscal 2015-2016 Amt. Change	$4,163	$20	$693	-$170	$4,705
Fiscal 2015-2016 Percent Change	7.4%	2.1%	3.7%	-20.1%	6.1%

Where It Goes:	
Personnel Expenses	
Employee and retiree health insurance	$794
Increments and general salary annualization (prior to cost containment)	505
Employee retirement contribution	389
Other fringe benefit adjustments	52
Social Security contributions	48
Section 20: 2% salary reduction	-539
Section 21: elimination of employee increments	-615
Other Changes	
Office of the Chief Medical Examiner	
Unfunded grant (reimbursable funds)	-180
Office of Preparedness and Response	
Maryland Bioterrorism Hospital Preparedness Program (federal funds)	383
Preparedness Planning and Readiness Assessment – local health departments (federal funds)	203
Laboratories Administration	
New public health laboratory facility	2,462
Severe Combined Immunodeficiency testing	661
Supplies and materials for other programs	385
Equipment repairs and maintenance for other programs	77
Other	80
Total	**$4,705**

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

Cost Containment

In fiscal 2016, the Administration has implemented several across-the-board reductions. This includes an elimination of employee increments and a 2% salary reduction. The agency's share of these reductions are $174,986 and $152,000, respectively. The Administration has also implemented a general 0.6% across-the-board reduction for DHMH totaling $27.2 million. The implications for PHA are unknown but, if allocated proportionally, it would equal $392,735 in this agency.

Personnel Expenses

Personnel expenses for PHA increase by $633,000 over the fiscal 2015 working appropriation. The budget increases by $794,000 for employee and retiree health insurance and by $389,000 for employee retirement. However, the elimination of employee increments and the 2% general salary reduction decrease the budget by $175,000 and $152,000, respectively. Social Security contributions increase the budget by $48,000 and other fringe benefit adjustments increase the budget by $52,000.

Operating Expenses

Office of the Chief Medical Examiner

The fiscal 2016 allowance decreases by $180,000 in reimbursable funds from the Governor's Office of Crime Control and Prevention. This reflects grant funds that are sought every other year and are used to render and enhance CT and X-ray images for diagnostic purposes. Those grant funds were not sought in fiscal 2016, but will likely be sought again in fiscal 2017. The loss of this grant drives the overall decrease in reimbursable funds ($170,000) for PHA.

Office of Preparedness and Response

Programmatic growth in the Office of Preparedness and Response is primarily attributable to two projects, both entirely federally funded. The Maryland Bioterrorism Hospital Program increases the agency's budget by $383,000 to provide additional funding for the State's health care system for emergency preparedness, planning, and response to incidents with a public health impact. Additionally, the Preparedness Planning and Readiness Assessment (Local Health Department Allocation) increases the agency's budget by $203,000 to fund strategic leadership, direction, coordination, and assessment of activities to ensure State and local readiness.

Laboratories Administration

New Public Health Laboratory Facility: The majority of growth in the agency's budget is in the Laboratories Administration, and much of this growth is related to the oft-delayed opening of the new public health laboratory facility. During the 2014 legislative session, it had been expected that the new laboratory would become operational in June 2014, at which point the agency would take a phased-in approach to relocating its operations to the new facility (with the move expected to take two to three months to complete). This date was delayed to September 2014 and then to January 2015 –

prompting two cost-containment actions that, as described above, reduced the agency's operating expenses by a total of $2.1 million in fiscal 2015 to reflect the delay.

As of January 9, 2015, the agency had accepted the new building with conditions; that is, with the caveat that there was still work that the agency expected the contractor to complete. This remaining work consisted primarily of punch list items and issues uncovered during the commissioning process. In addition, there is work that the agency chose to have completed by another contractor, related primarily to the replacement of certain exhaust fans (which the agency advises has been completed) and renovations to Biosafety Level 3 areas (which the agency preliminarily expects to be completed by the end of March 2015). The agency advises that it has a potential action for damages against its architect for the design issues that resulted in this additional work. However, the agency must first deal with its contractor's assertion that it has been damaged by repeated project delays for which the contractor faults the agency. The agency, in turn, asserts that the contractor was to blame for these delays and that the delays have caused substantial damages. The agency advises that its construction contract requires an informal effort by both sides to resolve disputes followed by formal mediation before any action in court, and further advises that mediation may begin as early as spring 2015. **The agency should comment on the current status of claims made by or against the State resulting from this project, as well as on whether the agency foresees any further delays in the facility's opening.**

The fiscal 2016 allowance increases by $2.5 million to reflect the first full year of operation of the new facility. This is driven by increases in fuel, utilities, and rent and payments to the Maryland Economic Development Corporation (MEDCO). State-appropriated rent is the source of debt services on the MEDCO-issued bonds. Payments to MEDCO also cover property management costs for housekeeping, maintenance, landscaping, security, and other administrative items.

Other Programs: The fiscal 2016 allowance increases by $661,000 to implement Severe Combined Immunodeficiency (SCID) testing based on a genetic-based testing technology that requires additional laboratory supplies. The agency advises that SCID testing has been recommended by the federal government as a standard of practice and that roughly 20 states have already added SCID testing to their newborn screening panels.

Across various other testing programs, supplies and materials increase by $385,000, and equipment repairs and maintenance increase by $77,000.

Recommended Actions

1. Concur with Governor's allowance.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Public Health Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2014					
Legislative Appropriation	$45,849	$944	$20,434	$801	$68,028
Deficiency Appropriation	-592	0	-105	0	-697
Budget Amendments	259	63	653	18	993
Reversions and Cancellations	0	-48	-487	-147	-681
Actual Expenditures	**$45,517**	**$959**	**$20,495**	**$672**	**$67,642**
Fiscal 2015					
Legislative Appropriation	$58,531	$931	$18,958	$845	$79,265
Cost Containment	-1,185	0	0	0	-1,185
Budget Amendments	39	0	-394	0	-360
Working Appropriation	**$57,385**	**$931**	**$18,564**	**$845**	**$77,720**

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

The budget for PHA closed at $67.6 million, $385,447 below the original legislative appropriation.

Statewide negative deficiencies reduced PHA's spending on employee and retiree health insurance, retirement reinvestment, and the creation of a new employee information system by $973,344 in general funds and $104,922 in federal funds. However, a deficiency appropriation related to the new public health laboratory increased the agency's budget by $381,629 in general funds.

Budget amendments over the course of fiscal 2014 added $992,637 to PHA's budget. The fiscal 2014 budget included centrally budgeted funds for the 2014 cost-of-living adjustment (COLA) and salary increment increase for State employees, which resulted in the transfer of funds to PHA ($445,182 in general funds and $83,473 in federal funds). In addition, federal funds increased by $11,660 to realign the State Retirement Administrative Fee and the Department of Information Technology (DoIT) Services Allocation appropriations within DHMH. In other amendments, general funds increased by $111,427 due to the transfer of 2 positions (from the Alcohol and Drug Abuse Administration and the Prevention and Health Promotion Administration (PHPA)) to PHA; general funds decreased by $125,000 due to the transfer of the general fund appropriation for medical marijuana implementation from the Laboratories Administration to the Office of the Secretary; and general funds were further reduced $172,435 in a closeout amendment that also increased federal funds by $557,520 and special funds by $63,000.

At the end of fiscal 2014, $681,447 of the agency's appropriation was cancelled. This reflects federal grants received in lower amounts than anticipated by OPR ($262,986) and OCME (217,459), higher-than-expected turnover in federally funded positions in the Office of the Secretary ($6,536), and a small amount in the Laboratories Administration ($123). In the Office of the Deputy Secretary, $47,120 in special funds were cancelled due to lower-than-anticipated contractual costs; a small amount of special funds ($426) were also cancelled in the Laboratories Administration. Finally, $146,796 of the agency's reimbursable fund appropriation was cancelled, primarily due to less-than-anticipated work done on behalf of other agencies by OCME and the Laboratories Administration.

Fiscal 2015

To date, the fiscal 2015 legislative appropriation for PHA has been decreased by $1.5 million, primarily due to statewide cost containment actions in July 2014, which decreased PHA's budget by a total of $1.2 million in general funds. The agency's budget was further decreased by $432,768 in federal funds and $192,064 in general funds to reflect the transfer of appropriations for the Behavioral Risk Factor Surveillance System from PHA to PHPA. These reductions were offset by an increase of $265,133 ($231,022 in general funds and $38,861 in federal funds), which relates to the fiscal 2015 COLA and increments approved during the 2014 session but not included in the fiscal 2015 allowance.

Appendix 2

Audit Findings

Audit Period for Last Audit:	May 6, 2011 – March 30, 2014
Issue Date:	August 2014
Number of Findings:	1
Number of Repeat Findings:	1
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: **The Office of the Chief Medical Examiner did not comply with State procurement regulations when purchasing certain medical supplies.**

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

Object/Fund Difference Report
DHMH – Public Health Administration

Object/Fund	FY 14 Actual	FY 15 Working Appropriation	FY 16 Allowance	FY 15 - FY 16 Amount Change	Percent Change
Positions					
01 Regular	399.90	396.90	396.90	0.00	0%
02 Contractual	9.81	13.10	13.10	0.00	0%
Total Positions	**409.71**	**410.00**	**410.00**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 30,729,024	$ 32,477,025	$ 34,263,821	$ 1,786,796	5.5%
02 Technical and Spec. Fees	745,028	869,200	883,140	13,940	1.6%
03 Communication	466,451	617,633	620,757	3,124	0.5%
04 Travel	143,128	104,057	112,715	8,658	8.3%
06 Fuel and Utilities	846,127	2,111,243	3,122,377	1,011,134	47.9%
07 Motor Vehicles	75,392	36,616	64,160	27,544	75.2%
08 Contractual Services	15,736,401	13,382,873	13,637,560	254,687	1.9%
09 Supplies and Materials	6,452,131	5,533,812	6,535,070	1,001,258	18.1%
10 Equipment – Replacement	147,986	29,214	32,483	3,269	11.2%
11 Equipment – Additional	1,976,289	89,968	364,783	274,815	305.5%
12 Grants, Subsidies, and Contributions	3,123,112	3,799,800	3,803,400	3,600	0.1%
13 Fixed Charges	7,201,140	18,672,988	19,073,796	400,808	2.1%
Total Objects	**$ 67,642,209**	**$ 77,724,429**	**$ 82,514,062**	**$ 4,789,633**	**6.2%**
Funds					
01 General Fund	$ 45,516,578	$ 57,384,782	$ 61,504,495	$ 4,119,713	7.2%
03 Special Fund	959,124	930,700	950,240	19,540	2.1%
05 Federal Fund	20,494,957	18,564,318	19,384,518	820,200	4.4%
09 Reimbursable Fund	671,550	844,629	674,809	-169,820	-20.1%
Total Funds	**$ 67,642,209**	**$ 77,724,429**	**$ 82,514,062**	**$ 4,789,633**	**6.2%**

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Fiscal Summary
DHMH – Public Health Administration

Program/Unit	FY 14 Actual	FY 15 Wrk Approp	FY 16 Allowance	Change	FY 15 - FY 16 % Change
01 Executive Direction	$ 6,610,924	$ 6,314,917	$ 6,656,196	$ 341,279	5.4%
01 Post Mortem Examining Services	10,822,232	11,708,014	11,939,016	231,002	2.0%
01 Office of Preparedness and Response	16,540,619	15,424,312	16,249,096	824,784	5.3%
01 Laboratory Services	33,668,434	44,277,186	47,669,754	3,392,568	7.7%
Total Expenditures	**$ 67,642,209**	**$ 77,724,429**	**$ 82,514,062**	**$ 4,789,633**	**6.2%**
General Fund	$ 45,516,578	$ 57,384,782	$ 61,504,495	$ 4,119,713	7.2%
Special Fund	959,124	930,700	950,240	19,540	2.1%
Federal Fund	20,494,957	18,564,318	19,384,518	820,200	4.4%
Total Appropriations	**$ 66,970,659**	**$ 76,879,800**	**$ 81,839,253**	**$ 4,959,453**	**6.5%**
Reimbursable Fund	$ 671,550	$ 844,629	$ 674,809	-$ 169,820	-20.1%
Total Funds	**$ 67,642,209**	**$ 77,724,429**	**$ 82,514,062**	**$ 4,789,633**	**6.2%**

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.