

**M00F02**  
**Infectious Disease and Environmental Health Administration**  
 Department of Health and Mental Hygiene

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$47,178	\$48,154	\$49,079	\$926	1.9%
Contingent & Back of Bill Reductions	0	0	-1,894	-1,894	
<b>Adjusted General Fund</b>	<b>\$47,178</b>	<b>\$48,154</b>	<b>\$47,185</b>	<b>-\$968</b>	<b>-2.0%</b>
Special Fund	23,617	24,040	51,161	27,122	112.8%
<b>Adjusted Special Fund</b>	<b>\$23,617</b>	<b>\$24,040</b>	<b>\$51,161</b>	<b>\$27,122</b>	<b>112.8%</b>
Federal Fund	70,389	69,482	68,624	-858	-1.2%
<b>Adjusted Federal Fund</b>	<b>\$70,389</b>	<b>\$69,482</b>	<b>\$68,624</b>	<b>-\$858</b>	<b>-1.2%</b>
Reimbursable Fund	1,449	1,761	1,929	168	9.6%
<b>Adjusted Reimbursable Fund</b>	<b>\$1,449</b>	<b>\$1,761</b>	<b>\$1,929</b>	<b>\$168</b>	<b>9.6%</b>
<b>Adjusted Grand Total</b>	<b>\$142,634</b>	<b>\$143,436</b>	<b>\$168,900</b>	<b>\$25,464</b>	<b>17.8%</b>

- There are four proposed deficiencies for fiscal 2012 to provide additional special funds for the Maryland AIDS Drug Assistance Program (\$25,563,118). Additional federal funds are provided to the Minority AIDS Initiative (\$941,000); Human Immunodeficiency Virus (HIV) prevention activities for the Baltimore-Towson Metropolitan Statistical Area (\$1,214,496); and Vaccine Immunization activities (\$1,038,040).
- The fiscal 2013 budget for the Infectious Disease and Environmental Health Administration (IDEHA) totals \$168.9 million, or 17.8%, greater than the fiscal 2012 appropriation. However, after accounting for deficiency appropriations, the budget is actually decreasing by \$3.3 million.

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

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***Personnel Data***

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	<b><u>FY 11 Actual</u></b>	<b><u>FY 12 Working</u></b>	<b><u>FY 13 Allowance</u></b>	<b><u>FY 12-13 Change</u></b>
Regular Positions	221.00	218.00	214.00	-4.00
Contractual FTEs	<u>2.55</u>	<u>3.57</u>	<u>3.57</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>223.55</b>	<b>221.57</b>	<b>217.57</b>	<b>-4.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	6.42	3.00%
Positions and Percentage Vacant as of 12/31/11	12.40	5.69%

- This fiscal 2013 budget includes 4.0 fewer regular positions in IDEHA (3.0 community health educators and 1.0 administrative position). The 3.0 community health educators are within the Prevention Services program, and the administrative position is within the finance division.
- Of the 12.4 vacant positions, 7.0 are within programs related to HIV services.

## ***Analysis in Brief***

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### **Major Trends**

***Childhood Vaccinations Rate Remains High:*** According to the U. S. Centers for Disease Control and Prevention (CDC), in 2010, Maryland had one of the highest percentages of children ages 19 to 35 months fully vaccinated with all of the vaccines in the series of recommended courses.

***Syphilis and Chlamydia Rates Higher Than the National Average:*** Both the rate of primary and secondary syphilis and the rate of chlamydia infections in Maryland remain higher than the national average.

***Second Highest AIDS Rate of Any State:*** In 2008, CDC reported that Maryland had the second highest AIDS case rate in the nation behind the District of Columbia. Maryland's AIDS population continues to show some striking differences to the nation as a whole.

***Varying Enrollment Trends in Health Services Programs:*** The Maryland AIDS Drug Assistance Program (MADAP) is the largest health service program run by IDEHA, and enrollment is steady. The MADAP-Plus program's enrollment is increasing significantly due to the downturn in the economy and the termination of the Maryland AIDS Insurance Assistance Program.

***HIV/AIDS Funding Directly Related to Services Provided:*** Managing for Results data shows a direct relationship between funding and the number of case management and dental services provided. In recent years, funding for case management has increased allowing the agency to serve more individuals.

### **Issues**

***Federal Aid Issues:*** Federal funds are an important part of IDEHA's revenue source and account for 40% of funds in the agency's fiscal 2013 budget. However, federal funding has decreased by over 20% since fiscal 2009. Furthermore, the federal sequestration process may further reduce federal aid for IDEHA.

## **Recommended Actions**

	<u><b>Funds</b></u>
1. Strike contingent reduction for Core Public Health Services.	
2. Concur with the reduction to the Core Public Health Services as proposed by the Governor as part of the budget.	\$ 1,894,001
<b>Total Reductions</b>	<b>\$ 1,894,001</b>

## **Updates**

***Local Health Aid Fund Swap Proposed Using Local Management Board Retained Earnings Account Balances:*** In the budget analysis for the Governor’s Office for Children and Interagency Fund (GOC/IF), the Department of Legislative Services recommends using \$5.4 million of the Local Management Boards earned reinvestment account balances in lieu of general funds for a portion of the local health aid being provided to jurisdictions with balances in these accounts. The GOC/IF analysis includes budget bill language which would implement this fund swap. A provision is also recommended for inclusion in Senate Bill 152/Senate Bill 87, the Budget Reconciliation and Financing Act of 2012, to ensure the proposed fund swap does not impact the calculated aid amounts for fiscal 2014.

**M00F02**  
**Infectious Disease and Environmental Health Administration**  
**Department of Health and Mental Hygiene**

## ***Operating Budget Analysis***

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### **Program Description**

The Infectious Disease and Environmental Health Administration (IDEHA) was formed on July 23, 2009 from the integration of the AIDS Administration and Community Health Administration. IDEHA seeks to improve the health of Marylanders through partnerships with local health departments (LHD) and public and private sector agencies. Activities include focusing on the prevention and control of infectious diseases, investigation of disease outbreaks, protection from food-related and environmental health hazards, and helping impacted persons live longer, healthier lives. The administration also funds public health services in LHDs on a matching basis with all 24 local jurisdictions.

### **Performance Analysis: Managing for Results**

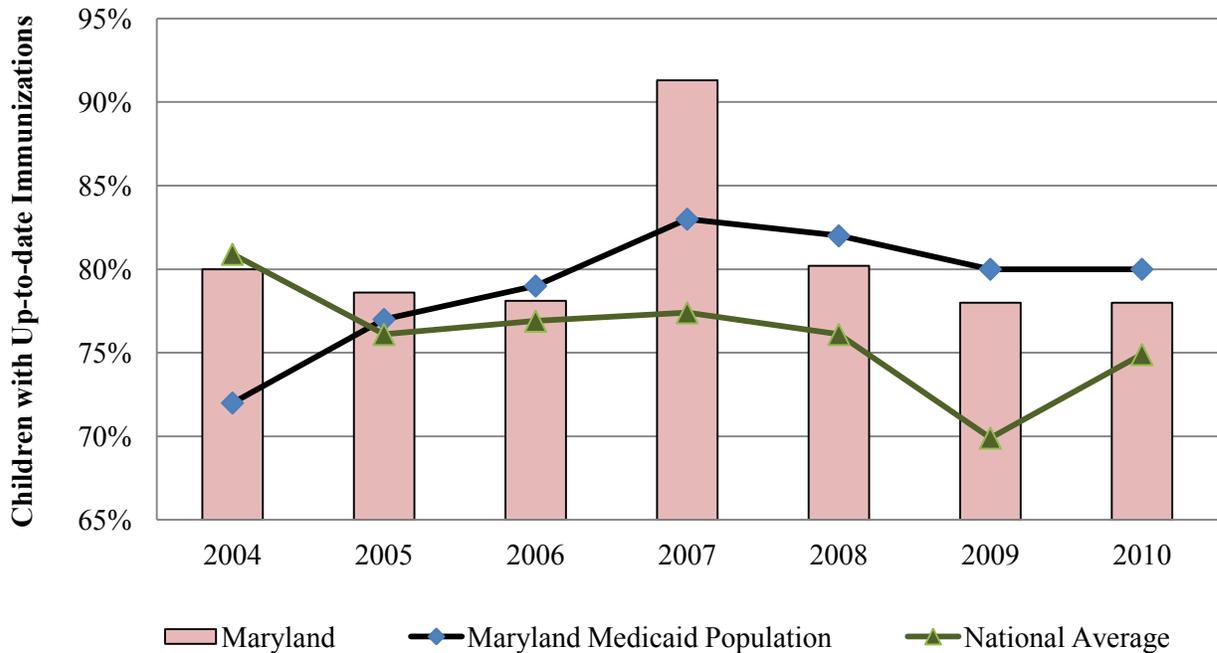
#### **Childhood Vaccination Rate Remains High**

According to a Centers for Disease Control and Prevention (CDC) survey released in September 2011, Maryland had one of the highest percentages of children, ages 19 to 35 months, fully vaccinated with all of the vaccines in the series of recommended childhood vaccines in 2010. As shown in **Exhibit 1**, 78.0% of the children in Maryland received the typical coverage of vaccinations, compared with the national average of 74.9%. Moreover, 80% of children enrolled in the Medicaid program received the typical coverage of vaccinations. Immunization rates among the Medicaid population have been consistently above the statewide average since 2005. Between 2006 and 2007, the rate of immunizations jumped 13 percentage points; however, reasons for this increase were unclear. In 2008, the vaccination rate returned to historical levels.

Maryland is able to keep the vaccination rates of children high for several reasons. First, the State allows parents to opt out of vaccinating toddlers for medical or religious reasons, but not for philosophical reasons. Also, the Department of Health and Mental Hygiene (DHMH) operates the Maryland Vaccines for Children program, which works with 750 providers at 1,000 public and private practice vaccine delivery sites to provide all routinely recommended vaccines, free of cost to children 18 years old or younger who:

- are Maryland Medicaid eligible;
- are uninsured;
- are Native American or Alaskan Native; or
- are underinsured (children who have health insurance that does not cover immunization).

**Exhibit 1**  
**Rates of Children, Ages 19 to 35 months, with Up-to-date Immunizations**  
**Calendar 2004-2010**



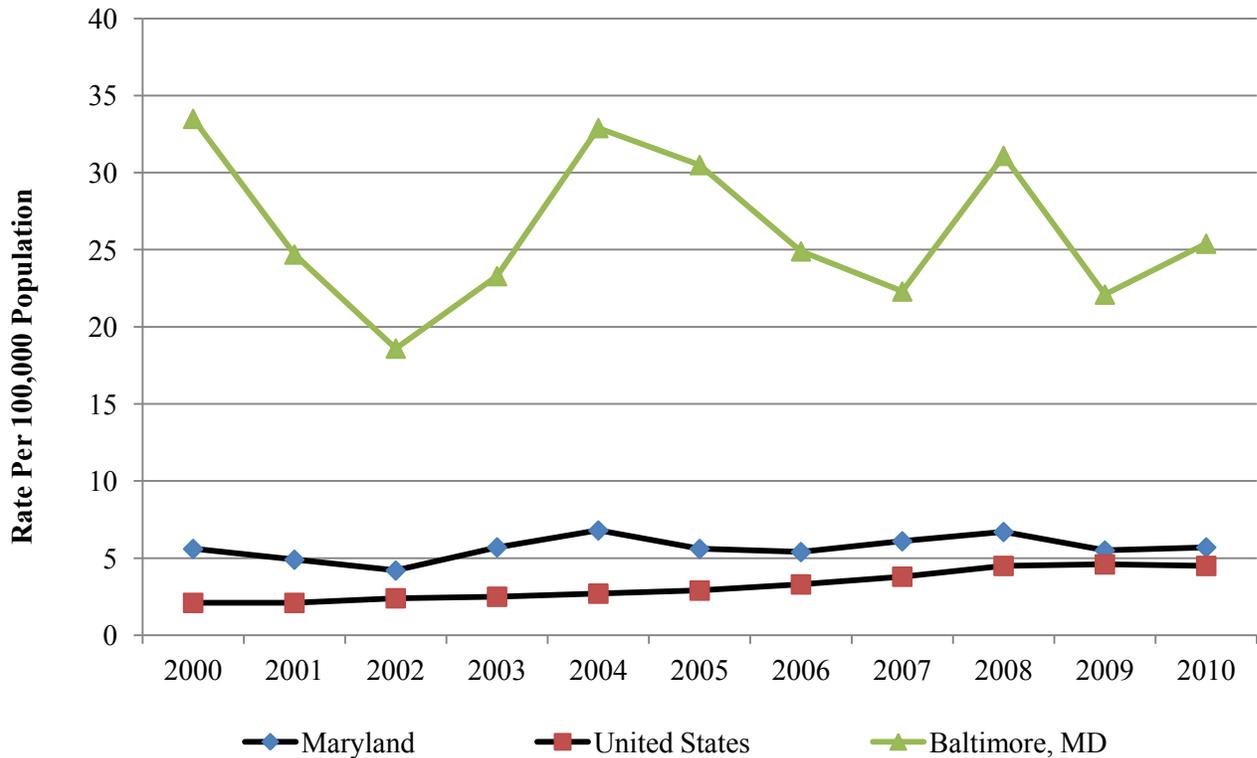
Source: Department of Health and Mental Hygiene; Centers for Disease Control and Prevention

### **Syphilis and Chlamydia Rates Remain Higher Than the National Average**

IDEHA is charged with preventing and controlling the transmission of infectious diseases, including sexually transmitted diseases (STD). The administration has developed initiatives to reduce the spread of STDs, with an emphasis on populations at risk, such as economically disadvantaged and incarcerated populations. Syphilis continues to be a major concern in the State, with the rate of infection in Maryland the seventh highest in the nation (as of the most recent national comparison which was conducted with data from calendar 2010). In addition to its primary effects, syphilis presents public health concerns for its role in facilitating transmission of the Human Immunodeficiency Virus (HIV). Syphilis also causes fetal death in 40% of pregnant women with the disease.

Syphilis rates in Maryland and Baltimore City, compared to the national average, are displayed in **Exhibit 2**. In 2010, CDC reported a statewide infection rate of primary and secondary syphilis in Maryland of 5.7 cases per 100,000 population, which represents a 3.6% increase over the 2009 rate. However, the primary and secondary syphilis infection rate in Baltimore City remains more than four times the State average at 25.4 cases per 100,000 population.

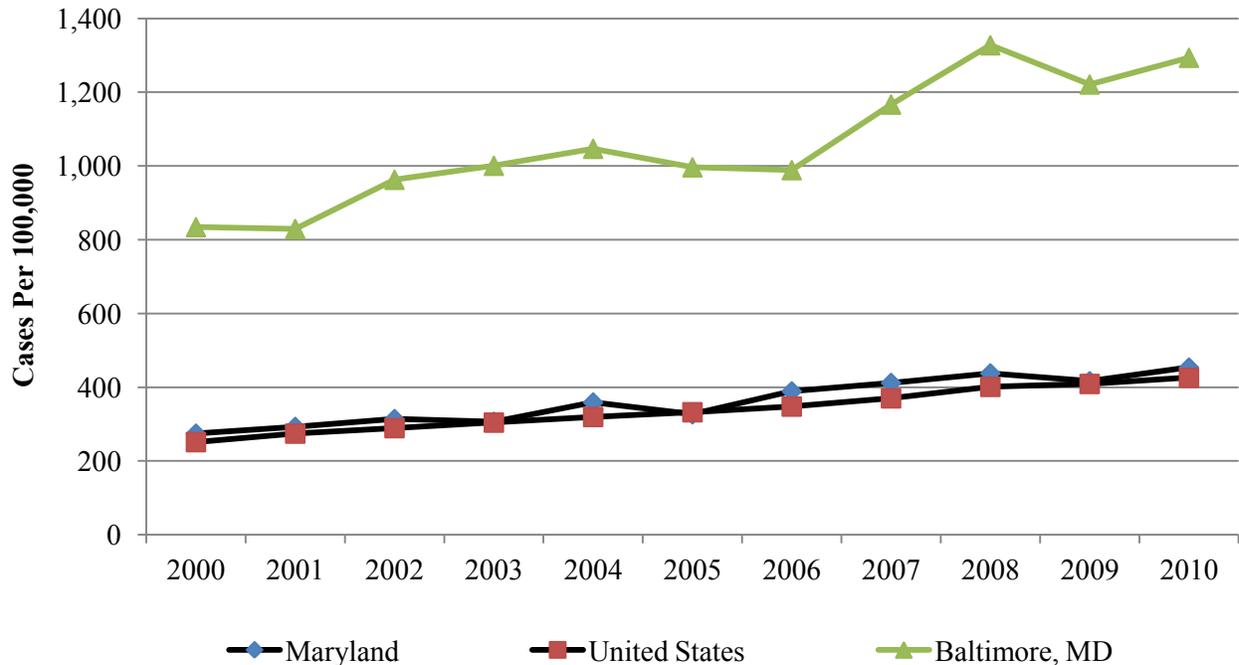
**Exhibit 2**  
**Rates of Primary/Secondary Syphilis**  
**Calendar 2000-2010**



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

Chlamydia also continues to be a concern throughout the State, as the State's rate of infection continues to trend above the national average, especially in Baltimore City. **Exhibit 3** shows the chlamydia rate in Maryland compared to the national average, as well as the chlamydia rate in Baltimore City, for all ages, from calendar 2004 to 2010. In 2010, the chlamydia rate in Maryland was 453.7 per 100,000 population compared to the national average of 426.0; however, the rate in Baltimore City was nearly three times higher at 1,293.8 infections per 100,000.

**Exhibit 3**  
**Rate of Chlamydia**  
**Calendar 2000-2010**



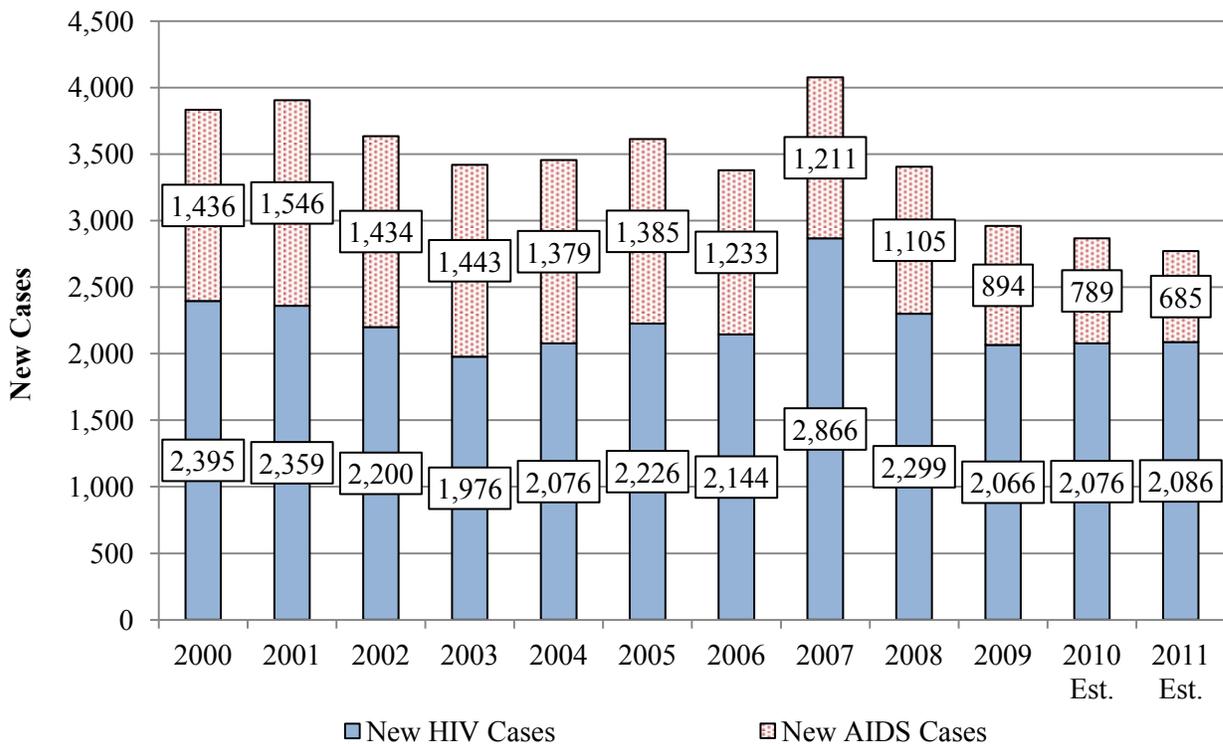
Source: Department of Health and Mental Hygiene; Centers for Disease Control and Prevention

The Baltimore City Health Department receives funding directly from the Centers for Disease Control and Prevention to respond to sexually transmitted infections. Among other things, the city has an active outreach program to find and test high risk individuals, including commercial sex workers. It also has two sexually transmitted disease clinics that provide free testing and treatment, as well as school-based clinics that test for chlamydia and gonorrhea. The department also works with the Baltimore City Central Booking and Intake Facility to link inmates who are HIV positive to care prior to their release. Finally, the city has an Expedited Partner Therapy (EPT) pilot project for chlamydia and gonorrhea which allows individuals with these STDs to distribute antibiotics to their sexual partners. Patients can deliver antibiotics to up to three of their partners without a prescription for their partners and without the health care provider first examining their partners. By treating individuals and their partners through the EPT program, the department aims to prevent individuals from being reinfected with the disease by their partners.

## Second Highest AIDS Rate of Any State

In calendar 2010, there was an estimated 30,133 Marylanders living with HIV or AIDS (12,745 with HIV and 17,388 with AIDS). That same year, the State had 2,076 new HIV diagnoses and 789 new AIDS diagnoses. **Exhibit 4** details the trends in new reported cases of HIV and AIDS in Maryland.

**Exhibit 4**  
**Incidence of HIV and AIDS in Maryland**  
**Calendar 2000-2011**



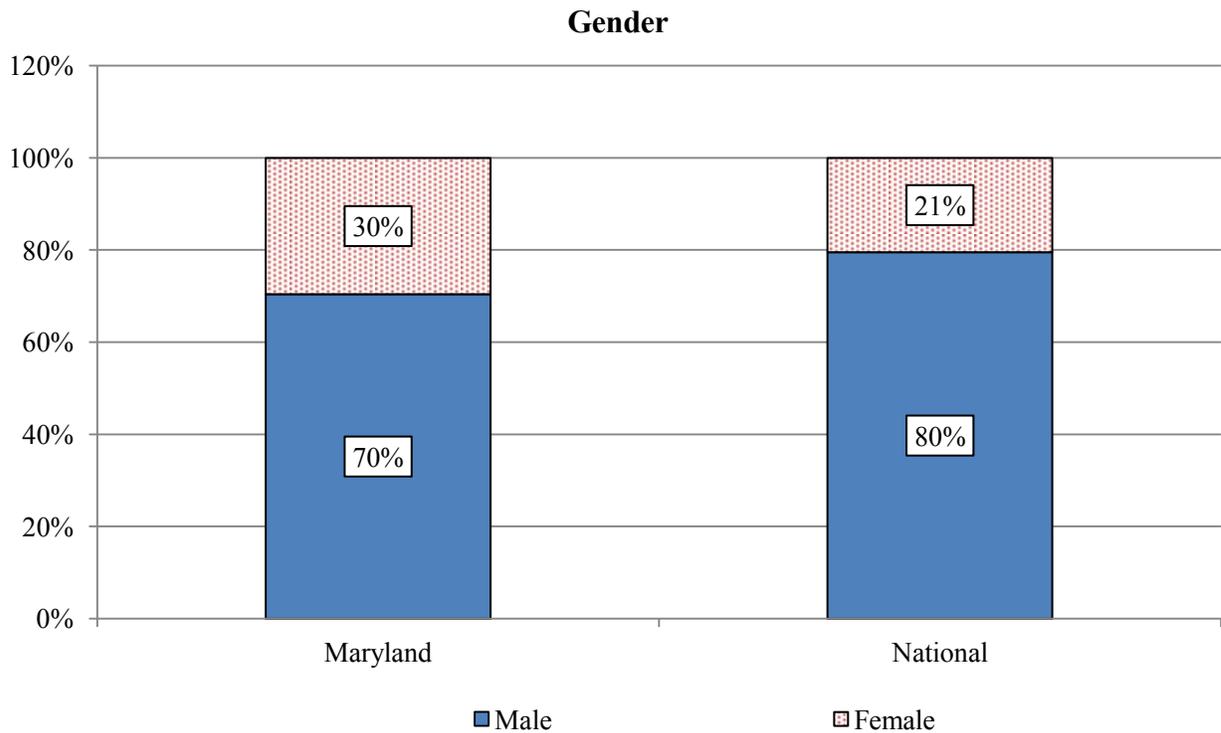
AIDS: Acquired Immune Deficiency Syndrome  
 HIV: Human Immunodeficiency Virus

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

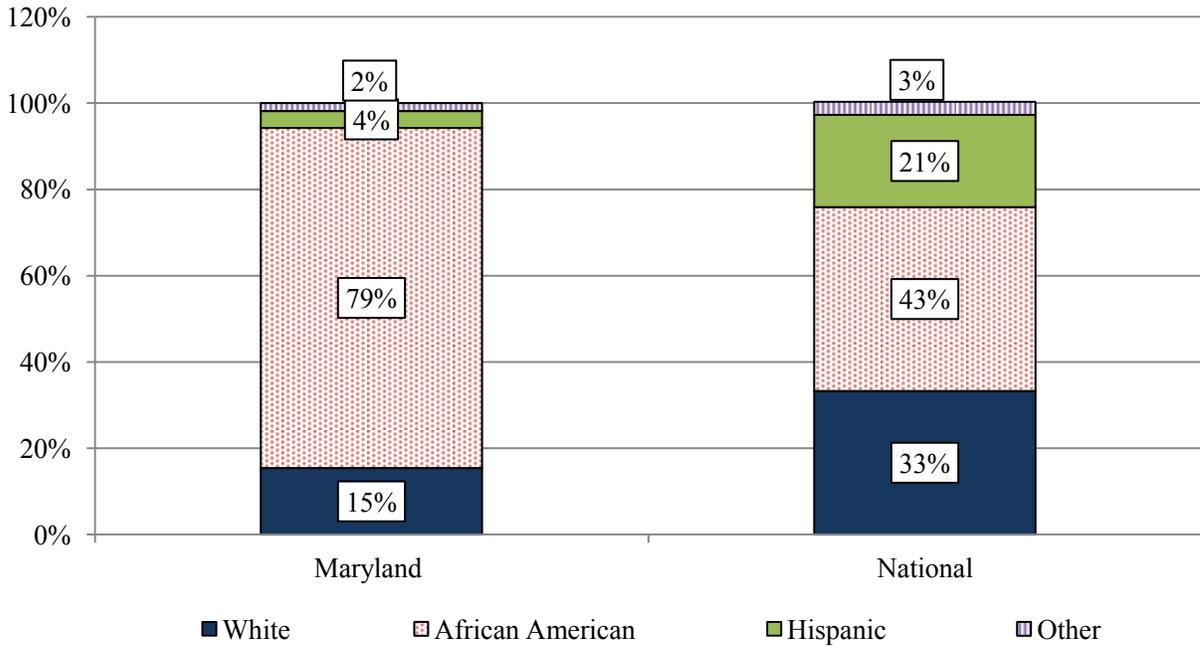
According to the national comparison conducted by CDC of the calendar 2008 data, Maryland had the ninth highest number of cumulative AIDS cases, the seventh highest number of newly reported AIDS cases, and the second highest AIDS rate, behind only Washington, DC. The CDC analysis reported that in 2008, nationally, the AIDS rate was 12.3 AIDS cases per 100,000 population compared to the Maryland average of 27.3 per 100,000 population.

Maryland’s AIDS population continues to show some striking differences to the nation as a whole. As shown in **Exhibit 5**, Maryland’s AIDS population is more female and more African American than the national AIDS population. Exhibit 5 also shows that Maryland’s exposure categories for the AIDS population include more injection drug use and heterosexual contact than the national AIDS population.

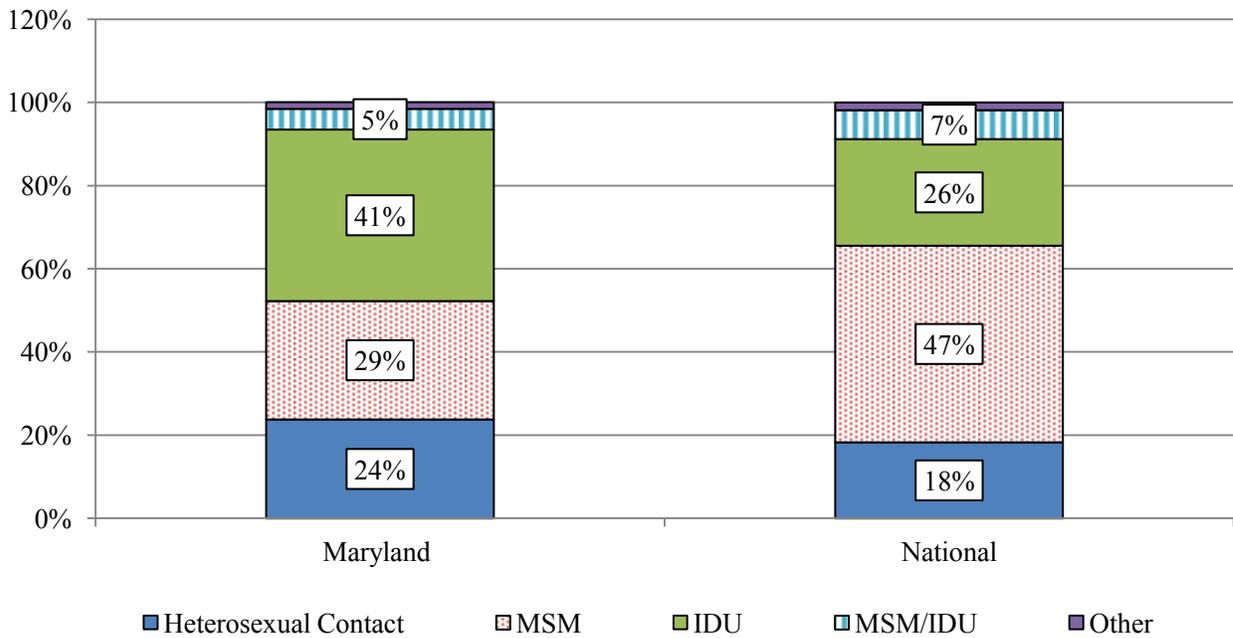
**Exhibit 5**  
**Demographics of Maryland’s AIDS Population Versus the National AIDS Population**  
**Calendar 2009**



**Race/Ethnicity**



**Exposure Category**



AIDS: Acquired Immune Deficiency Syndrome  
 IDU: injection use drug

MSM: men who have sex with men  
 MSM/IDU: men who have sex with men and inject drugs

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

## Varying Enrollment Trends in Health Services Programs

IDEHA provides two major health services programs: Maryland AIDS Drug Assistance Program (MADAP) and MADAP-Plus. A third program – the Maryland AIDS Insurance Assistance Program (MAIAP) – was eliminated in 2009. These are outlined in **Exhibit 6**.

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### Exhibit 6 IDEHA – Health Services Programs for HIV/AIDS

	<u>Benefit</u>	<u>Income Eligibility</u>	<u>Fund Source</u>
MADAP	Assistance with HIV/AIDS-related drug costs	116 to 500% of FPL	Federal funds
MADAP-Plus	Maintains health insurance for individuals testing positive for HIV who can no longer work due to their illness	116 to 500% of the FPL	Federal and special funds
MAIAP*	Provided health insurance assistance to persons at risk of losing private health insurance coverage	301 to 500% of the FPL	General funds

FPL: federal poverty level

HIV: Human Immunodeficiency Virus

IDEHA: Infectious Disease and Environmental Health Administration

MADAP: Maryland AIDS Drug Assistance Program

MAIAP: Maryland AIDS Insurance Assistance Program

\*MAIAP ended on June 30, 2009.

Source: Department of Health and Mental Hygiene

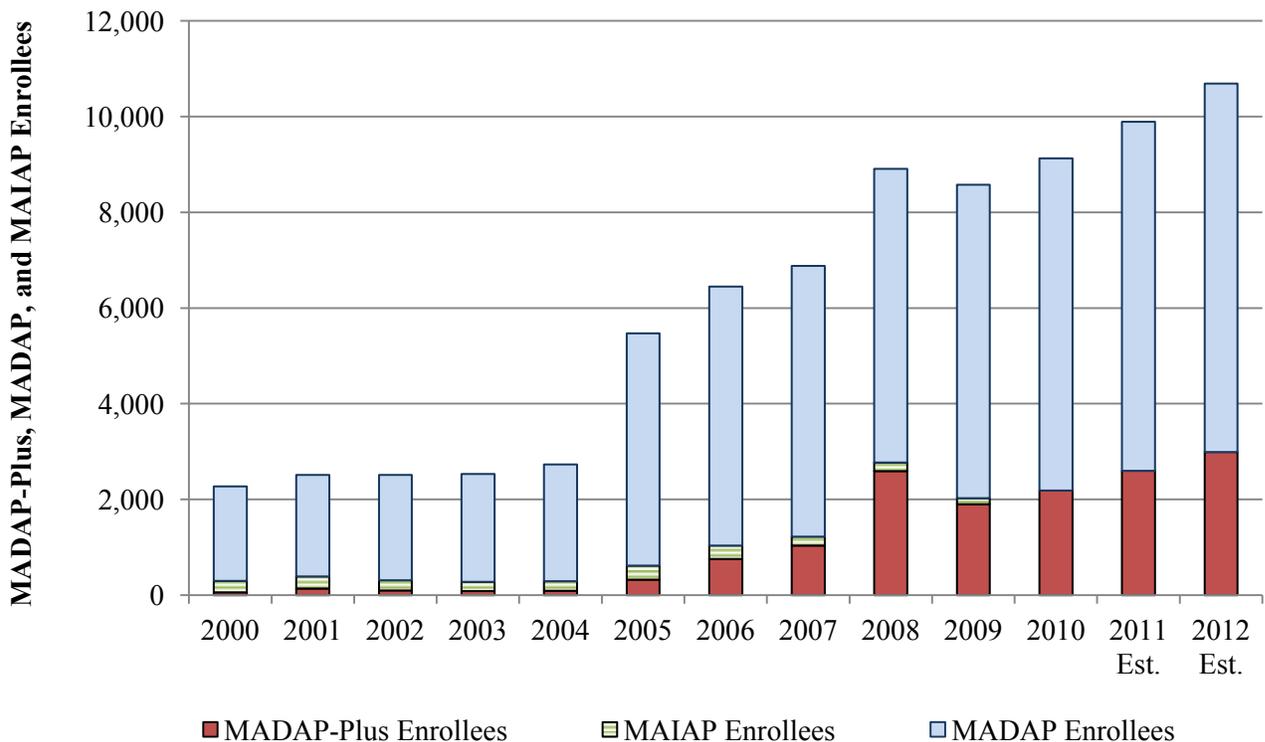
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MADAP is the largest program run by IDEHA with an estimated 7,300 enrollees in 2011. MADAP helps low- to moderate-income Maryland residents pay for certain drugs prescribed to treat HIV/AIDS. Clients are certified eligible for MADAP for a one-year period, after which time they may reapply for certification. Following the increase in eligibility limits promulgated by the AIDS Administration in 2004, MADAP has one of the nation's most expansive eligibility requirements along with extremely generous drug coverage.

MADAP-Plus offers health insurance assistance to individuals living with HIV/AIDS. Both MADAP and MADAP-Plus had failed to live up to enrollment expectations for a number of years; however, MADAP-Plus had significant enrollment increases in calendar 2005, and the program finally surpassed the original enrollment target of 300 with an estimated 2,600 enrollees in 2011.

As shown in **Exhibit 7**, MADAP and MADAP-Plus continue to experience enrollment growth. MADAP-Plus enrollment has increased due to the elimination of MAIAP in June 2009 and the recession as a higher number of individuals were in need of health insurance. In calendar 2012, the agency anticipates MADAP and MADAP-Plus enrollment to reach 7,700 and 2,990 enrollees, respectively.

**Exhibit 7**  
**MADAP, MADAP-Plus, and MAIAP Enrollment**  
**Calendar 2000-2012**



MADAP: Maryland AIDS Drug Assistance Program  
 MAIAP: Maryland AIDS Insurance Assistance Program

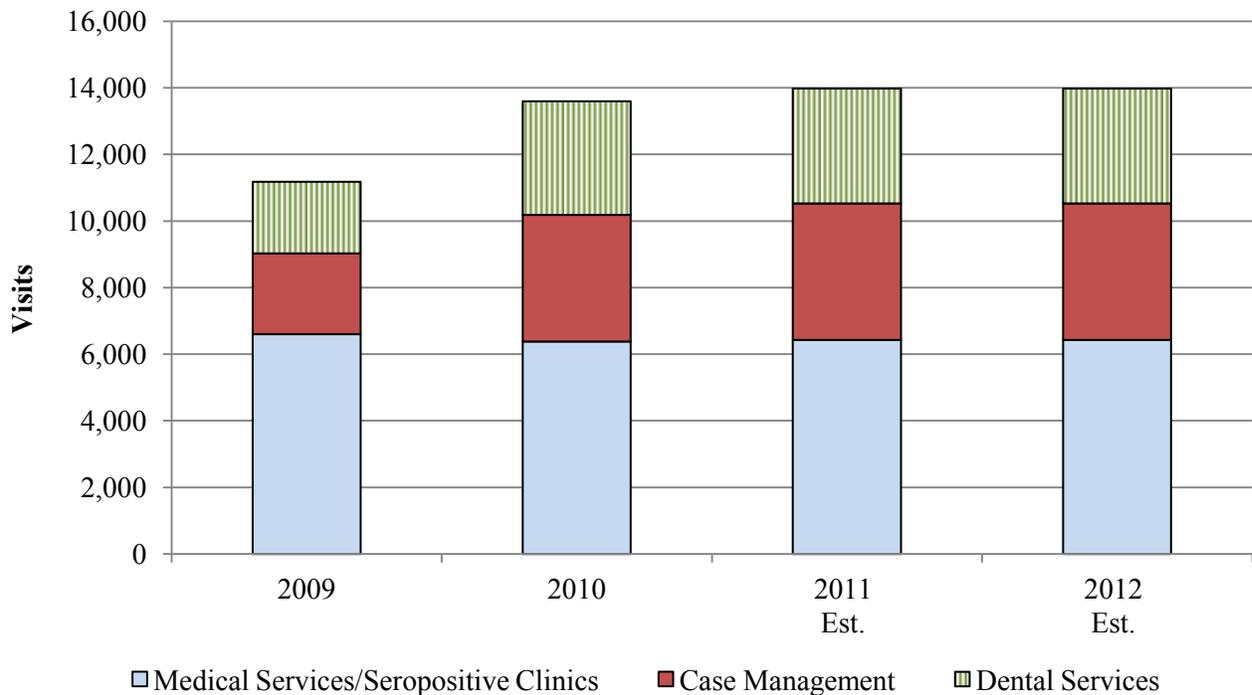
Source: Department of Health and Mental Hygiene; Centers for Disease Control and Prevention

According to the Health Care Reform Coordinating Council, an estimated 400,000 individuals will remain uninsured after the implementation of health care reform. Therefore, some individuals will continue to rely on the health care safety net system, such as MADAP and MADAP-Plus. **The agency should comment on the future enrollment and anticipated costs of both programs, including whether IDEHA anticipates MADAP-Plus enrollment to decline as individuals will be eligible to seek insurance through the Maryland Health Benefits Exchange.**

## HIV/AIDS Funding Directly Related to Services Provided

**Exhibit 8** demonstrates the direct relationship between the funding level and the amount of services provided by IDEHA in the areas of case management and dental services. In recent years, funding for case management has increased, corresponding with an increase in the numbers of individuals served. Although funding for medical services has increased, the number of individuals receiving such services has remained constant due to increases in the cost of care.

**Exhibit 8**  
**Various Services and the Budget**  
**Calendar 2009-2012**



(\$ in Millions)

	<u>2009</u>	<u>2010</u>	<u>2011 Est.</u>	<u>2012 Est.</u>
Budget for Medical Services/Seropositive Clinics	\$3.3	\$3.7	\$3.7	\$3.7
Budget for Case Management	3.0	2.6	3.7	3.7
Budget for Dental Services	0.7	0.6	0.6	0.6
<b>Total Budget</b>	<b>\$6.9</b>	<b>\$6.9</b>	<b>\$8.0</b>	<b>\$8.0</b>

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

## Fiscal 2012 Actions

### Proposed Deficiency

There are four proposed deficiencies for fiscal 2012 to provide additional special funds for the MADAP (\$25,563,118) and additional federal funds for the Minority AIDS Initiative (\$941,000), HIV prevention activities for the Baltimore-Metropolitan Statistical Area (\$1,214,496), and vaccine immunization activities (\$1,038,040). Funding for the Minority Aids Initiative and vaccine immunization activities does not recur in fiscal 2013; therefore, the fiscal 2013 budget is actually decreasing by the aforementioned amounts.

### Other Action

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. IDEHA’s share of the reduction was 3 positions. The annualized savings due to the abolition of these positions is expected to be \$125,736 (\$75,721 in general funds and \$50,015 in federal funds).

### Proposed Budget

The Governor’s fiscal 2013 budget, as shown in **Exhibit 9**, increases by \$25.5 million, or 17.8%. General funds decrease by \$968,000, or 2.0%, from fiscal 2012. Special funds increase by \$27.1 million, or 112.8%, and the federal fund allowance decreases by \$858,000, or 1.2%, from fiscal 2012. Finally, reimbursable funds increase by \$168,000, or 9.6%. However, after accounting for deficiency appropriations, the budget is actually decreasing by \$3.3 million.

**Exhibit 9**  
**Proposed Budget**  
**DHMH – Infectious Disease and Environmental Health Administration**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2012 Working Appropriation	\$48,154	\$24,040	\$69,482	\$1,761	\$143,436
2013 Allowance	<u>49,079</u>	<u>51,161</u>	<u>68,624</u>	<u>1,929</u>	<u>170,794</u>
Amount Change	\$926	\$27,122	-\$858	\$168	\$27,358
Percent Change	1.9%	112.8%	-1.2%	9.6%	19.1%
Contingent Reduction	-\$1,894	\$0	\$0	\$0	-\$1,894
Adjusted Change	-\$968	\$27,122	-\$858	\$168	\$25,464
Adjusted Percent Change	-2.0%	112.8%	-1.2%	9.6%	17.8%

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**Where It Goes:**

<b>Personnel Expenses</b>	<b>\$359</b>	
Turnover adjustments .....		\$292
Employee and retiree health insurance .....		246
Retirement contributions .....		190
Regular salaries .....		49
Other fringe benefit adjustments .....		-1
Workers' compensation.....		-6
Additional assistance .....		-7
Accrued leave payout .....		-10
Removal of fiscal 2012 one-time \$750 bonus .....		-164
4.0 abolished positions .....		-230
<b>HIV/AIDS Services</b>	<b>\$26,500</b>	
Purchase of care services – MADAP-Plus program.....		19,244
MADAP pharmaceuticals.....		12,420
HIV education services.....		1,548
Enhanced HIV Prevention Planning and Implementation grant for Baltimore.....		760
HIV prevention programs at local health departments.....		-1,726
Expanded HIV testing in Baltimore City and Prince George's County.....		-2,416
Primary and specialty care and social services.....		-3,330
<b>Environmental Health</b>	<b>\$217</b>	
Increased funding for environmental public health tracking .....		117
Bed bugs grant for Baltimore City Health Department .....		100
<b>Other Changes</b>	<b>-\$1,612</b>	
In-state conferences .....		164
One-time funding under the PPACA.....		-150
Decreased training for State and local TB control training, and TB consortium grants .....		-440
Expired ARRA funds .....		-680
Other.....		-506
<b>Total</b>		<b>\$25,464</b>

ARRA: American Recovery and Reinvestment Act of 2009

HIV: Human Immunodeficiency Virus

MADAP: Maryland AIDS Drug Assistance Program

PPACA: Patient Protection and Affordable Care Act

TB: Tuberculosis

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

## **Personnel**

Personnel expenses for IDEHA increase by \$0.4 million over the fiscal 2012 working appropriation. Increases to personnel expenses include decreased turnover adjustments (\$0.3 million), employee and retiree health insurance (\$0.2 million), employee retirement contributions (\$0.2 million), and salary expenses (\$49,000). These increases are offset by decreases to other fringe benefits (\$1,000), workers' compensation (\$6,000), additional assistance (\$7,000), and accrued leave payout (\$10,000). The removal of the fiscal 2012 one-time \$750 bonus also decreases the budget by \$164,000. Finally, personnel expenses decrease due to the abolition of 4 positions (\$230,000). This includes 3 community health educators within the Prevention Services program and 1 administrative position within IDEHA's finance division. All 4 of these positions are currently filled.

## **HIV/AIDS Services**

Funds for the MADAP and MADAP-Plus programs increase by \$12.4 million (\$8.6 million in special funds and \$3.8 million in federal funds) and \$19.2 million (\$19.4 million in special funds offset by a \$0.2 million decrease in federal funds), respectively. However, after accounting for the deficiency appropriation, special funds for MADAP and MADAP-Plus are increasing by only \$2.4 million. Special funds are available through drug rebates from the MADAP program. The program enables income-eligible persons living with HIV and AIDS access to health insurance coverage. The funding increase reflects an increase in the expected number of applicants due to economic decline and an increase in average monthly premium costs. Fiscal 2010 budget bill language required MADAP drug rebates to be transferred to the MAIAP program in order to facilitate a general fund reduction for that program. However, federal regulations on the uses of drug rebate funds required that funds could only be used to purchase insurance that adheres to the MADAP drug formulary. Therefore, MAIAP clients were transferred to the MADAP-Plus program, and their insurance coverage was renegotiated to adhere to federal regulations.

Federal funds increase by \$1.5 million for HIV education services. Funding for this program is available through the CDC's HIV Prevention Activities grant. Education services include HIV counseling, testing, and referral services which provide free HIV counseling and testing statewide; HIV partner programs which notify and counsel persons who are sexual or needle sharing partners of HIV infected persons; an HIV prevention program which is designed to reduce perinatal HIV transmission; an HIV prevention program targeting the deaf and hard of hearing; and a program to purchase HIV prevention literature and condoms for free distribution statewide. The increase in funding for HIV education services corresponds to the elimination of funding for expanded HIV testing in Baltimore City and Prince George's County (\$2.4 million). Funding for expanded HIV testing is now awarded through the HIV Prevention Activities grant.

New federal funding for enhanced comprehensive HIV prevention planning for the Baltimore-Towson Metropolitan Statistical area was also included in the fiscal 2013 budget (\$0.8 million). Funding supports coordination of activities across HIV prevention, HIV care, sexually transmitted infection prevention, tuberculosis control and prevention, and hepatitis prevention programs. The fiscal 2013 budget also includes a \$1.2 million deficiency appropriation for this

program. After accounting for this deficiency, funding for this project is actually decreasing by \$0.5 million.

The remaining changes to the HIV/AIDS budget include decreases in federal funding for HIV prevention programs at LHDs and other entities due to a change in the CDC's funding methodology to the State (\$1.7 million). The fiscal 2013 appropriation for HIV health and support services decreases by \$3.3 million. Funds are available through the Health Resources and Services Administration under a formula grant authorized by Ryan White Part B to provide HIV health and support services to those infected with HIV/AIDS. The fiscal 2012 working appropriation assumed a significant increase in the expenditures related to HIV care services. However, based on fiscal 2012 funding awarded to date, projected expenditures for fiscal 2013 for primary and specialty medical care are more accurate.

### **Environmental Health**

Funding for environmental health increases by \$0.2 million in fiscal 2013. This includes a \$0.1 million increase in funding for environmental public health tracking, and a newly awarded federal grant available through the Environmental Protection Agency was awarded to IDEHA for the Bed Bugs Bite program (\$0.1 million). These funds will be used to promote integrated pest management techniques through a collaborative education and training program with the Baltimore City Health Department.

### **Other Changes**

Other changes decrease the fiscal 2013 budget by \$1.6 million. Funding for in-state conferences increases by \$0.2 million in federal funds. This increase is offset by the removal of one-time funding under the Patient Protection and Affordable Care Act (\$150,000) and a decrease in funds for State and local tuberculosis training (\$440,000). Furthermore, the expiration of funding under the American Recovery and Reinvestment Act (ARRA) of 2009 reduces the budget by an additional \$680,000.

### **Changes to Core Public Health Services Per the Budget Reconciliation and Financing Act**

Core Public Health Services are funded at a level established by a statutory formula, referred to as the targeted local health formula. The minimum funding level for the program was established at \$41.0 million in general funds in fiscal 1997; subsequent increases based on inflation and population growth increased minimum funding to over \$57.0 million in fiscal 2010. However; Chapter 484 of 2010 lowered the base funding level for the program to approximately \$37.3 million for fiscal 2011 and 2012 with inflationary increases beginning again in fiscal 2013. In accordance with Chapter 484, the fiscal 2013 allowance includes \$43.7 million (\$39.2 in general funds and \$4.5 million in federal funds) for Core Public Health Services – a \$1.9 million increase over fiscal 2011 spending. The fiscal 2012 working appropriation includes an additional \$989,335 for the fiscal 2012 one-time \$750 for State employees at LHDs, and the fiscal 2013 appropriation includes an

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additional \$904,666 over the fiscal 2012 working appropriation to account for the inflationary increase, resulting in a \$1,894,001 increase over the fiscal 2011 spending level.

The Governor’s fiscal 2013 budget is balanced in part through provisions of the Budget Reconciliation and Financing Act (BRFA) of 2012. For fiscal 2013 through 2017, Section 15 of the BRFA of 2012 includes a provision which specifies that the Governor is not required to include an appropriation in the budget for any program or item in an amount that exceeds the fiscal 2012 appropriation for that program. Subsequently, Section 15 is being used as a general provision to grant mandate relief to nine programs in the budget – including the funding for Core Public Health Services – for fiscal 2013. This provision would reduce the mandated appropriation levels for Core Public Health Services to align spending with the fiscal 2011 level, resulting in a \$1,894,001 reduction. **Since the legislature can make this cut without changing the underlying statute, the Department of Legislative Services (DLS) recommends striking the contingent reduction language and reducing funding for Core Public Health Services by \$1,894,001.**

### **Revenue Assumptions**

The Governor’s fiscal 2013 budget plan assumes an additional \$530,250 in revenues to the general fund from IDEHA-related activities, specifically an increase in food control and community service fees. As shown in **Exhibit 10**, fees would increase for processing facilities, plan reviews, and pool construction plan review.

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**Exhibit 10  
Proposed Fee Increases  
Fiscal 2013**

	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Number of Licenses</u>	<u>Estimated Revenue Increase</u>
<b>Food Control Fees</b>				
Processing Facilities	\$150	\$400	801	\$200,250
Plan Reviews	0	400	700	280,000
<b>Community Services Fees</b>				
Pool Construction Plan Review	0	400	125	50,000
<b>Total</b>				<b>\$530,250</b>

Source: Department of Health and Mental Hygiene; Department of Budget and Management; Code of Maryland Regulations

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***M00F02 – DHMH – Infectious Disease and Environmental Health Administration***

The Center for Food Processing within IDEHA is responsible for licensing and inspecting food processing facilities in the State, including wholesale food manufacturing plants, warehouses, canneries, soft drink and bottled water facilities, crabmeat plants, shellfish plants, and food transportation vehicles. As noted in § 21-321 of the Health-General Article, properly prepared plans need to be submitted and approved by the department before a person constructs a food establishment, remodels or alters a food establishment, or converts or remodels an existing building for use as a food establishment. The Center for Retail Food, Plan, and Process Reviews conducts plan review for all food processing plants and prototypical food service facilities in the State. As shown in Exhibit 10, IDEHA does not currently charge a fee for plan review, and the Governor's budget plan assumes the agency would begin charging \$400 for this service.

Once a plan has been approved, a pre-operating inspection is conducted at the facility. After facility approval, an applicant receives and completes a license of application. Licensure fees are currently \$150, and the Governor's fiscal 2013 plan assumes IDEHA will increase this fee to \$400. This is the first time licensure fees for processing facilities have increased since 1989.

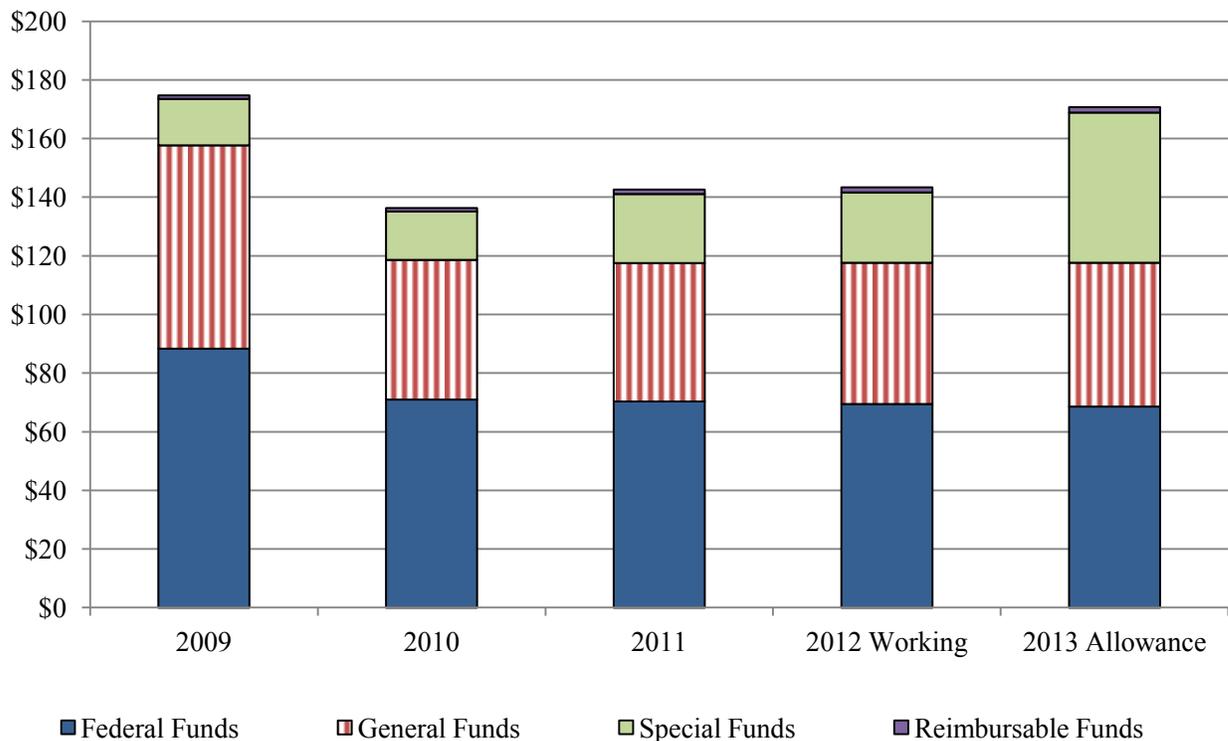
The fiscal 2013 budget also assumes an additional \$50,000 in revenues from Community Service fees. According to *Code of Maryland Regulations* (COMAR), an individual may not construct or alter a recreational pool, semipublic pool, or public spa without obtaining a construction permit from the Secretary of DHMH. Among other things, COMAR 10.17.01.06 states that before constructing a pool or spa, plans and specifications for construction must be submitted to the department for review. As shown in Exhibit 10, the department does not currently assess a fee for pool or spa construction plan review.

## Issues

### 1. Federal Aid Issues

Federal funds are an important part of IDEHA’s revenue source and account for 40% of funds in the agency’s fiscal 2013 budget. However, federal funding has decreased by over 20% since fiscal 2009. As shown in **Exhibit 11**, in fiscal 2009, federal funds accounted for 51% of IDEHA’s total funds. In part, the reduction in federal funds over the past few years reflects the elimination of one-time H1N1 funding in fiscal 2010 and the expiration of funding available through the ARRA. In total, the agency receives 22 different grants from the federal government, which primarily support HIV/AIDS prevention and treatment programs.

**Exhibit 11**  
**IDEHA Funding by Source**  
**Fiscal 2009-2013**  
**(\$ in Thousands)**



IDEHA: Infectious Disease and Environmental Health Administration

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

## **Long-term Funding Issues**

Due to Congress failing to reach a plan on how to reduce the long-term federal deficit, automatic reductions to discretionary spending, sequestration, is set to occur. The sequestration process is mandated by the Budget Control Act of 2011 and requires Congress to reduce spending by \$1.2 trillion over the next 10 years. Reductions will begin in January 2013 and continue through federal fiscal 2021. Of the \$1.2 trillion, half of the reductions must come from non-defense programs. While the majority of State-related funding (Medicaid) is exempt from sequestration, grants IDEHA receives will be impacted, including the Ryan White HIV/AIDS Part B grant and the Maternal and Child Health Block grant.

### **Ryan White Funding**

Most of the Ryan White Treatment Modernization Act funding received by the State is through Part B, which provides grants to all 50 states for a variety of medical and support services. Part B also includes funding for MADAP and MADAP-Plus. The fiscal 2013 allowance includes \$39.2 million for Ryan White Part B; however, the most recent estimate provided by the Federal Funds Information for States indicates that only \$37.2 million in funds will be available due to sequestration. Furthermore, Ryan White Part A funding is awarded directly to the Baltimore City Health Department. Current funding under Ryan White Part A totals \$21.0 million; however, under sequestration, current estimates indicate only \$19.2 million will be available.

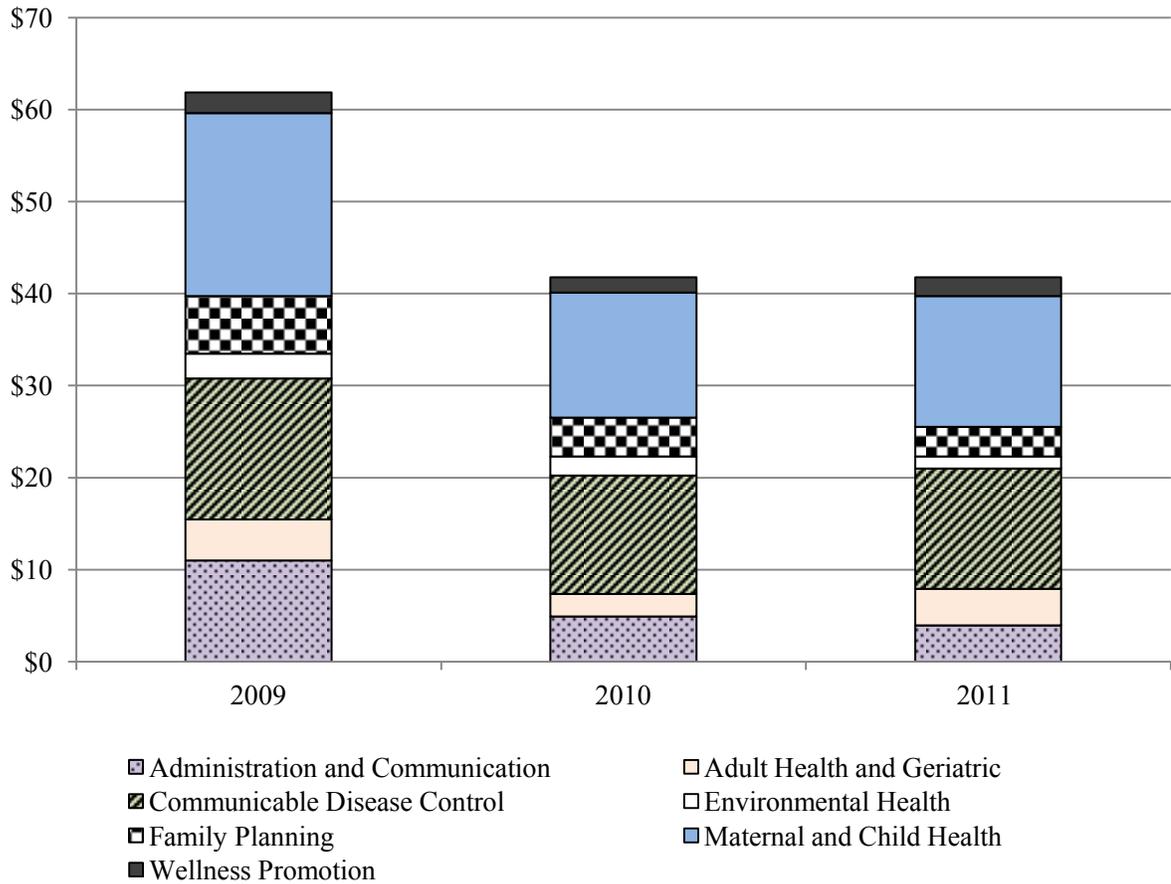
**The agency should advise the budget committees what it foresees as the potential impact of the sequestration process on HIV/AIDS programs since enrollment in both the MADAP and MADAP-Plus programs has significantly increased in recent years.**

### **Maternal and Child Health Block Grants**

Sequestration will also impact funding levels for the Maternal and Child Health Block Grant. The fiscal 2013 allowance includes \$11.6 million available through the Maternal and Child Health Block Grant. Of this amount, \$4.5 million is awarded for Core Public Health Services under the targeted local health formula. The remaining funds are awarded through the Family Health Administration. Current estimates indicate \$10.8 million would be available in fiscal 2013 due to sequestration.

Core Public Health funding supports seven services areas: administrative and communication services, adult health and geriatric services, communicable disease control services, environmental health services, family planning services, maternal and child health services, and wellness promotion services. Data provided in response to a request in the 2010 *Joint Chairmen's Report* shows that the State reductions to Core funding resulted in reductions to all seven service areas, with the most significant reductions occurring in the administrative and communication services, environmental health, and maternal and child health services. Programmatic and budgetary changes as a result of reductions in Core funding are outlined in **Exhibit 12**.

**Exhibit 12**  
**Core Public Health Services – Spending by Service Area**  
**Fiscal 2009-2011**  
**(\$ in Millions)**



Source: Department of Health and Mental Hygiene

More specifically, total funding expended under the Core Public Health Services Program for maternal and child health has declined from \$26.4 million in fiscal 2009 to \$14.2 million in fiscal 2011. Reductions to maternal and child health spending resulted in reduced home visiting services for pregnant women and for mothers and their children. Some counties reduced services up to 40%. **Given recent reductions to Core Public Health funding, the agency should inform the budget committees what it foresees as the potential impact of the sequestration process on maternal and child services, including how it may impact LHDs.**

## ***Recommended Actions***

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1. Strike the following language from the general fund appropriation:

~~; provided that \$1,894,001 of this appropriation shall be reduced contingent upon the enactment of legislation reducing funding for Core Public Health Services~~

**Explanation:** Strike contingent reduction for Core Public Health Services.

	<b><u>Amount Reduction</u></b>	
2. Concur with the reduction to the Core Public Health Services as proposed by the Governor as part of the budget.	\$ 1,894,001	GF
<b>Total General Fund Reductions</b>	<b>\$ 1,894,001</b>	

## ***Updates***

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### **1. Local Health Aid Fund Swap Proposed Using Local Management Board Retained Earnings Account Balances**

The fiscal 2013 allowance for the Children’s Cabinet Interagency Fund (CCIF) assumes the use of \$7.3 million in Local Management Board (LMB) retained earnings account balance funds in lieu of general funds to provide a portion of the CCIF allocation to LMBs for Early Intervention and Prevention programming and for general LMB support. In the budget analysis for the Governor’s Office for Children and Interagency Fund (GOC/IF), DLS recommends also using \$5.4 million of the LMB earned reinvestment account balances in lieu of general funds for a portion of the local health aid being provided to jurisdictions with balances in these accounts. The GOC/IF analysis includes budget bill language which would implement this fund swap. A provision is also recommended for inclusion in SB 152/HB 87, the BRFA of 2012, to ensure the proposed fund swap does not impact the calculated aid amounts for fiscal 2014.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets DHMH – Infectious Disease and Environmental Health Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2011</b>					
Legislative Appropriation	\$47,234	\$17,630	\$68,158	\$1,317	\$134,338
Deficiency Appropriation	0	0	2,048	0	2,048
Budget Amendments	-56	5,987	254	260	6,445
Reversions and Cancellations	0	0	-70	-127	-197
<b>Actual Expenditures</b>	<b>\$47,178</b>	<b>\$23,617</b>	<b>\$70,389</b>	<b>\$1,449</b>	<b>\$142,634</b>
<b>Fiscal 2012</b>					
Legislative Appropriation	\$47,095	\$24,040	\$69,386	\$1,761	\$142,282
Budget Amendments	1,058	0	95	0	1,154
<b>Working Appropriation</b>	<b>\$48,154</b>	<b>\$24,040</b>	<b>\$69,482</b>	<b>\$1,761</b>	<b>\$143,436</b>

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

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## **Fiscal 2011**

IDEHA spent \$142.6 million in fiscal 2011, which is \$8.3 million above the original legislative appropriation. The majority of this increase is due to an increase in special funds.

Budget amendments increased the legislative appropriation by \$6.4 million. General funds decreased by \$83,121 to realign funds within DHMH. This decrease was offset by an increase in general funds for telecommunications (\$1,573), and a departmentwide redistribution of funds (\$25,417) at the close of the fiscal year. Special funds increased by \$6.0 million for program rebates for the MADAP. The majority of this funding (\$4.7 million) is needed for increased enrollment and higher than anticipated premium payments in the MADAP-Plus. The remaining funds (\$1.3 million) represent an increase in the number of enrollees in the MADAP and an increase in the co-pays paid by the program on behalf of clients enrolled in the Maryland Health Insurance Plan. Special funds are available through prescription drug rebates from the MADAP. Federal funds increased by \$254,000 through a budget amendment which made funds available for emerging infections investigations.

Deficiency appropriations increased IDEHA's legislative appropriation by \$2.0 million. Additional federal funds were awarded to the agency to provide HIV screening, testing, and support and prevention programs (\$1.8 million); emerging infections (\$197,987); and infectious disease (\$79,548).

IDEHA cancelled \$0.2 million in fiscal 2011. Federal funds were cancelled due to lower than anticipated expenditures for HIV care (\$69,641), and reimbursable funds were cancelled due to less than anticipated refugee health screenings (\$127,251).

## **Fiscal 2012**

The fiscal 2012 working appropriation is \$143.4 million, an increase of \$1.2 million over the original legislative appropriation. The fiscal 2012 budget for the Department of Budget and Management included centrally budgeted funds for the \$750 one-time bonus for State employees. This resulted in the transfer of funds from the Department of Budget and Management to IDEHA (\$1,058,414 in general funds and \$95,226 in federal funds).

**Object/Fund Difference Report**  
**DHMH – Infectious Disease and Environmental Health Administration**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	221.00	218.00	214.00	-4.00	-1.8%
02 Contractual	2.55	3.57	3.57	0.00	0%
<b>Total Positions</b>	<b>223.55</b>	<b>221.57</b>	<b>217.57</b>	<b>-4.00</b>	<b>-1.8%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 16,651,778	\$ 17,402,159	\$ 17,761,067	\$ 358,908	2.1%
02 Technical and Spec. Fees	157,469	184,021	182,427	-1,594	-0.9%
03 Communication	167,657	187,232	173,336	-13,896	-7.4%
04 Travel	231,236	130,036	269,779	139,743	107.5%
07 Motor Vehicles	102,501	109,403	105,326	-4,077	-3.7%
08 Contractual Services	46,835,396	47,169,293	61,239,464	14,070,171	29.8%
09 Supplies and Materials	33,583,214	32,839,703	45,212,166	12,372,463	37.7%
10 Equipment – Replacement	471,225	0	0	0	0.0%
11 Equipment – Additional	172,987	0	2,877	2,877	N/A
12 Grants, Subsidies, and Contributions	44,181,621	45,350,049	45,784,416	434,367	1.0%
13 Fixed Charges	78,610	63,991	62,987	-1,004	-1.6%
<b>Total Objects</b>	<b>\$ 142,633,694</b>	<b>\$ 143,435,887</b>	<b>\$ 170,793,845</b>	<b>\$ 27,357,958</b>	<b>19.1%</b>
<b>Funds</b>					
01 General Fund	\$ 47,177,737	\$ 48,153,608	\$ 49,079,420	\$ 925,812	1.9%
03 Special Fund	23,617,244	24,039,727	51,161,406	27,121,679	112.8%
05 Federal Fund	70,389,271	69,481,513	68,623,531	-857,982	-1.2%
09 Reimbursable Fund	1,449,442	1,761,039	1,929,488	168,449	9.6%
<b>Total Funds</b>	<b>\$ 142,633,694</b>	<b>\$ 143,435,887</b>	<b>\$ 170,793,845</b>	<b>\$ 27,357,958</b>	<b>19.1%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary**  
**DHMH – Infectious Disease and Environmental Health Administration**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
03 Infectious Disease and Environmental Health Services	\$ 100,857,210	\$ 100,670,068	\$ 127,123,360	\$ 26,453,292	26.3%
07 Core Public Health Services	41,776,484	42,765,819	43,670,485	904,666	2.1%
<b>Total Expenditures</b>	<b>\$ 142,633,694</b>	<b>\$ 143,435,887</b>	<b>\$ 170,793,845</b>	<b>\$ 27,357,958</b>	<b>19.1%</b>
General Fund	\$ 47,177,737	\$ 48,153,608	\$ 49,079,420	\$ 925,812	1.9%
Special Fund	23,617,244	24,039,727	51,161,406	27,121,679	112.8%
Federal Fund	70,389,271	69,481,513	68,623,531	-857,982	-1.2%
<b>Total Appropriations</b>	<b>\$ 141,184,252</b>	<b>\$ 141,674,848</b>	<b>\$ 168,864,357</b>	<b>\$ 27,189,509</b>	<b>19.2%</b>
Reimbursable Fund	\$ 1,449,442	\$ 1,761,039	\$ 1,929,488	\$ 168,449	9.6%
<b>Total Funds</b>	<b>\$ 142,633,694</b>	<b>\$ 143,435,887</b>	<b>\$ 170,793,845</b>	<b>\$ 27,357,958</b>	<b>19.1%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.