

Maryland currently has 16 traditional FQHCs and 1 FQHC look-alike health center with over 95 service sites. Seven of the FQHCs are located in Baltimore City, and the remaining 9 FQHCs are located (or have service sites) in the following jurisdictions: Allegany, Anne Arundel, Baltimore, Caroline, Cecil, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Montgomery, Prince George’s, Somerset, St. Mary’s, Talbot, Washington, Wicomico, and Worcester counties.

To qualify for designation as an FQHC, an area must first be designated as a medically underserved area (MUA), or serve a medically underserved population (MUP) by the federal government, based on criteria established by the U.S. Department of Health and Human Services. Currently, Maryland has 55 medically underserved designations, 42 of which are MUAs and 13 of which are MUPs.

The Secretary of the Department of Health and Mental Hygiene (DHMH) may recommend grants for up to 75% of eligible costs to counties, municipal corporations, and nonprofit organizations for the following activities related to establishing and maintaining FQHCs: conversion of public buildings; acquisition of existing buildings; renovation of existing space; purchase of capital equipment; or planning, design, and construction of new facilities.

Program Analysis and Performance Measures

Three projects with total funding of \$2,241,000 are proposed through the FQHC Grant Program in fiscal 2013. Project descriptions for the projects proposed to receive fiscal 2013 funding through the FQHC Grant Program are provided below, and the status of these projects is shown in **Exhibit 1**. It is important to note that in fiscal 2013, the FQHC Grant Program only includes funding for one new project at Health Care for the Homeless in Baltimore City. Projects at Chase Brexton Health Services and Family Health Centers of Baltimore received funding in prior fiscal years. **Appendix 1** shows the status of prior year funding.

Exhibit 1 Federally Qualified Health Centers Grant Program

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Fiscal 2013 Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|---------------------------|------------------------------------|------------------------------|---------------------------|----------------------------------|------------------------------|-------------------------------------|
| Baltimore City | Chase Brexton Health Services | \$20,793,000 | \$500,000 | \$1,000,000 | - | 7.2% |
| Baltimore City | Family Health Centers of Baltimore | 5,992,382 | 2,620,000 | 1,100,000 | - | 62.1% |
| Baltimore City | Health Care for the Homeless | 427,962 | - | 321,000 | - | 75.0% |
| Total | | \$27,213,344 | \$3,120,000 | \$2,421,000 | - | |

Source: Department of Health and Mental Hygiene

- **Chase Brexton Health Services (Baltimore City)** – This project will allow for the renovations of a newly acquired 100,000 gross square foot facility in Baltimore City to provide primary care, behavioral health, dental care, and substance abuse treatment to uninsured and underinsured individuals. Chase Brexton operates sites in Baltimore City, Randallstown, Columbia, and Easton and provides a continuum of care on a sliding-fee scale to all individuals, regardless of the ability to pay. The existing facility serves 4,305 patients annually; capacity is expected to increase to 8,305 with the new facility. The fiscal 2013 budget includes \$1.0 million for this project, or approximately 7.2% of the total estimated \$20.8 million project costs. The grantee anticipates raising a significant portion of the funding needed to complete the project through a mortgage in the facility, which would then be served through its operating budget (\$12.4 million). In addition, the grantee anticipates using approximately \$5.5 million from cash reserve and \$0.4 million from gifts and donations. Finally, the grantee anticipates generating \$1.0 million from the sale of property it owns and no longer needs. Prior authorizations for this project total \$0.5 million.
- **Family Health Centers of Baltimore (Baltimore City)** – The project will allow for the renovations of an existing facility that provides primary health care, behavioral health services, and dental care to uninsured and underinsured individuals in Baltimore City. Family Health Centers of Baltimore operates four sites in Baltimore City. Renovations will allow the organization to expand services, as well as add obstetrics/gynecological care. The center currently serves 957 patients, and this project will expand services to serve 3,925 individuals. The fiscal 2013 allowance includes \$1.1 million for Family Health Centers of Baltimore and prior authorizations for this project total \$2.6 million. The State’s requested contribution is approximately 62.1% of the total estimated \$6.0 million project costs. The grantee anticipates that the remaining funding will be derived from a combination of federal new market tax credits or a mortgage, of approximately \$1.1 million. It is important to note that federal new market tax credits cannot be approved until a construction contract has been executed. In addition, the grantee anticipates using approximately \$500,000 in cash and \$350,000 from a line of credit or cash reserves. Finally, the grantee anticipates utilizing \$318,000 of federal stimulus funds.
- **Health Care for the Homeless (Baltimore City)** – This project will allow for the renovations of an existing facility that provides behavioral health services to reduce the incidence and burdens of homelessness. Renovations will allow the organization to accommodate additional therapists and counselors, which will increase the number of individuals receiving on site psychiatric, addiction, and medical services. Health Care for the Homeless currently serves 5,600 patients, and this project will expand services to 7,800 individuals. The fiscal 2013 allowance includes \$321,000 for the organization. The State’s requested contribution is approximately 75% of the total estimated \$427,962 project costs. The grantee advises the \$106,990 will be derived from cash reserves.

Issues

1. Other Health-related Bond Activities

There are four other items in the fiscal 2013 bond bill that relate to DHMH for which there is no separate analysis but which require legislative action:

- Approval of fiscal 2013 projects under the DHMH Community Health Facilities Grant Program. For fiscal 2013, as shown in **Exhibit 2**, the department is proposing to support three community mental health projects and one substance abuse treatment project.
-

Exhibit 2
Fiscal 2013 Community Health Facilities Grant Program
Proposed Projects

| <u>Subdivision</u> | <u>Project Title</u> | <u>Project Detail</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>2013 Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|---|--|-----------------------|--------------------|--------------------|-----------------------|------------------------------|
| Anne Arundel | Supported Housing Developers, Inc. (MHA) | Purchase five two-bedroom residential condominium units in Anne Arundel County for 10 clients with severe and persistent mental illness and co-occurring disorders | \$900,000 | - | \$660,000 | - | 75% |
| Baltimore City | Institute for Behavioral Resources (ADAA) | Renovate currently unused space in the building owned by IBR to add intensive outpatient services and a medical home for clients with substance use disorders. | 1,247,078 | - | 898,000 | - | 72.0% |

MA01A – DHMH – Office of the Secretary

| <u>Subdivision</u> | <u>Project Title</u> | <u>Project Detail</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>2013 Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> |
|--------------------|--|---|-----------------------|--------------------|--------------------|-----------------------|------------------------------|
| Baltimore City | Main Street Housing, Inc. (MHA) | Purchase and renovate properties to provide housing for 12 individuals with psychiatric disabilities and limited income. | 1,280,000 | - | 755,000 | - | 59.0% |
| Harford | Key Point Health Services, Inc. (MHA) | Purchase three two-bedroom single family homes to expand their supported housing program in Aberdeen, Maryland for 6 clients with severe and persistent mental illness. | 279,000 | - | 209,000 | - | 75% |
| Statewide | Cash Flow and Available Funds Adjustment | | -2,522,000 | - | -2,522,000 | - | 100% |
| Total | | | \$1,184,078 | - | \$0 | - | |

ADAA: Alcohol and Drug Abuse Administration
 IBR: Institutes for Behavior Resources, Inc.
 MHA: Mental Hygiene Administration

Source: Department of Health and Mental Hygiene

While the total State support for the four projects is \$2,522,450, there is no funding request for the fiscal 2013 Community Health Facilities Grant Program based on the cash flow analysis provided in **Exhibit 3**.

Exhibit 3
DHMH – Fiscal 2013 Community Health Facilities Grant Program
Cash Flow Analysis

| | |
|---|---------------|
| State Share of proposed fiscal 2013 projects | \$2,522,450 |
| Carryover of projects from prior year commitments | 3,760,224 |
| Funds available at the end of fiscal 2012 | -6,283,182 |
| Total | -\$508 |

Source: Department of Health and Mental Hygiene; Department of Budget and Management

DLS would note that demand for the program, which dropped quite sharply in fiscal 2012, continued to be weak in fiscal 2013 because of the faltering economy; agency funding priorities which tended to exclude certain categories of projects (*e.g.* day programming); and continued uncertainty over State and federal funding. However, the department is anticipating much stronger demand in fiscal 2014 as organizations prepare to deal with the expansion of health care under federal health care reform beginning January 1, 2014.

- Approval of the de-authorization of \$1.6 million in funds appropriated in the 2005 capital bill that supported an addictions treatment project in Baltimore City. Specifically, the funding was provided to the East Baltimore Community Corporation Reflective Treatment Center in Baltimore City to renovate and acquire space to replace existing leased space where addictions services are provided. The project has been stalled for a number of years. The department has indicated a willingness to review a future funding request when the project is more likely to move forward.
- Approval of the de-authorization of \$149,000 of funding related to the New Maximum Security Wing at Perkins Hospital to reflect actual expenditure levels.
- Approval of \$313,000 for equipment funding for the new kidney dialysis unit at the Deer’s Head Hospital Center. Construction is expected to be completed in June 2013; however, equipment must be purchased in January 2013 to allow time for installation and certification prior to the completion of construction.

Prior Authorization and Capital Improvement Program

**Authorization Request
(\$ in Millions)**

| <i>Fund Source</i> | <i>2011 Approp.</i> | <i>2012 Approp.</i> | <i>2013 Request</i> | <i>2014 Estimate</i> | <i>2015 Estimate</i> | <i>2016 Estimate</i> | <i>2017 Estimate</i> |
|--------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| GO Bonds | \$3.218 | \$2.002 | \$2.421 | \$2.500 | \$2.500 | \$2.500 | \$2.500 |
| Total | \$3.218 | \$2.002 | \$2.421 | \$2.500 | \$2.500 | \$2.500 | \$2.500 |

Authorization Encumbrance and Expenditure Data

**Authorization Summary
(\$ in Millions)**

| <i>Fiscal Year</i> | <i>Authorization</i> | <i>Funds</i> | | <i>Balances</i> | |
|--------------------|----------------------|-------------------|-----------------|-----------------------------|---------------------------|
| | | <i>Encumbered</i> | <i>Expended</i> | <i>To Be Encumbered</i> | <i>To Be Expended</i> |
| Prior Years | \$6.800 | \$6.800 | \$6.746 | 0.000 | 0.054 |
| 2008 | 3.712 | 3.712 | 3.712 | 0.000 | 0.000 |
| 2009 | 1.072 | 1.072 | 1.072 | 0.000 | 0.000 |
| 2010 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| 2011 | 3.218 | 0.689 | 0.511 | 2.529 | 2.707 |
| 2012 | 2.002 | 0.000 | 0.000 | 2.002 | 2.002 |
| Total | \$16.804 | \$12.273 | \$12.042 | \$4.531 | \$4.762 |

GO Bond Recommended Actions

1. Approve the authorization for the Federally Qualified Health Centers Grant Program.
2. Approve equipment funding for Deer's Head Hospital Center.
3. Approve the de-authorization of funds remaining from a 2005 session authorization for an addictions treatment project in Baltimore City.
4. Approve the de-authorization of funds related to the New Maximum Security Wing at Perkins Hospital to reflect actual expenditure levels.

Federally Qualified Health Centers Grant Program

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> | <u>Status</u> |
|--------------------|------------------------------------|-----------------------|--------------------|---------------|-----------------------|------------------------------|---|
| Anne Arundel | Peoples Community Health Center | \$5,494,000 | - | \$1,600,000 | - | 29.1% | Site control received, fund raising ongoing |
| Baltimore City | Chase Brexton Health Services | 20,793,500 | - | 500,000 | \$1,000,000 | 7.2% | Acquired building, funds encumbered |
| Baltimore City | Family Health Centers of Baltimore | 12,294,382 | - | 1,600,000 | 1,100,000 | 22.0% | Construction contract pending; New Market Tax Credits pending to complete match |
| Baltimore City | Family Health Centers of Baltimore | 2,657,000 | - | 700,000 | - | 26.3% | Construction contract pending; New Market Tax Credits pending match |
| Baltimore City | Park West Health System | 349,000 | - | 200,000 | - | 57.3% | Anticipated BPW approval May 2012 for A/E contract |
| Baltimore City | Total Health Care, Inc. | 171,000 | - | 128,000 | - | 61.8% | Construction contract BPW approval March 2012 |

MA01A – DHMH – Office of the Secretary

| <u>Subdivision</u> | <u>Project Title</u> | <u>Estimated Cost</u> | <u>Prior Auth.</u> | <u>Amount</u> | <u>Future Request</u> | <u>Total State Share (%)</u> | <u>Status</u> |
|--------------------|--------------------------------------|-----------------------|--------------------|--------------------|-----------------------|------------------------------|--|
| Prince George's | Greater Baden Medical Services, Inc. | 642,000 | - | 481,644 | - | 75.0% | Resolution of Right of Recovery on leased property pending |
| Wicomico | Three Lower Counties | 1,279,000 | - | 639,000 | - | 50.0% | Seeking approval to change location of clinic |
| Total | | \$43,679,882 | - | \$5,848,644 | \$2,100,000 | | |

A/E: architectural/engineering
 BPW: Board of Public Works