

M00K
Alcohol and Drug Abuse Administration
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

| | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> | <u>FY 02-04</u> <u>Change</u> | <u>FY 05</u> | <u>FY 04-05</u> <u>Change</u> |
|--------------------------------------|------------------|------------------|------------------|----------------------------------|------------------|----------------------------------|
| Operations | \$4,256 | \$3,598 | \$3,393 | -\$862 | \$3,530 | \$136 |
| Contractual Services | 107,997 | 120,427 | 124,225 | 16,228 | 132,294 | 8,069 |
| Grants | 200 | 0 | 200 | 0 | 0 | -200 |
| Contingent & Back of Bill Reductions | 0 | 0 | 0 | 0 | -19 | -19 |
| Adjusted Grand Total | \$112,453 | \$124,026 | \$127,819 | \$15,366 | \$135,804 | \$7,986 |
| | | | | | | |
| General Funds | 64,483 | 73,447 | 73,748 | 9,265 | 81,784 | 8,036 |
| Contingent & Back of Bill Reductions | 0 | 0 | 0 | 0 | -16 | -16 |
| Adjusted General Funds | \$64,483 | \$73,447 | \$73,748 | \$9,265 | \$81,768 | \$8,020 |
| | | | | | | |
| Special Funds | 17,108 | 17,603 | 17,514 | 407 | 17,811 | 296 |
| | | | | | | |
| Federal Funds | 30,862 | 32,952 | 33,134 | 2,272 | 32,807 | -327 |
| Contingent & Back of Bill Reductions | 0 | 0 | 0 | 0 | -3 | -3 |
| Adjusted Federal Funds | \$30,862 | \$32,952 | \$33,134 | \$2,272 | \$32,804 | -\$331 |
| | | | | | | |
| Reimbursable Funds | 0 | 24 | 3,422 | 3,422 | 3,422 | 0 |
| | | | | | | |
| Adjusted Grand Total | \$112,453 | \$124,026 | \$127,819 | \$15,366 | \$135,804 | \$7,986 |
| | | | | | | |
| Annual % Change | | 10.3% | 3.1% | | 6.2% | |

- The Alcohol and Drug Abuse Administration (ADAA) has been subject to several million dollars in cost containment in fiscal 2002 through 2004. Cost containment measures have slowed the growth in treatment services while minimizing impact on established programs and services.
- The Governor's proposed budget includes \$4 million to increase access to residential treatment services as an alternative to incarceration for individuals in the juvenile and criminal justice systems.

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

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Personnel Data

| | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> | <u>FY 02-04</u> <u>Change</u> | <u>FY 05</u> | <u>FY 04-05</u> <u>Change</u> |
|------------------------|--------------|--------------|--------------|----------------------------------|--------------|----------------------------------|
| Regular Positions | 55.0 | 55.0 | 51.5 | -3.5 | 51.5 | 0.0 |
| Contractual FTEs | 20.5 | 3.6 | 3.0 | -17.5 | 3.0 | 0.0 |
| Total Personnel | 75.5 | 58.6 | 54.5 | -21.0 | 54.5 | 0.0 |

Vacancy Data: Regular Positions

| | | |
|---------------------------------|------|-------|
| Turnover Expectancy | 2.36 | 4.58% |
| Positions Vacant as of 12/31/03 | 5.00 | 9.71% |

- The majority of the increase in personnel expenses in the fiscal 2005 allowance provides for reductions in cost containment and turnover expectancy relative to fiscal 2004 levels.

Analysis in Brief

Major Trends

Administration Quantifies Impact of Treatment: Length of time in treatment and completion of a treatment program are positively correlated with employment and reductions in substance use at discharge from treatment.

Cost per Successful Completion of Treatment Increases: Increases in the cost per successful completion of treatment reflect increases in the cost of residential and outpatient treatment services.

Issues

Administration Reports on Distribution of Treatment Funding: Per budget bill language, the administration reported to the budget committees on the distribution of substance abuse treatment funds by jurisdiction and proposed criteria by which future treatment funds may be distributed.

Status of the eSAMIS Information Technology Project: The eSAMIS project, a data management system to allow treatment programs statewide to electronically maintain and submit clinical data to ADAA, is expected to be fully operational in fiscal 2005.

Administration Presents Comprehensive Plan for Treatment Services: The Governor has proposed legislation that would increase access to substance abuse treatment services for individuals in the criminal justice system. The legislation revises the process by which ADAA provides substance abuse services to the criminal justice system and provides funds for expansion of these services.

Office of Legislative Audits Issues Fiscal Compliance Audit: A recent fiscal compliance audit disclosed that ADAA did not ensure that substance abuse treatment grantees served the number of individuals for which they were funded. In addition, ADAA had not conducted outcome research studies required by law.

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Recommended Actions

| | <u>Funds</u> |
|-----------------------------------------------------------------------------------------------|---------------------|
| 1. Reduce funding for the expansion of treatment services as an alternative to incarceration. | \$ 1,991,280 |
| 2. Delete funds to restore fiscal 2003 and 2004 cost containment items. | 1,842,440 |
| Total Reductions | \$ 3,833,720 |

Updates

Administration Reports on Availability of Treatment for Veterans: Narrative in the 2003 *Joint Chairmen's Report* required the Department of Health and Mental Hygiene to report to the budget committees on the number of substance abuse treatment slots available to veterans.

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Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

The Alcohol and Drug Abuse Administration (ADAA) develops and operates unified programs for substance abuse research, training, prevention, and rehabilitation in cooperation with federal, State, local, and private agencies. The mission of this administration is to plan and develop services to prevent harmful involvement with alcohol and other drugs and to treat the illness of chemical addiction in the State of Maryland.

ADAA maintains an integrated statewide service delivery system through a variety of treatment and prevention modalities that provide financial and geographic access to all Marylanders who need help with drug and alcohol addiction. Treatment is funded through grants to private and nonprofit providers and local health departments. Maryland's community-based addictions treatment programs include (1) primary and emergency care; (2) intermediate care facilities; (3) halfway houses and long-term programs; (4) outpatient care; and (5) prevention programs.

Performance Analysis: Managing for Results

Managing for Results data reported by ADAA quantify the effect of treatment on substance abuse and other variables related to addiction. Data in **Exhibit 1** detail reductions in substance use before and during treatment, a reduction of approximately 85%. Amount of use, measured by both days of use and number of clients using drugs and alcohol, is negatively correlated with undergoing treatment. Length of time in treatment and completion of a treatment program are the most significant predictors of reductions in substance use.

The administration also reports that employment increases approximately 25% upon completion of treatment. Those receiving long-term residential and halfway house services show the most significant gains in employment, though completion of other modalities of treatment also positively affect employment. The administration projects that half of all patients completing treatment in fiscal 2005 will be employed at discharge. As for amount of substance use, completion of treatment and length of time in treatment are positively correlated with employment.

The average cost of treatment per successful completion reflects two variables: cost of and retention in treatment programs. Although the percentage of outpatient clients discharged with a successful treatment record has remained relatively stable at 45%, the average cost of outpatient treatment increased nearly 12% in fiscal 2003, reflected in the increase in the average cost of treatment per successful completion between fiscal 2002 and 2003. For residential programs, the percentage of clients discharged with a successful treatment record has also remained relatively

Exhibit 1
Program Measurement Data
Alcohol and Drug Abuse Administration
Fiscal 2002 – 2005

| | <u>Actual</u> <u>2002</u> | <u>Actual</u> <u>2003</u> | <u>Est.</u> <u>2004</u> | <u>Est.</u> <u>2005</u> | <u>Ann.</u> <u>Chg.</u> <u>03-05</u> |
|-----------------------------------------------------------------|------------------------------|------------------------------|----------------------------|----------------------------|--------------------------------------------|
| Rates at Admission to Treatment | | | | | |
| Substance use | 63% | 65% | 65% | 65% | 0% |
| Employment | 37% | 34% | 37% | 38% | 6% |
| Rates at Discharge from Treatment | | | | | |
| Substance use | 9% | 14% | 10% | 10% | -15% |
| Employment | 45% | 43% | 49% | 50% | 8% |
| Average cost per successful completion of residential treatment | \$6,954 | \$7,671 | \$7,387 | \$7,848 | 1% |
| Average cost per successful completion of outpatient treatment | \$2,284 | \$2,497 | \$2,435 | \$2,468 | -1% |

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

stable, with an estimated 65% successfully completing treatment. The increase in the average cost per successful discharge between fiscal 2002 and 2003 reflects a 10% increase in the cost of treatment during that time. The budget forecasts a 1% annual increase in cost per success for residential treatment and a reduction in cost for outpatient treatment.

Fiscal 2004 Actions

Cost containment measures approved by the Board of Public Works on July 30, 2003, reduced the ADAA working appropriation by \$4.1 million. When possible, reductions were made to programs that had not yet been implemented, mitigating the impact of these actions on service delivery. Other general fund reductions were possible due to the availability of increased federal funding. Actions include:

- **Use of Federal Funds to Reduce General Fund Obligations:** General funds were reduced due to a \$1.4 million increase in federal fund attainment. The administration also substituted \$0.2 million in federal funds for general funds appropriated for the eSAMIS data management system.

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- ***Postponement of Baltimore City Treatment Expansion:*** The general fund reduction of \$0.6 million was a continuation of fiscal 2003 cost containment and not expected to reduce services for those already receiving treatment.
- ***Postponement of Funding for Baltimore County and Montgomery County Treatment Facilities:*** This action carried forward \$0.8 million in fiscal 2003 cost containment with no anticipated impact on services.
- ***Reduction of Funding to Rockville Housing Authority, Prince George's, Allegany, Anne Arundel, and Carroll Counties:*** The administration attempted to minimize disruption to services by reducing awards totaling \$0.4 million to counties that had reverted funds in previous fiscal years. Service reductions were anticipated only at the Rockville Housing Authority, where caseworker services were reduced by \$64,000.

The administration also eliminated an anticipated \$0.3 million increase for Second Genesis, with no anticipated impact on service delivery and annualized other fiscal 2003 cost containment measures, producing an additional \$0.2 million in cost savings. Postponing a planned program evaluation and savings from the hiring freeze further reduced the appropriation by \$0.2 million.

Governor's Proposed Budget

The allowance for ADAA increases \$8.0 million in fiscal 2005, detailed in **Exhibit 2**, an increase of 6% over the fiscal 2004 working appropriation. The majority of the change is attributable to the Governor's proposed plan to provide alternatives to incarceration for non-violent offenders, an increase of \$5.8 million in the ADAA budget.

Personnel Expenses

The allowance includes an increase of \$115,937 for personnel expenses. The majority of the increase, \$85,817, provides for reductions in cost containment and turnover expectancy relative to fiscal 2004 levels. An additional \$43,500 reflects the inclusion of increments in the Governor's proposed budget. These increases are offset by a \$23,769 reduction in salaries, reflecting a redistribution of funds related to a fiscal 2004 position reduction.

Governor's Proposal for Treatment Services

The Governor has proposed a comprehensive plan to provide substance abuse treatment as an alternative to incarceration for non-violent offenders. Funds totaling \$8.5 million are budgeted in the Departments of Juvenile Services, Public Safety and Correctional Services, and Health and Mental Hygiene to collectively implement the initiative in fiscal 2005.

Exhibit 2
Governor's Proposed Budget
Alcohol and Drug Abuse Administration
(\$ in Thousands)

| | <u>FY 03</u> <u>Actual</u> | <u>FY 04</u> <u>Approp.</u> | <u>FY 05</u> <u>Allowance</u> | <u>FY 04-05</u> <u>Change</u> | <u>FY 04-05</u> <u>% Change</u> |
|--------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|------------------------------------|
| General Funds | \$73,447 | \$73,748 | \$81,784 | \$8,036 | 10.9% |
| Contingent & Back of Bill Reductions | 0 | 0 | -16 | -16 | |
| Adjusted General Funds | \$73,447 | \$73,748 | \$81,768 | \$8,020 | 10.9% |
| Special Funds | \$17,603 | \$17,514 | \$17,811 | \$296 | 1.7% |
| Federal Funds | \$32,952 | \$33,134 | \$32,807 | -\$327 | -1.0% |
| Contingent & Back of Bill Reductions | 0 | 0 | -3 | -3 | |
| Adjusted Federal Funds | \$32,952 | \$33,134 | \$32,804 | -\$331 | -1.0% |
| Reimbursable Funds | \$24 | \$3,422 | \$3,422 | \$0 | 0.0% |
| Adjusted Grand Total | \$124,026 | \$127,819 | \$135,804 | \$7,986 | 6.2% |

Where It Goes:

Personnel Expenses

| | |
|----------------------------------------------------------------|------|
| Net fiscal 2004 cost containment and turnover adjustments..... | \$86 |
| Increments and other compensation | 45 |
| Employee and retiree health insurance | 5 |
| Increase in unemployment compensation assessment..... | 5 |
| Adjustments to salary | -24 |
| Other fringe benefit adjustments | -1 |

Other Changes

| | |
|---------------------------------------------------------------------------------------------------------------------------|-------|
| Residential substance abuse treatment services in lieu of incarceration | 3,983 |
| Partial restoration of fiscal 2003 and 2004 cost containment items to support juvenile and criminal justice systems | 1,842 |
| Increments for employees of local health departments and treatment providers..... | 1,600 |
| Technical assistance for eSAMIS web-based data management system..... | 800 |
| Increased costs for Drug-Affected Babies initiative..... | 250 |
| Anticipated increase in returned grant funds | 127 |

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Where It Goes:

| | |
|--------------------------------------------------------------------------------------|----------------|
| Reduction in federal funds for web-based data management system..... | -100 |
| Expiration of federal funds for statewide disaster surveillance data collection..... | -517 |
| Other operating changes | -115 |
| Total | \$7,986 |

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

The largest component of the initiative, administered by ADAA, will provide residential treatment services as an alternative to incarceration in the juvenile and criminal justice systems. Funding increases access to long-term residential treatment to 125 adults, with emphasis on those individuals with co-occurring substance abuse and psychiatric disorders. In addition, funding provides crisis stabilization services to an additional 310 adolescents in outpatient care. An additional increase of \$1.8 million will increase services for those involved in the juvenile and criminal justice systems by partially restoring funding for items reduced as part of fiscal 2003 and 2004 cost containment.

Changes to Federal Funding

Federal funds decline \$0.3 million in the fiscal 2005 allowance, the result of the expiration of several specialized grant programs. Significant changes include:

- Funds to develop an electronic web-based data management system to submit federally-mandated treatment data decline \$0.1 million in fiscal 2005. The \$0.1 million remaining in fiscal 2005 for the program will partially defray implementation costs for the administration’s eSAMIS project.
- Funds to develop a statewide surveillance system expire in fiscal 2005, a reduction of \$0.5 million. Funds provided for evaluation of call volume to treatment providers and crisis hotlines related to disasters or national emergencies. Funds also provide for contingency systems for crisis hotlines in the event of systems failures.

Despite reductions in ancillary services, the total amount of federal funding for prevention and treatment will increase \$0.3 million from \$32.3 million in fiscal 2004 to \$32.6 million in fiscal 2005.

Other Operating Changes

The fiscal 2005 allowance includes \$1.6 million for increments for employees of local health departments and treatment providers. This increase mirrors increases in salaries for State employees.

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The fiscal 2005 allowance also includes a \$0.8 million increase in funding for the eSAMIS information technology project. A similar amount of funding was budgeted for software development in the Department of Budget and Management's Information Technology Development Project Fund in prior fiscal years. In fiscal 2005 funds will support a contract with the University of Maryland's Bureau of Governmental Research to analyze data generated by the system and provide technical support to the providers using the software.

Increased costs for the Drug-Affected Babies initiative increase the fiscal 2005 allowance \$0.25 million. Funds support inflationary increases in expenses for substance abuse treatment and addictions counselors.

The fiscal 2005 allowance also includes an anticipated \$0.15 million increase in grant activity. ADAA maintains a fund to account for returned grant funds from prior fiscal years, as suggested by legislative auditors. The administration anticipates an increase in returned funds based on fiscal 2003 actual levels. These funds will be available as a contingency in the case of over-award of other grant funds.

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$19,158, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

Issues

1. Administration Reports on Distribution of Treatment Funding

The 2003 *Joint Chairmen's Report* required the Department of Health and Mental Hygiene to provide the budget committees with an analysis of the distribution of substance abuse treatment funds by jurisdiction. The language required the report submitted by the department to provide historical data detailing the amount allocated to and expended by each jurisdiction for substance abuse treatment and prevention in each of the last five years, including an explanation of the current methodology for distribution of funds. The language further required the department to estimate the unmet need for substance abuse treatment by jurisdiction and propose criteria by which future treatment funds may be distributed. It was the intent of the committees that the requested information would provide the information necessary to assess the adequacy of the current distribution of funds.

The department reported that there are four methods currently used to distribute funds: historic allocations, legislative directives, competitive awards, and formula-based awards. As treatment funding has increased – from \$61 million in fiscal 2000 to \$113 million in fiscal 2004 – the amount earmarked for specific purposes or initiatives has increased, though the amount distributed based on historic allocations still constitutes nearly half of all funding. An unanticipated result of increases in funding has been an increase in the amount of funds reverted. Local appropriation and procurement processes have delayed the implementation of new treatment programs, causing increases in reversions in many jurisdictions; however, the data does not indicate consistently high levels of reversions in any single jurisdiction, implying that the jurisdictions have been able to expand their programs after initial implementation delays.

The report includes several sets of data relevant to a determination of unmet need in the public treatment system. Capacity in both the public and the private network of treatment providers has increased in recent years, with the number of individuals accessing State-provided treatment roughly equivalent to the number accessing private treatment. Despite increases in treatment capacity, however, the department estimates that only 14 to 65% of individuals in need of treatment in each jurisdiction are receiving those services, with an average of 29% of the need for substance abuse treatment met statewide.

As requested, the report also included possible criteria by which future treatment funds may be distributed. The department offered a formula currently used to distribute \$4.5 million designated for areas with the greatest need. The formula equally weights three proxies for the effect of alcohol and drug abuse on a community: prevalence of substance abuse, incidence of HIV-infected residents, and the number of arrests for driving while intoxicated. Applying this formula to the entire \$113 million currently distributed to the jurisdictions, awards to nine relatively wealthy jurisdictions would increase while awards to 15 jurisdictions would decline. Proposed changes are detailed in **Exhibit 3**. The department offers that additional variables could be included in any such formula, but does not take a position on any proposed changes.

Exhibit 3
Proposed Distribution of Substance Abuse Treatment Funding
Fiscal 2004

| <u>Counties</u> | <u>Actual FY 2004 Award</u> | <u>Alternative Formula Award</u> | <u>Amount of Change</u> | <u>Percentage Change</u> |
|------------------|-------------------------------------|------------------------------------------|-----------------------------|------------------------------|
| Allegany | \$2,030,997 | \$1,054,568 | -\$976,429 | -48% |
| Anne Arundel | 4,804,781 | 7,701,858 | 2,897,077 | 60% |
| Baltimore City | 49,571,630 | 48,596,783 | -974,847 | -2% |
| Baltimore County | 7,067,338 | 10,605,618 | 3,538,280 | 50% |
| Calvert | 1,206,846 | 1,478,289 | 271,443 | 22% |
| Caroline | 655,166 | 632,383 | -22,783 | -3% |
| Carroll | 1,526,691 | 1,661,173 | 134,482 | 9% |
| Cecil | 1,432,300 | 1,732,164 | 299,864 | 21% |
| Charles | 2,325,271 | 2,063,905 | -261,366 | -11% |
| Dorchester | 1,999,821 | 702,524 | -1,297,297 | -65% |
| Frederick | 2,659,842 | 3,230,032 | 570,190 | 21% |
| Garrett | 1,004,729 | 437,151 | -567,578 | -56% |
| Harford | 2,138,630 | 3,140,313 | 1,001,683 | 47% |
| Howard | 1,833,196 | 2,473,652 | 640,456 | 35% |
| Kent | 1,979,558 | 444,573 | -1,534,985 | -78% |
| Montgomery | 4,704,899 | 8,163,537 | 3,458,638 | 74% |
| Prince George's | 11,496,220 | 10,349,254 | -1,146,966 | -10% |
| Queen Anne's | 874,339 | 709,457 | -164,882 | -19% |
| Somerset | 1,087,135 | 578,698 | -508,437 | -47% |
| St. Mary's | 2,866,769 | 1,626,985 | -1,239,784 | -43% |
| Talbot | 938,990 | 693,861 | -245,129 | -26% |
| Washington | 3,870,400 | 1,983,751 | -1,886,649 | -49% |
| Wicomico | 2,318,868 | 1,864,589 | -454,279 | -20% |
| Worcester | 3,107,028 | 1,576,326 | -1,530,702 | -49% |
| Total | \$113,501,444 | \$113,501,444 | | |

Source: Department of Health and Mental Hygiene

2. Status of the eSAMIS Information Technology Project

The eSAMIS project is a data management system that, when fully implemented, will allow treatment programs statewide to electronically maintain and submit clinical data to ADAA. The project will allow ADAA to collect clinical data from substance abuse treatment providers in real time, allowing greater and more timely access to data, as well as eliminating the need to manually convert data from paper to electronic form. In addition to automating the data collection process, the eSAMIS project will allow treatment providers, both public and community-based, to identify available treatment slots and track admissions and discharges from alcohol and drug treatment programs statewide.

An eSAMIS pilot program began in February 2002 to test the reliability and validity of the performance outcome measurement data element of the program. The pilot program is fully operating, allowing ADAA and its partner organizations, the University of Maryland's Bureau of Governmental Research and the University of Maryland Center for Substance Abuse Research, to analyze data collected from participating providers and identify needed program modifications. According to ADAA, the majority of pilot programs reported no problems with data entry. With this phase of the program complete, ADAA added the treatment slot management component to the pilot program in selected sites, allowing addictions specialists to evaluate social service recipients and refer them to available and appropriate treatment slots.

ADAA has expanded the slot management module of the eSAMIS program and, in conjunction with the Bureau of Governmental Research, upgraded the program to a web-based system available for statewide use during fiscal 2004. The web-based system has improved reporting while minimizing system requirements for providers and infrastructure maintenance by ADAA. The eSAMIS program will soon be fully operational, allowing ADAA to collect and analyze program performance data across the statewide network of providers.

The eSAMIS program will be fully implemented by the end of fiscal 2004, with all treatment providers reporting electronically by June 30, 2004. With the end of the development phase, funding will move from the Department of Budget and Management's Information Technology Development Project Fund to the ADAA operating budget. The fiscal 2005 allowance includes \$0.8 million for an administration contract with the University of Maryland's Bureau of Governmental Research to monitor programs, provide technical assistance, and assist treatment providers in developing relevant performance measures. These measures will assist ADAA in analyzing the provision of public treatment services as well as provide measures by which individual providers may be assessed. The administration anticipates that all 377 providers licensed by ADAA, both private and public, will be reporting data through eSAMIS in fiscal 2005.

The administration should comment on the status of eSAMIS development and implementation.

3. Administration Presents Comprehensive Plan for Treatment Services

The Governor has proposed legislation that would increase access to substance abuse treatment services for individuals in the criminal justice system. The legislation revises the process by which ADAA provides substance abuse evaluation and treatment services to clients of the juvenile and criminal justice systems through the following means:

- Providing that ADAA will evaluate individuals before the Parole Commission to determine their amenability to substance abuse treatment. The legislation also provides that the administration will determine the type of treatment necessary and provide the commission with the location and date that treatment will be available.
- Providing the State's Attorney with the option to dismiss a criminal charge for substance use by entering a "nolle prosequi for drug or alcohol treatment" or indefinitely postponing trial by marking the criminal charge "stet for drug or alcohol treatment" provided that ADAA has evaluated the defendant and determined that he or she is amenable to treatment.
- Creating local drug and alcohol councils to develop a local plan for substance abuse prevention and treatment services and survey existing resources.
- Creating the Maryland Substance Abuse Fund to provide funds to local drug and alcohol councils for planning and local jurisdictions for substance abuse evaluation and treatment. Funds are generated through a \$150 administrative fee payable by a defendant diverted to substance abuse treatment.
- Ending the practice that allows a court to commit a defendant to the Department of Health and Mental Hygiene for evaluation. Under the proposed law, the court may order the department to conduct a substance abuse evaluation, but the defendant remains under the supervision of either a pre-trial release or probation agent.

These changes are intended to improve the processes by which the Department of Juvenile Services, the Department of Public Safety and Correctional Services, and the Department of Health and Mental Hygiene collectively provide services to addicted individuals, with the intention of providing rehabilitative services and reducing recidivism.

In addition to systemic changes proposed in legislation, the Governor is proposing the addition of \$8.5 million, detailed in **Exhibit 4**, to expand access to services. The largest component of the initiative would provide residential treatment services as an alternative to incarceration in the juvenile and criminal justice systems. Funding would increase access to long-term residential treatment to 125 adults, with emphasis on those individuals with co-occurring substance abuse and psychiatric disorders. In addition, funding would provide crisis stabilization services to an additional 310 adolescents in outpatient care. An additional increase of \$1.8 million would increase services for those involved in the juvenile and criminal justice systems by partially restoring funding for items reduced as part of fiscal 2004 cost containment.

Exhibit 4
Additional Treatment Funds for Criminal Justice System
Fiscal 2005

Department of Juvenile Services

Drug Courts: Creates six new positions and provides additional funding to jurisdictions. \$588,000

Substance Abuse Unit: Creates five new licensed drug addiction counselor positions at detention facilities. 175,000

Department of Public Safety and Correctional Services

Therapeutic Communities: Adds programs at two detention facilities. 1,500,000

Substance Abuse Evaluation: Provides assessment of inmates entering the correctional system. 300,000

Methadone Detoxification: Provides pharmaceuticals for withdrawal from opiates. 100,000

Department of Health and Mental Hygiene

Residential Treatment: Provides long-term residential treatments to 125 adults and juveniles as an alternative to incarceration. 3,982,560

Treatment Expansion: Expands treatment available to juvenile and criminal justice systems. 1,842,440

Total **\$8,488,000**

Source: Department of Health and Mental Hygiene

The department should comment on the changes to treatment services proposed by the administration.

4. Office of Legislative Audits Issues Fiscal Compliance Audit

A July 2003 fiscal compliance audit by the Department of Legislative Services' Office of Legislative Audits disclosed that ADAA did not ensure that substance abuse treatment grantees served the number of individuals for which they were funded. In addition, ADAA had not conducted the outcome research studies required by law to evaluate the success and effectiveness of privately

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funded licensed or certified alcohol and drug abuse treatment programs in the State. Finally, ADAA did not establish sufficient controls over its cash receipts. The two most significant findings are discussed below.

Substance Abuse Treatment Grants Were Not Properly Monitored

The audit disclosed that ADAA did not adequately monitor substance abuse treatment grants awarded to providers to ensure compliance with grant agreements. Data was not collected from providers awarded contracts funded from the Cigarette Restitution Fund or the Substance Abuse Treatment Outcomes Partnership; funds from these sources totaled \$23.6 million in fiscal 2003, the last fiscal year of the audit period. Treatment slots funded through these sources were not recorded in the administration's automated tracking system, making it impossible to determine the number of slots purchased with these funds.

The audit further disclosed that certain providers did not serve the number of people anticipated, despite grant agreements that require providers to serve a certain number of clients. For example, six providers collectively awarded \$14 million in fiscal 2002 served fewer than 75% of the 1,553 treatment slots funded, though all funds were spent. One provider awarded \$11 million provided less than 70% of the treatment capacity required. Field visits to verify the accuracy of provider data were discontinued in November 2002 due to personnel shortages, increasing the likelihood that provider data would be submitted inaccurate or incomplete.

The Department of Health and Mental Hygiene concurred with the auditors' findings and has implemented a revised grant process for fiscal 2004. Treatment capacity will be updated more frequently as a condition of a grant award, with utilization confirmed on a quarterly basis. Grant awards will be adjusted in the event that services are not rendered as required, with technical assistance available to reduce this possibility. The administration, in collaboration with the Office of Health Care Quality, will make field visits to providers to verify the accuracy of treatment data.

Private Treatment Programs Were Not Evaluated As Required

Section 8-402 of the Health-General Article requires ADAA to evaluate the effectiveness of each substance abuse treatment program, both public and private, it licenses or certifies. The law requires the administration to perform outcome research studies on a representative sample of individuals receiving treatment to determine the extent to which clients are successfully discharged and have maintained their sobriety after discharge. The final report of the Governor's Drug Treatment Task Force, issued in February 2001, reinforced the importance of this obligation with a recommendation that the administration perform annual evaluations to determine the efficacy of substance abuse treatment programs statewide.

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The Office of Legislative Audits found that ADAA has not been fulfilling its statutory obligation to evaluate all licensed providers, a condition noted in four preceding audit reports. The administration collaborates with the University of Maryland Center for Substance Abuse Research (CESAR) to produce outcome data, but these reports are limited to publicly-funded programs. The eSAMIS program is similarly limited in scope. As only 136 of 377 licensed programs are funded by the State, there remain a significant number of providers not currently evaluated as required by law.

In its response to the audit finding, the department notes that the administration does not have resources sufficient to evaluate all providers. Alternatively, the administration has compiled outcome data from a sample of individuals who entered treatment in Maryland and reported on completion, employment, arrest, and readmission rates one year after completion of treatment. The administration argues that this and other reports produced with CESAR provide an overview of the effectiveness of drug treatment programs statewide.

The administration should comment on the status of efforts to implement fiscal compliance measures recommended by the Office of Legislative Audits.

Recommended Actions

| | <u>Amount Reduction</u> | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----|
| 1. Reduce funding to expand treatment services as an alternative to incarceration. The process by which the administration awards funds and local jurisdictions develop new treatment programs often takes several months. This reduction would reduce by half the amount provided for additional long-term residential treatment and outpatient services in recognition of systemic delays in program implementation. | \$ 1,991,280 | GF |
| 2. Delete funds to partially restore fiscal 2003 and 2004 cost containment items. As the programs and services to benefit from this increase have not been fully identified, this action would continue cost savings while minimizing impact on current services. | 1,842,440 | GF |
| Total General Fund Reductions | \$ 3,833,720 | |

Updates

1. Administration Reports on Availability of Treatment for Veterans

Narrative in the 2003 *Joint Chairmen's Report* required the Department of Health and Mental Hygiene, in consultation with the Department of Veterans Affairs, to report to the budget committees on the number of substance abuse treatment slots in the publicly funded and nonprofit systems available to veterans. The departments were also required to provide an estimate of the number of veterans in Maryland requiring substance abuse treatment.

According to the report submitted to the committees, the federal Veterans Administration estimates that there are 30,000 veterans in Maryland in need of substance abuse treatment. Treatment is available to this population through ADAA, which operates 14,182 slots for which veterans are eligible, and the Veterans Administration, which operates two substance abuse programs in the State.

The Veterans Administration operates a 62-bed program in Cecil County and an 18-bed program in Baltimore City. The Cecil County program, located in Perry Point, offers residential inpatient treatment; the Baltimore City program offers detoxification and outpatient services. In addition, the administration contracts with private providers for halfway house services throughout the State. Veterans also have the option of seeking federally-funded treatment in other states.

Current and Prior Year Budgets

Current and Prior Year Budgets Alcohol and Drug Abuse Administration (\$ in Thousands)

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Federal Fund</u> | <u>Reimb. Fund</u> | <u>Total</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------|
| Fiscal 2003 | | | | | |
| Legislative Appropriation | \$79,559 | \$18,782 | \$32,397 | \$67 | \$130,805 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | -2,396 | -1,141 | 861 | 0 | -2,676 |
| Cost Containment | -3,716 | 0 | 0 | 0 | -3,716 |
| Reversions and Cancellations | 0 | -39 | -307 | -44 | -390 |
| Actual Expenditures | \$73,447 | \$17,603 | \$32,952 | \$23 | \$124,025 |
| Fiscal 2004 | | | | | |
| Legislative Appropriation | \$77,803 | \$17,514 | \$31,037 | \$3,422 | \$129,776 |
| Cost Containment | -4,055 | 0 | 0 | 0 | -4,055 |
| Budget Amendments | 0 | 0 | 2,097 | 0 | 2,097 |
| Working Appropriation | \$73,748 | \$17,514 | \$33,134 | \$3,422 | \$127,818 |

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

M00K - DHMH Alcohol and Drug Abuse Administration

Fiscal 2003

The general fund appropriation was reduced by \$2.4 million due to decreased expenditures for substance abuse treatment. Surplus funds were transferred to other departmental units. Cost containment further reduced the general fund appropriation by \$3.7 million due to a 2.8% reduction in human service contracts and reversions from programs experiencing implementation delays.

The special fund appropriation decreased \$1.1 million. The reduction is the result of a \$1.3 million transfer to the Major Information Technology Development Projects program for the ongoing development of the eSAMIS program. The reduction was offset by \$76,341 from prior year service contracts and \$82,864 from provider training fees.

The federal fund appropriation increased \$0.9 million. Of the total, \$0.3 million was used to support two data analysis positions, a contract with the University of Maryland Center for Substance Abuse Research for data analysis, and addictions counseling for families in jurisdictions with military bases. An additional \$0.5 million allowed for an ADAA contract with the Bureau of Governmental Research at the University of Maryland to develop the Disaster Relief Automated Network.

**Object/Fund Difference Report
DHMH – Alcohol and Drug Abuse Administration**

| <u>Object/Fund</u> | <u>FY03 Actual</u> | <u>FY04 Working Appropriation</u> | <u>FY05 Allowance</u> | <u>FY04 - FY05 Amount Change</u> | <u>Percent Change</u> |
|---------------------------------|------------------------|-------------------------------------------|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 55.00 | 51.50 | 51.50 | 0 | 0% |
| 02 Contractual | 3.60 | 3.04 | 3.04 | 0 | 0% |
| Total Positions | 58.60 | 54.54 | 54.54 | 0 | 0% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 3,140,543 | \$ 3,073,729 | \$ 3,208,824 | \$ 135,095 | 4.4% |
| 02 Technical & Spec Fees | 152,919 | 129,630 | 129,875 | 245 | 0.2% |
| 03 Communication | 23,542 | 24,136 | 24,059 | -77 | -0.3% |
| 04 Travel | 100,613 | 94,653 | 94,785 | 132 | 0.1% |
| 07 Motor Vehicles | 4,502 | 5,098 | 5,364 | 266 | 5.2% |
| 08 Contractual Services | 120,427,381 | 124,225,236 | 132,293,926 | 8,068,690 | 6.5% |
| 09 Supplies & Materials | 71,487 | 45,864 | 46,370 | 506 | 1.1% |
| 10 Equip - Replacement | 47,165 | 0 | 0 | 0 | 0.0% |
| 11 Equip - Additional | 47,902 | 0 | 0 | 0 | 0.0% |
| 12 Grants, Subsidies, Contracts | 0 | 200,000 | 0 | -200,000 | -100.0% |
| 13 Fixed Charges | 9,632 | 20,354 | 20,380 | 26 | 0.1% |
| Total Objects | \$ 124,025,686 | \$ 127,818,700 | \$ 135,823,583 | \$ 8,004,883 | 6.3% |
| Funds | | | | | |
| 01 General Fund | \$ 73,447,426 | \$ 73,747,832 | \$ 81,784,027 | \$ 8,036,195 | 10.9% |
| 03 Special Fund | 17,603,157 | 17,514,467 | 17,810,510 | 296,043 | 1.7% |
| 05 Federal Fund | 32,951,582 | 33,134,273 | 32,806,918 | -327,355 | -1.0% |
| 09 Reimbursable Fund | 23,521 | 3,422,128 | 3,422,128 | 0 | 0% |
| Total Funds | \$ 124,025,686 | \$ 127,818,700 | \$ 135,823,583 | \$ 8,004,883 | 6.3% |

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
DHMH – Alcohol and Drug Abuse Administration**

| <u>Unit/Program</u> | <u>FY03 Actual</u> | <u>FY04 Legislative Appropriation</u> | <u>FY04 Working Appropriation</u> | <u>FY03 - FY04 % Change</u> | <u>FY05 Allowance</u> | <u>FY04 - FY05 % Change</u> |
|-----------------------------|------------------------|-----------------------------------------------|-------------------------------------------|---------------------------------|---------------------------|---------------------------------|
| 01 Program Direction | \$ 124,025,686 | \$ 129,776,399 | \$ 127,818,700 | 3.1% | \$ 135,823,583 | 6.3% |
| Total Expenditures | \$ 124,025,686 | \$ 129,776,399 | \$ 127,818,700 | 3.1% | \$ 135,823,583 | 6.3% |
| General Fund | \$ 73,447,426 | \$ 77,802,531 | \$ 73,747,832 | 0.4% | \$ 81,784,027 | 10.9% |
| Special Fund | 17,603,157 | 17,514,467 | 17,514,467 | -0.5% | 17,810,510 | 1.7% |
| Federal Fund | 32,951,582 | 31,037,273 | 33,134,273 | 0.6% | 32,806,918 | -1.0% |
| Total Appropriations | \$ 124,002,165 | \$ 126,354,271 | \$ 124,396,572 | 0.3% | \$ 132,401,455 | 6.4% |
| Reimbursable Fund | \$ 23,521 | \$ 3,422,128 | \$ 3,422,128 | 14449.2% | \$ 3,422,128 | 0% |
| Total Funds | \$ 124,025,686 | \$ 129,776,399 | \$ 127,818,700 | 3.1% | \$ 135,823,583 | 6.3% |

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.