

M00B0103
Office of Health Care Quality
Department of Health and Mental Hygiene

Operating Budget Data

(\$ in Thousands)

	<u>FY 08</u> <u>Actual</u>	<u>FY 09</u> <u>Working</u>	<u>FY 10</u> <u>Allowance</u>	<u>FY 09-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$9,759	\$10,502	\$10,778	\$276	2.6%
Contingent & Back of Bill Reductions	0	0	-63	-63	
Adjusted General Fund	\$9,759	\$10,502	\$10,715	\$213	2.0%
Special Fund	343	438	900	462	105.5%
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted Special Fund	\$343	\$438	\$898	\$461	105.2%
Federal Fund	5,286	6,133	5,973	-160	-2.6%
Contingent & Back of Bill Reductions	0	0	-29	-29	
Adjusted Federal Fund	\$5,286	\$6,133	\$5,944	-\$189	-3.1%
Adjusted Grand Total	\$15,388	\$17,072	\$17,557	\$485	2.8%

- The proposed fiscal 2010 budget represents a \$0.5 million, or 2.8%, increase over the fiscal 2009 working appropriation.
- The allowance for special funds doubles over the fiscal 2009 working appropriation due to a one-time adjustment of \$500,000 in fiscal 2010 utilizing Civil Money Penalty funds.
- Contingent reductions to eliminate the deferred compensation match for State employees at the Office of Health Care Quality (OHCQ) reduce the allowance by \$93,481 of total funds.

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

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Personnel Data

	<u>FY 08 Actual</u>	<u>FY 09 Working</u>	<u>FY 10 Allowance</u>	<u>FY 09-10 Change</u>
Regular Positions	194.40	194.20	194.20	0.00
Contractual FTEs	<u>5.05</u>	<u>5.15</u>	<u>5.40</u>	<u>0.25</u>
Total Personnel	199.45	199.35	199.60	0.25

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	5.83	3.00%
Positions and Percentage Vacant as of 12/31/08	14.80	7.62%

- While the above chart does not reflect any abolished regular positions in the fiscal 2010 allowance, Section 18 of the budget bill indicates that 200.0 vacant positions will be abolished within the Department of Health and Mental Hygiene (DHMH).
- OHCQ received 5.0 new surveyor positions in the fiscal 2009 legislative appropriation. However, during the course of the year, 5.0 positions, 4.0 of which were surveyor positions, were transferred from OHCQ to other parts of DHMH. The net effect of those two actions negates the position increase for fiscal 2009.
- Board of Public Works cost containment actions taken in October 2008 abolished a 0.20 full-time equivalent position in fiscal 2009.
- As of December 31, 2008, there were 14.8 vacant positions, representing 7.62% of the total workforce. Of the vacant positions, 7.8 are positions that perform survey and inspection activities.

Analysis in Brief

Major Trends

Surveyor Deficits and Vacancies Limit the Agency’s Efficacy: The combination of increased workload, a structural deficiency in positions allotted for survey and inspection activities, and chronic vacancies among surveyor positions prevent OHCQ from conducting all of the surveys required by State and federal law.

Community-based Sites Increase OHCQ Workload: One of the factors contributing to the growing workload for OHCQ is the trend toward home- and community-based health care programs, especially for residential service agencies, assisted living providers, and homes for individuals with developmental disabilities. The Money Follows the Person program, which provides states with an enhanced federal fund match for transitioning individuals out of long-term care facilities and into community settings, also adds to the projected workload.

Issues

Staffing Shortages Persist: OHCQ continues to face a staffing shortfall required to perform all of the surveys for which it is responsible. According to the 2008 *Annual Report and Staffing Analysis*, the agency has a surveyor deficit of 83.1 positions. The most pronounced staffing deficits occur within the Developmental Disabilities Unit, Long-Term Care Unit, and Ambulatory Care Unit. Home- and community-based care settings are becoming the most prevalent survey types in both the Developmental Disabilities and Ambulatory Care Units, which add to the workload for OHCQ.

Recommended Actions

1. Add language signifying the intent of the General Assembly to prohibit the Board of Public Works from abolishing positions engaged in survey and inspection activities within the Office of Health Care Quality.
2. Add language that prohibits the abolition of positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 18 of the 2009 budget bill.
3. Add language that prohibits the abolition of positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 22 of the 2009 budget bill.

M00B0103 – DHMH – Office of Health Care Quality

M00B0103
Office of Health Care Quality
Department of Health and Mental Hygiene

Operating Budget Analysis

Program Description

The Office of Health Care Quality (OHCQ) is the agency within the Department of Health and Mental Hygiene (DHMH) mandated by State and federal law to determine compliance with the quality of care and life standards for a variety of health care services and programs. Facilities and services are reviewed on a regular basis for compliance with the Code of Maryland Regulations as well as for compliance with federal regulations in those facilities participating in Medicare and Medicaid. The types of facilities licensed and regulated by OHCQ include nursing homes, hospitals, ambulatory surgical centers, endoscopic centers, birthing centers, home health agencies, health maintenance organizations, hospice care, physical therapy centers, developmental disability homes and facilities, mental health facilities, and substance abuse treatment facilities.

Performance Analysis: Managing for Results

OHCQ ensures the health and safety of consumers through a fair survey and enforcement process and the timely resolution of consumer complaints.

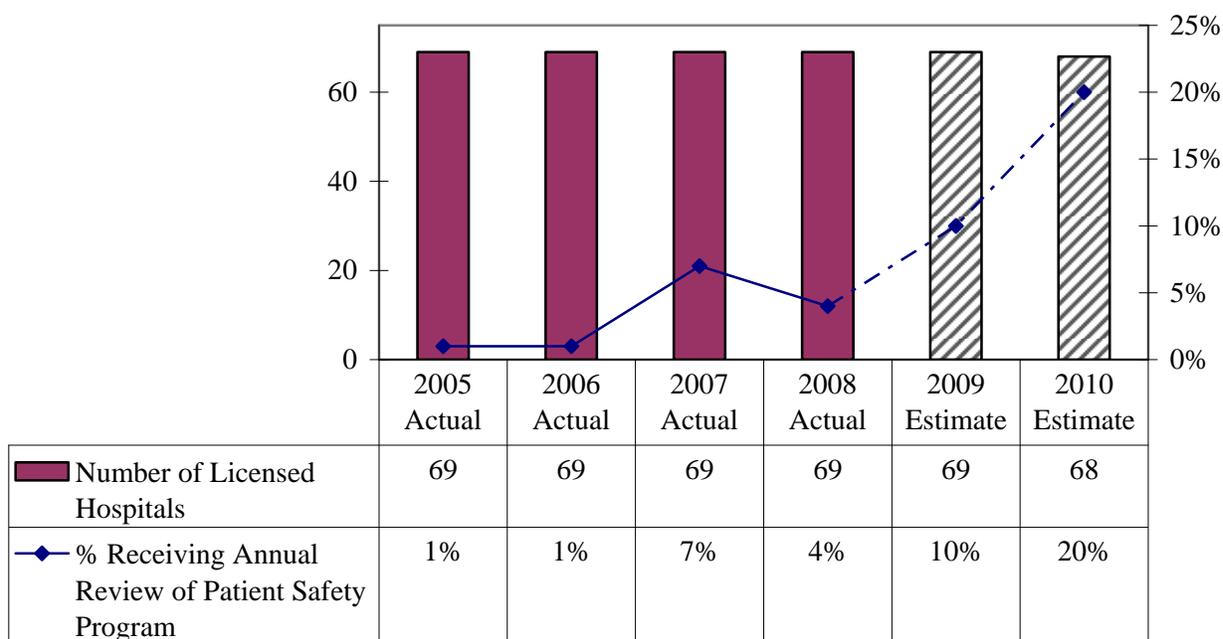
Patient Safety Programs at Hospitals

In fiscal 2004, OHCQ assumed responsibility for the implementation of the Maryland Patient Safety Program, which requires hospitals to establish an internal patient safety program that tracks adverse events and near misses. OHCQ has a goal to conduct annual reviews of hospital patient safety programs in 20% of all licensed hospitals. While the unit has a sufficient number of surveyor positions assigned to complete the duties, the retention and recruitment of staff has limited the number of surveys that can be conducted, as shown in **Exhibit 1**. Currently, two of the seven surveyor positions assigned to the unit are vacant. In fiscal 2008, only 4% of all hospital patient safety programs were reviewed by OHCQ.

Hospitals are required to report Level 1 adverse events to OHCQ, including events that result in death or serious disability, retained foreign bodies after a surgery, or wrong side/wrong person surgery. OHCQ targets hospitals that fail to report Level 1 adverse events by conducting an on-site review of the hospital's patient safety program. In most cases, surveyors have found that the hospital has an ineffective patient safety program. The failure of OHCQ to properly review hospital patient safety programs places consumers at risk for adverse events.

The agency plans to reach its goal of conducting annual reviews of patient safety programs in 20% of licensed hospitals by filling vacant positions and providing staff training.

**Exhibit 1
Licensed Hospitals and Annual Review of Patient Safety Program
Fiscal 2005-2010**



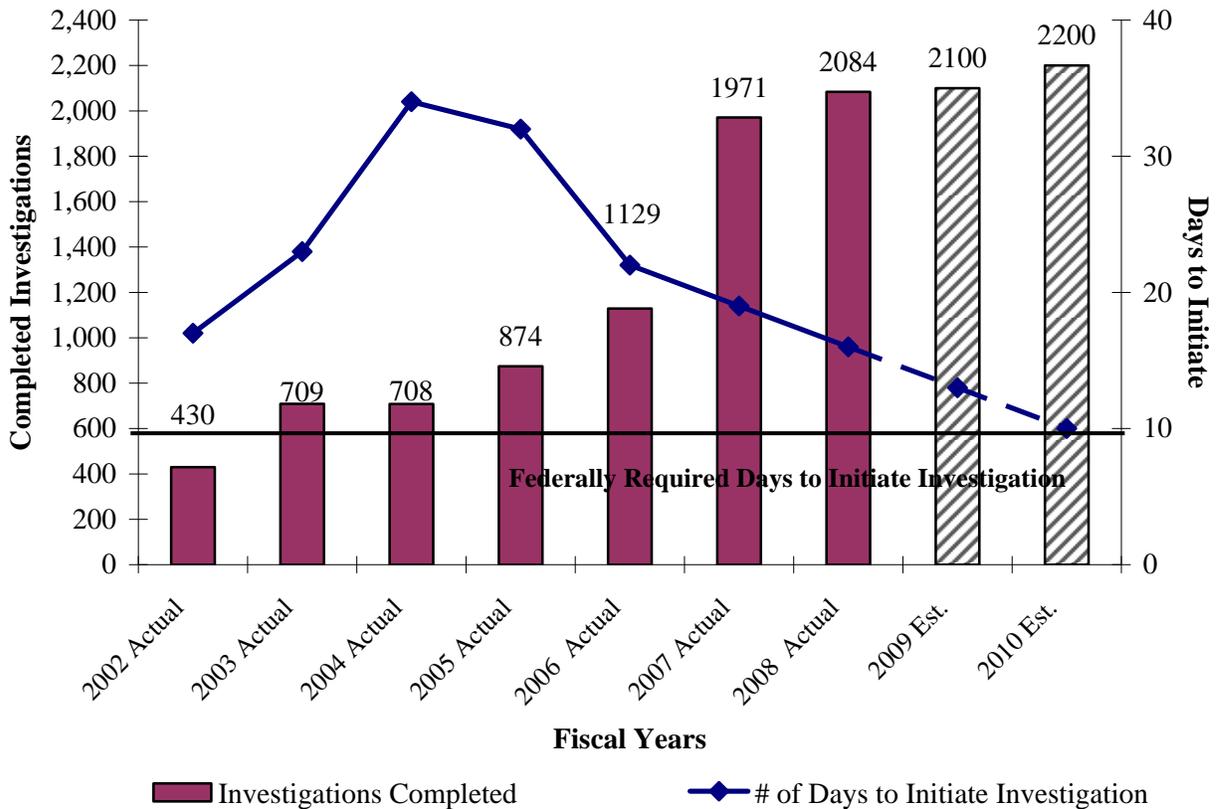
Source: Department of Health and Mental Hygiene

Nursing Homes

OHCQ's Long Term Care Unit evaluates, monitors, licenses, and certifies all nursing homes in the State. One of the performance goals of OHCQ is to minimize delays in handling complaint investigations in nursing homes. The investigation of complaints and incidents alleging actual harm from consumers or advocates and facility-reported incidents is required by both federal and State regulations. OHCQ has a goal to initiate complaint investigations alleging actual harm within 10 days of receipt of the complaint, which coincides with requirements set forth in federal regulations for Medicare and Medicaid. The number of complaint investigations completed annually and the average number of days it took OHCQ to initiate the investigation are shown in **Exhibit 2**.

As Exhibit 2 demonstrates, OHCQ is making progress toward achieving its goal of initiating on-site investigations within ten days. OHCQ has minimized the delay in handling complaints from 34 days in fiscal 2004 to only 16 days in fiscal 2008. The agency expects to reach its goal by fiscal 2010 and is working to do so by filling current surveyor vacancies, providing education and training to surveyors, and providing ongoing education and direction to providers as to reporting requirements.

**Exhibit 2
Nursing Home Complaint Investigations
Fiscal 2002-2010**

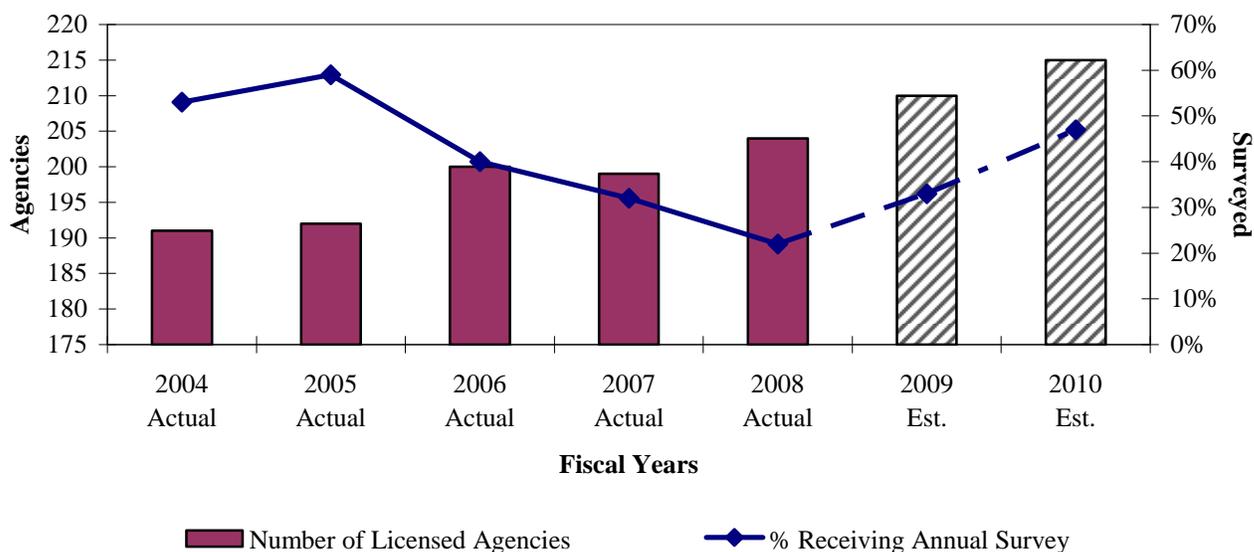


Source: Department of Health and Mental Hygiene

Developmental Disabilities Facilities

OHCQ’s Developmental Disabilities Licensure Unit evaluates, monitors, and recommends licensure for all community residential, day habilitation, vocational, and support services provided for individuals receiving funding through the Developmental Disabilities Administration (DDA). In fiscal 2008, there were 204 agencies operating over 2,700 sites throughout the State. The unit’s goal is to provide timely and comprehensive relicensure surveys for agencies providing services to developmentally disabled individuals. **Exhibit 3** shows the total number of licensed agencies and the percent receiving an annual survey. All new agencies are required to have an initial survey conducted to receive licensure.

**Exhibit 3
Survey of Development Disabilities Agencies
Fiscal 2004-2010**



Source: Department of Health and Mental Hygiene

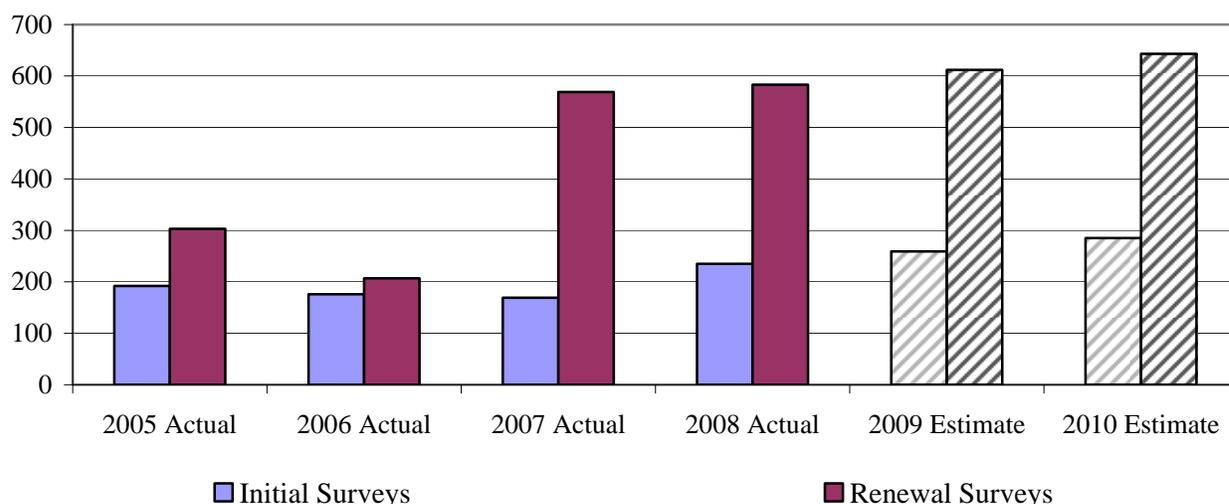
As Exhibit 3 demonstrates, the number of agencies continues to increase, but the percent of those receiving an annual survey has decreased between fiscal 2005 and 2008. In fiscal 2005, OHCQ conducted as many as 59% of relicensure surveys for all agencies, whereas in fiscal 2008 only 22% were conducted. The growing number of individuals receiving DDA-funded support and the corresponding increase in the total number of agencies serving these individuals places a greater burden on OHCQ. Also, DHMH is in the process of closing one of its State-residential centers and deinstitutionalizing individuals from the State psychiatric hospitals which will contribute to the increase in agencies assisting individuals.

In fiscal 2009, OHCQ received funding for 5.0 new full-time equivalent positions for the Developmental Disabilities Unit (DDU) and have employed a new management strategy to create a more efficient system for conducting re-licensure surveys. These factors contribute to the agency’s expected increase in annual surveys for fiscal 2009 and 2010, as shown in Exhibit 3.

Assisted Living Facilities

OHCQ’s Assisted Living Unit (ALU) surveys all assisted living providers in the State. The goal is to provide timely and comprehensive initial and renewal surveys of assisted living sites for the protection of individuals receiving services from assisted living providers. **Exhibit 4** shows the number of licensed sites in the State receiving initial and renewal surveys.

**Exhibit 4
Licensed Assisted Living Sites Surveyed
Fiscal 2005-2010**



Source: Department of Health and Mental Hygiene

Between fiscal 2006 and 2007, there was a significant jump in the number of sites receiving renewal surveys from 207 to 569. In fiscal 2007, the licensure and complaint division increased its survey staff by hiring additional surveyors for residential and community programs which has contributed to the increase in sites that are able to be surveyed each year. OHCQ also employed a new management model to improve staff and survey efficiency. This model included appointing a program manager to coordinate the surveys, partnering with local entities to coordinate resources, and offering provider education activities. Exhibit 4 shows that the model continued to have success in fiscal 2008 when 583 sites received renewal surveys.

Fiscal 2009 Actions

Impact of Cost Containment

The Board of Public Works (BPW) met twice during the interim to reduce costs across the Executive agencies. In June 2008, actions taken by BPW reduced personnel expenses in OHCQ by \$73,197 in general funds, \$1,316 in special funds, and \$33,846 in federal funds.

In October 2008, actions taken by BPW reduced OHCQ's budget by a further \$0.4 million in general funds. Of that amount, personnel expenses were reduced by \$347,382 to eliminate a 0.20 full-time equivalent position, to eliminate Other Post Employment Benefit (OPEB) funding, and

to use statewide employee health insurance balances in lieu of budgeted funds. Lastly, funding for motor vehicle operations were reduced by \$16,642.

Additionally, the Governor announced the implementation of a furlough plan for State employees for fiscal 2009 based on salary level, resulting in an estimated \$92,322 general fund reduction for OHCQ. While State employees have already taken two furlough days, the action has not yet been formally approved by BPW. There may still be other BPW actions that affect the fiscal 2009 working appropriation, such as abolishing vacant positions, but action has not been taken and the impact on OHCQ is unknown.

Proposed Budget

As shown in **Exhibit 5**, the Governor’s proposed allowance for fiscal 2010 increases by \$0.5 million, or 2.8%, over the fiscal 2009 working appropriation. General funds support increases by \$0.2 million, or 2.0%; special fund support increases by \$0.5 million, or 105.2%; and federal fund support decreases by \$0.2 million, or 3.1%.

Exhibit 5
Proposed Budget
DHMH Office of Health Care Quality
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2009 Working Appropriation	\$10,502	\$438	\$6,133	\$17,072
2010 Allowance	<u>10,778</u>	<u>900</u>	<u>5,973</u>	<u>17,651</u>
Amount Change	\$276	\$462	-\$160	\$578
Percent Change	2.6%	105.5%	-2.6%	3.4%
Contingent Reductions	-\$63	-\$2	-\$29	-\$93
Adjusted Change	\$213	\$461	-\$189	\$485
Adjusted Percent Change	2.0%	105.2%	-3.1%	2.8%

Where It Goes:

Analysis of the FY 2010 Maryland Executive Budget, 2009

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Personnel Expenses	\$388
Employee and retiree health insurance.....	\$339
Turnover adjustments.....	182
State contribution to employee retirement	144
Eliminate Other Post Employment Benefit funding.....	-153
Eliminate State contribution for deferred compensation (contingent on HB 101).....	-93
Other fringe benefit adjustments	-30
Other Changes	\$97
Civil Money Penalty Fund grants.....	75
In-state travel for survey activities	49
Gas and oil costs for vehicles.....	23
Replacement of vehicles – annual.....	17
Addition of 0.25 full-time equivalent contractual position	8
Organ, tissue, and eye donation program conducted in fiscal 2009.....	-50
Office and computer equipment for DDU unit purchased in fiscal 2009.....	-28
Other changes.....	3
Total	\$485

DDU: Developmental Disabilities Unit

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

Personnel

Personnel costs for OHCQ increase by \$0.4 million, as shown in Exhibit 5. Costs associated with employee and retiree health insurance constitute the majority of the increase in personnel (\$339,160). The turnover adjustment, an item that reduces personnel expenses due to anticipated vacancies, increases by \$182,004 in fiscal 2010. The fiscal 2009 working appropriation includes a 25% turnover rate for the 5.0 new positions that were added to the Developmental Disabilities Unit in fiscal 2009. Now that the positions have been filled, the turnover rate for the agency is lowered dramatically. State contribution to employee retirement increases the personnel expenses by \$143,517.

In fiscal 2010, there are also cost containment actions taken within personnel. Funding for OPEB has ceased, eliminating \$152,942 from the fiscal 2010 budget. Contingent on the enactment of legislation, \$93,481 will also be cut from the allowance to reflect the elimination of the deferred compensation match for State employees.

Operating Expenses

Operating expenses for OHCQ increase by less than \$0.1 million in fiscal 2010. Civil Money Penalty funds for grants to nursing home providers and advocacy groups for studies, activities, and programs benefitting nursing home residents increase by \$75,000. Travel expenses for survey activities increase by \$49,351. Other increases for vehicle expenses include gas and oil expenses (\$22,984) and annual vehicle replacement expenses (\$16,532).

Some expenses incurred in fiscal 2009 will no longer be needed in fiscal 2010, consequently lowering the fiscal 2010 allowance. For example, funds budgeted in OHCQ in fiscal 2009 to promote public education and awareness about organ, tissue, and eye donation (\$50,000) will be budgeted in DHMH's Office of the Secretary in fiscal 2010. Also, OHCQ budgeted for office and computer equipment in fiscal 2009 for the Developmental Disabilities Unit which had received 5.0 new positions (\$27,912), but those costs will not be carried forward to fiscal 2010.

Issues

1. Staffing Shortages Persist

OHCQ continues to operate with surveyor shortfalls that prevent the agency from fulfilling its State and federally required inspection and survey requirements. Budgetary constraints, the loss of positions, and an increase in responsibilities for the office create a structurally deficient workforce. Moreover, an influx of new providers in community-based programs, such as residential service agencies, assisted living providers, and homes for individuals with developmental disabilities add to the overall workload of the agency. The *Annual Report and Staffing Analysis* published by OHCQ in December 2008 finds a surveyor deficit of 83.10 positions in fiscal 2009. The most pronounced deficiencies for fiscal 2009 occur in DDU, Ambulatory Care Programs (ACPU), and Long-Term Care (LTCU) Units.

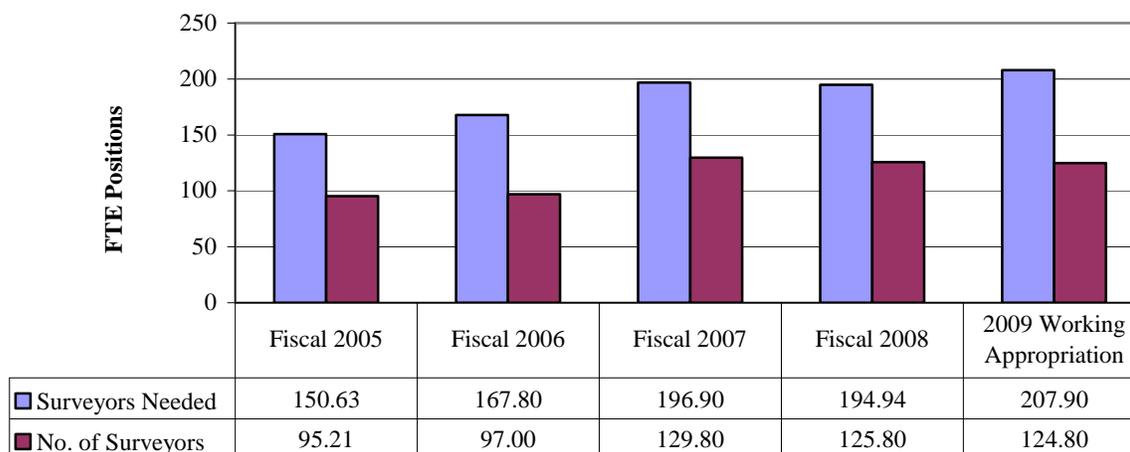
The agency gained 5.0 new surveyor positions for DDU with the fiscal 2009 legislative appropriation. However, during the fiscal 2009 interim, 4.0 vacant surveyor positions were transferred from OHCQ to other departments within the Department of Health and Mental Hygiene. The net effect of those two actions negates the position increase for fiscal 2009. Compounding the staffing deficit is the fact that 7.8 of the 14.8 full-time equivalent vacant regular positions within OHCQ are surveyors.

Over the years, OHCQ has attempted to minimize the size of its workforce shortage; however, increased workload, below average compensation, and a statewide nursing shortage have all contributed to the ongoing problem that faces the agency. **Exhibit 6** shows the number of surveyors needed to conduct all inspections and surveys compared to the number of surveyors that the agency has available since fiscal 2005. According to the chart, the staffing deficit was 55.42 in fiscal 2005; 70.98 in fiscal 2006; 67.10 in fiscal 2007; 69.14 in fiscal 2008; and 83.10 for fiscal 2009.

Increased Mandates

OHCQ regulates over 8,000 health care and community residential sites in Maryland. The scope of the agency's responsibilities has grown over the years from licensing and certifying nursing homes, hospitals, home health, hospice, and other federally regulated programs to licensing and certifying programs regulated by Maryland. The focus has also shifted from large institutional settings to smaller home- and community-based settings. **Exhibit 7** lists some of the new mandates imposed upon OHCQ by the Maryland General Assembly as well as the federal government that increase the workload for the agency.

**Exhibit 6
Surveyor Need versus Availability
Fiscal 2005-2009**



FTE: full-time equivalent

Source: Department of Health and Mental Hygiene

**Exhibit 7
Additional State and Federal Mandates
Fiscal 2005-2008**

- Fiscal 2005** Freestanding Medical Facilities
- Fiscal 2006** Mortality and Quality Review Committees – Reportable Incidents of Injury
Emergency Plans for Human Service Facilities
Assisted Living Programs – Services Disclosure Statement
Assisted Living Programs – Emergency Electrical Power Generators
Assisted Living Programs – Licensure
Health Care Facilities and Laboratories – Accreditation Organizations
Notification Requirements for Residential Treatment Centers
Corporate Responsibility and Governance – Residential Child Care Programs
- Fiscal 2007** Forensic Laboratories (surveys to be implemented in fiscal 2011)
- Fiscal 2008** Transplant Centers (per Centers for Medicare and Medicaid Services)
Operation of Nursing Homes – Licensure Regulations
Task Force to Study Financial Matters Relating to Long-Term Care Facilities

Source: Department of Health and Mental Hygiene

Between fiscal 2005 and 2008, the Maryland General Assembly passed several bills that would improve the quality of care in assisted living facilities, increase oversight of accrediting organizations, add data reporting requirements to the Mortality Review Committee, strengthen licensure requirements for residential programs, establish emergency planning requirements for human service facilities, and strengthen regulations of nursing homes. While these initiatives do not add regulatory programs, they require the agency to promulgate regulations, establish workgroups and draft reports, or they have an impact on the survey process, all of which have an effect on staff workload. Legislation from the 2007 session will require OHCQ to regulate forensic laboratories in Maryland, beginning in December 2010. This certification process will require specially trained staff. Additionally, the Centers for Medicare and Medicaid Services has also added the responsibility for surveys and certification of transplant centers.

Staffing Analysis

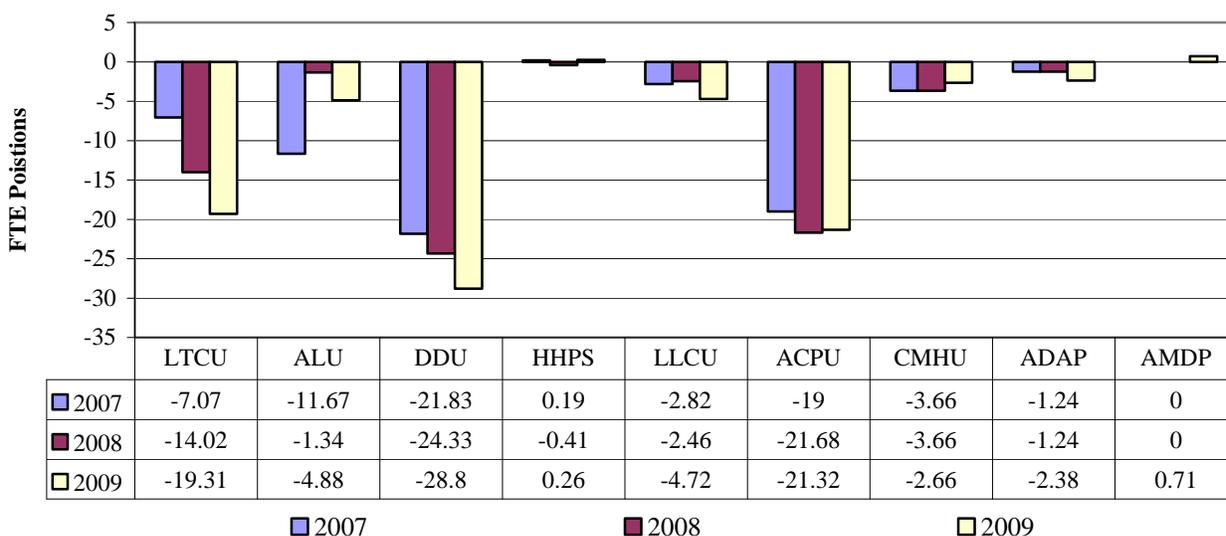
The staffing analysis provided in the *Annual Report and Staffing Analysis* was performed by a federal expert with extensive experience in personnel management and human resources. Staffing deficits are calculated by first determining how many surveys, complaint investigations, and follow up surveys are needed for each program area multiplied by the number of times per year the survey is required. That number is multiplied by the amount of time it takes to complete each survey to get the total hours required for survey activity. Finally, the number of surveyors needed to complete the total hours of survey activity is computed and then compared to the number of authorized positions in each program area to determine whether or not there is a staffing deficit.

All nine major survey units and the respective staff deficiency are shown in **Exhibit 8**. Current staff deficiencies are most pronounced in DDU, LTCU, and ACPU. The functions of LTCU and DDU are described in the Managing for Results portion of this document. ACPU is responsible for licensure and compliance of all non-long-term care facilities, which include home health agencies, residential service agencies, hospice, freestanding renal dialysis facilities, freestanding ambulatory surgical centers, comprehensive outpatient rehabilitation facilities, major medical equipment, and birthing centers. The programs regulated by this unit have grown substantially over the past 15 years due to a change in the health care delivery system and the shift to home- and community-based services. With the increasing number of elderly, disabled, and medically needy individuals living and receiving care in the community, OHCQ estimates an even greater need for maintaining, licensing, and regulating home- and community-based sites.

There is no consistent improvement across the nine major units. Three units – ALU; Hospitals, Health Maintenance Organizations, and Patient Safety; Community Mental Health Units – have minimized the staffing deficit between fiscal 2006 and 2009. However, the staffing deficit within the remaining six units has grown since fiscal 2006.

To compensate for a lack of surveyors and chronic vacancies, OHCQ has employed a new management model in the ALU and DDU. The management model improves staff efficiency by coordinating surveys, partnering with local entities, and offering provider education courses. Additionally, managers of the programs prioritize complaints and integrate complaint and licensure surveys whenever possible.

**Exhibit 8
Surveyor Position Deficits
Fiscal 2007-2009**



ACPU: Ambulatory Care Programs Unit
 ADAP: Alcohol and Drug Abuse Programs
 ALU: Assisted Living Unit
 AMDP: Adult Medical Day Programs
 CMHU: Community Mental Health Unit
 DDU: Developmental Disabilities Unit
 FTE: full-time equivalent
 HHPS: Hospitals, Health Maintenance Organizations, and Patient Safety
 LLCU: Laboratory Licensing and Certification Unit
 LTCU: Long-term Care Unit

Source: Department of Health and Mental Hygiene

Cost to Eliminate the Staffing Deficit

According to the *Annual Report and Staffing Analysis*, OHCQ has an 83.10 surveyor shortage required for its statutory and regulatory duties. **Exhibit 9** lists the nine survey units and the respective staffing shortage or overage for each unit. Based on the surveyors currently budgeted in each of the program areas, an average salary including fringe benefits was determined. To estimate the total cost of properly filling each unit to conduct the surveys and inspections required by State and federal laws, the staffing deficiency was multiplied by the average salary. OHCQ would need to add 83.1 full-time equivalent positions, costing an estimated \$6.5 million, in order to close the staffing deficit that has plagued the agency. However, funding alone is not the issue. As noted above, OHCQ simply cannot fill vacancies, especially for nurse surveyor positions.

Exhibit 9
Cost Associated with Surveyor Deficit
Fiscal 2009

<u>Unit</u>	<u>Staff</u> <u>Deficiency or</u> <u>Overage</u>	<u>Average</u> <u>Salary of</u> <u>Surveyor</u>	<u>Total</u> <u>Deficiency or</u> <u>Overage</u>
Long-term Care	-19.31	\$81,945	-\$1,582,358
Assisted Living	-4.88	82,530	-402,746
Adult Medical Day Care	0.71	79,772	56,638
Developmental Disabilities	-28.8	69,997	-2,015,914
Hospitals and Patient Safety	0.26	77,406	20,126
Lab Licensing and Certification	-4.72	83,377	-393,539
Ambulatory Care Programs	-21.32	84,423	-1,799,898
Mental Health Programs	-2.66	65,522	-174,289
Substance Abuse Programs	-2.38	70,909	-168,763
Total	-83.10		-\$6,460,744

Source: Department of Health and Mental Hygiene

The agency should comment on efforts to reduce the vacancy rate among surveyor and professional positions that conduct licensing and inspection activities. The agency should also comment on ways in which it can employ the management model evident in ALU and DDU to the rest of its program areas to create a more efficient workforce. The agency should also comment on collaborative efforts with other State agencies to minimize harm done to Maryland citizens due to insufficient surveying activities.

Recommended Actions

1. Add the following language:

Provided that it is the intent of the General Assembly that no reduction be made to positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 7-213 of the State Finance and Procurement Article.

Explanation: The language signifies intent of the General Assembly to prohibit the abolition of positions engaged in survey and inspection activities within the Office of Health Care Quality by the Board of Public Works under Section 7-213 of the State Finance and Procurement Article.

2. Add the following language:

Provided that no reduction be made to positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 18 of this Act.

Explanation: The language prohibits the abolition of positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 18 of the 2009 budget bill.

3. Add the following language:

Provided that no reduction be made to positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 22 of this Act.

Explanation: The language prohibits the abolition of positions engaged in survey and inspection activities within the Office of Health Care Quality under Section 22 of the 2009 budget bill.

Current and Prior Year Budgets

Current and Prior Year Budgets
Office of Health Care Quality
(\$ in Thousands)

Fiscal 2008	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Legislative Appropriation	\$9,686	\$511	\$5,444	\$0	\$15,641
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	193	-26	0	0	167
Cost Containment	-120	0	0	0	-120
Reversions and Cancellations	0	-143	-158	0	-300
Actual Expenditures	\$9,759	\$343	\$5,286	\$0	\$15,388
Fiscal 2009					
Legislative Appropriation	\$10,754	\$435	\$6,167	\$0	\$17,355
Cost Containment	-437	-1	-34	0	-472
Budget Amendments	185	5	0	0	189
Working Appropriation	\$10,502	\$438	\$6,133	\$0	\$17,072

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

Fiscal 2008

In fiscal 2008, the budget for the Office of Health Care Quality closed at \$15.4 million, a decrease of \$0.25 million over the original legislative appropriation. General fund appropriation increased by a net amount of \$72,567 over the course of the year while special fund and federal fund appropriation decreased by a combined \$325,872.

The major changes in the appropriation of general funds include:

- \$147,557 increase for fiscal 2008 cost-of-living adjustment;
- \$45,483 increase based on funds transferred within DHMH to cover salary expenses; and
- \$120,473 decrease due to cost containment actions approved by BPW, resulting in lower funding for travel, contractual services, motor vehicle operations, and supplies.

The special fund appropriation decreased during fiscal 2008 due to the following changes:

- \$6,909 increase for fiscal 2008 cost-of-living adjustment;
- \$32,487 decrease due to a surplus in grants and subsidies; and
- \$142,618 decrease due to cancelled special fund appropriation for 2 positions that were not filled in OHCQ's Technical Assistance Unit.

At the end of fiscal 2008, \$157,676 of federal fund appropriation was cancelled due to lower than expected Medicare and Medicaid eligible activities due to an administrative error.

Fiscal 2009

The working appropriation for fiscal 2009 is \$0.3 million lower than the original legislative appropriation. Cost containment actions decreased the budget by \$0.5 million and budget amendments added roughly \$0.2 million to the fiscal 2009 working appropriation.

BPW met twice during the interim to reduce funding for State agencies. First, actions taken in June 2008 reduced the general fund appropriation by \$73,197, the special fund appropriation by \$1,316, and the federal fund appropriation by \$33,846 for fiscal 2009 for personnel expenses.

In October 2008, actions taken by BPW reduced the budget by an additional \$364,024 in general funds that eliminated 0.20 full-time equivalent positions, reduced OPEB funding and health insurance costs, and reduced funding for motor vehicle operations.

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Budget amendments increased the working fiscal 2009 appropriation for cost-of-living adjustments (\$159,754 general funds and \$4,600 special funds) and for annual salary review adjustments for laboratory scientist surveyors and a public health laboratory scientist supervisor (\$25,058 general funds).

**Object/Fund Difference Report
DHMH – Office of Health Care Quality**

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	194.40	194.20	194.20	0	0%
02 Contractual	5.05	5.15	5.40	0.25	4.9%
Total Positions	199.45	199.35	199.60	0.25	0.1%
Objects					
01 Salaries and Wages	\$ 13,027,031	\$ 14,658,510	\$ 15,140,570	\$ 482,060	3.3%
02 Technical and Spec. Fees	191,751	189,064	196,624	7,560	4.0%
03 Communication	77,614	71,876	80,533	8,657	12.0%
04 Travel	343,628	326,397	356,106	29,709	9.1%
07 Motor Vehicles	206,404	169,705	212,151	42,446	25.0%
08 Contractual Services	996,146	1,084,144	1,040,181	-43,963	-4.1%
09 Supplies and Materials	79,488	80,146	83,437	3,291	4.1%
10 Equipment – Replacement	3,597	14,121	15,345	1,224	8.7%
11 Equipment – Additional	-1,196	35,482	9,314	-26,168	-73.8%
12 Grants, Subsidies, and Contributions	91,000	75,000	150,000	75,000	100.0%
13 Fixed Charges	372,505	368,007	366,429	-1,578	-0.4%
Total Objects	\$ 15,387,968	\$ 17,072,452	\$ 17,650,690	\$ 578,238	3.4%
Funds					
01 General Fund	\$ 9,758,901	\$ 10,501,642	\$ 10,777,682	\$ 276,040	2.6%
03 Special Fund	343,107	437,879	899,948	462,069	105.5%
05 Federal Fund	5,285,960	6,132,931	5,973,060	-159,871	-2.6%
Total Funds	\$ 15,387,968	\$ 17,072,452	\$ 17,650,690	\$ 578,238	3.4%

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