

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

Operating Budget Data

(\$ in Thousands)

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>	<u>% Change Prior Year</u>
General Fund	\$10,160	\$10,382	\$10,887	\$506	4.9%
Contingent & Back of Bill Reductions	0	0	-13	-13	
Adjusted General Fund	\$10,160	\$10,382	\$10,874	\$492	4.7%
Special Fund	562	194	187	-7	-3.8%
Adjusted Special Fund	\$562	\$194	\$186	-\$7	-3.8%
Federal Fund	6,381	6,894	7,257	363	5.3%
Adjusted Federal Fund	\$6,381	\$6,894	\$7,249	\$354	5.1%
Reimbursable Fund	102	0	0	0	
Adjusted Reimbursable Fund	\$102	\$0	\$0	\$0	
Adjusted Grand Total	\$17,206	\$17,470	\$18,309	\$839	4.8%

- The Governor's fiscal 2014 allowance increases by \$0.8 million, or 4.8%, over the fiscal 2013 working appropriation, mainly due to increased personnel expenses.
- General fund support increases by \$0.5 million, or 4.7%; special fund support decreases by \$7,000, or 3.8%; and federal fund support increases by \$0.4 million, or 5.1%.

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

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Personnel Data

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>
Regular Positions	180.70	185.70	185.70	0.00
Contractual FTEs	<u>6.55</u>	<u>10.91</u>	<u>12.30</u>	<u>1.39</u>
Total Personnel	187.25	196.61	198.00	1.39

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	7.43	4.00%
Positions and Percentage Vacant as of 12/31/12	14.40	7.75%

- The fiscal 2014 allowances includes an additional 1.39 full-time equivalent contractual employees.

Analysis in Brief

Major Trends

Staffing Deficits and Increased Workload Limit the Agency's Efficacy: The Office of Health Care Quality (OHCQ) has faced chronic staffing shortages over the past few years due to the combination of an increased workload, a structural deficiency in positions allotted for survey and inspection activities, and chronic vacancies among surveyor positions. In fiscal 2012, the agency was able to meet only 25% of its Managing for Results performance measures. It also met some requirements set forth in State and federal laws and regulations.

Issues

Staffing Concerns Persist: OHCQ publishes the *Annual Report and Staffing Analysis* each year to report on the activities of each licensure unit. The report includes a labor-hour analysis that compares the number of surveyors assigned to each unit with the number of surveyors needed to perform all of the inspections and surveys required. The 2012 report found that the agency was deficient 107.09 surveyors in fiscal 2013. More specifically, staffing deficiencies are most pronounced in the Long Term Care, Ambulatory Care Programs, and Developmental Disabilities units.

Recommended Actions

1. Concur with Governor's allowance.

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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* (COMAR) 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 (HMO), hospice care, physical therapy centers, developmental disability homes and facilities, mental health facilities, substance abuse treatment facilities, and forensic laboratories.

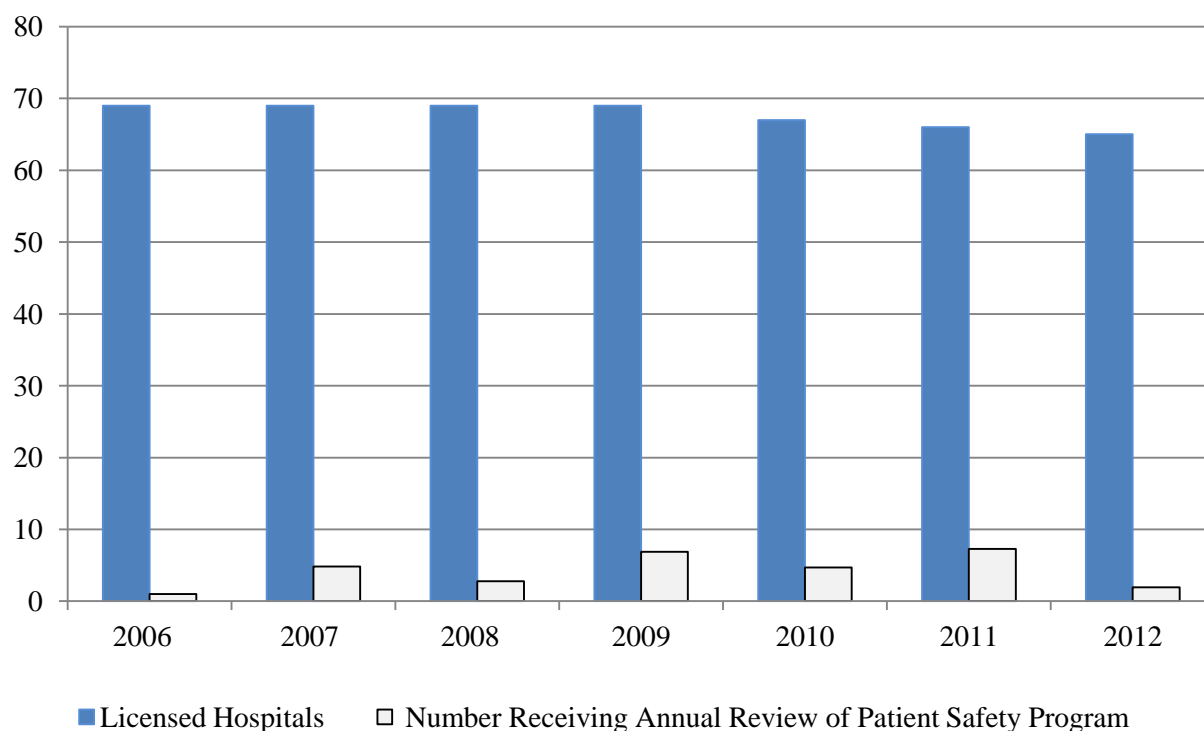
Performance Analysis: Managing for Results

1. Staffing Deficits and Increased Workload Limit the Agency's Efficacy

OHCQ protects the safety of consumers through a survey and enforcement process of a variety of health-related entities. It also protects the public and ensures the health of Marylanders through the timely resolution of consumer complaints. However, staffing deficiencies have hampered the agency's ability to meet its Managing for Results (MFR) performance measures.

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 was struggling to meet its MFR goal and has reduced the percentage goal from 11 to 3% of required annual reviews of hospital patient safety programs. As shown in **Exhibit 1**, OHCQ was able to reach its previous goal and reviewed 11% of licensed hospitals in fiscal 2011. While the agency has made some progress since the inception of the program in fiscal 2005, retention of staff in this unit and increased hospital complaint workload has made it difficult for OHCQ to reach its goal. The Patient Safety Program is part of the Hospital and HMO Quality Assurance units at OHCQ and is budgeted for 1 nurse surveyors to conduct onsite surveys of patient safety review programs. The program used to have 2 surveyor positions which contributed to the agency's ability to reach its goal in prior years.

Exhibit 1
Licensed Hospitals and Annual Review of Patient Safety Program
Fiscal 2006-2012



Source: Department of Health and Mental Hygiene

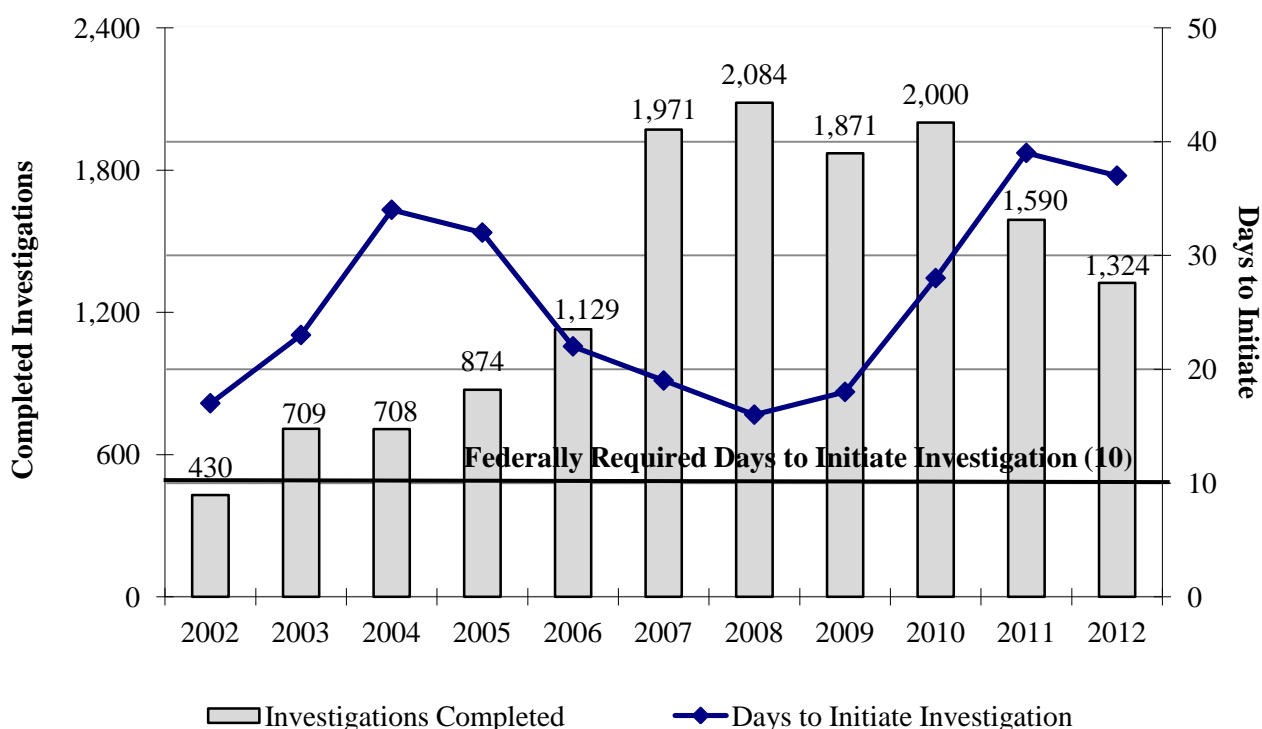
Hospitals are required to report Level 1 adverse events to OHCQ, including events that result in death or serious disability, retained foreign bodies after a surgery, or wrong-side/wrong-person surgery. Hospitals submit a root cause analysis (RCA) for each adverse event, which is reviewed by OHCQ and logged into a database. OHCQ targets hospitals that fail to report Level 1 adverse events by conducting an onsite review of the hospital's patient safety program. Due to limited staff resources and increasing complaints in the hospital unit, timely RCA reviews can be made, but patient safety program reviews are difficult to complete.

2. Nursing Homes

OHCQ's Long Term Care unit (LTCU) 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. The MFR goal is 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**.

Exhibit 2
Nursing Home Complaint Investigations
Fiscal 2002-2012

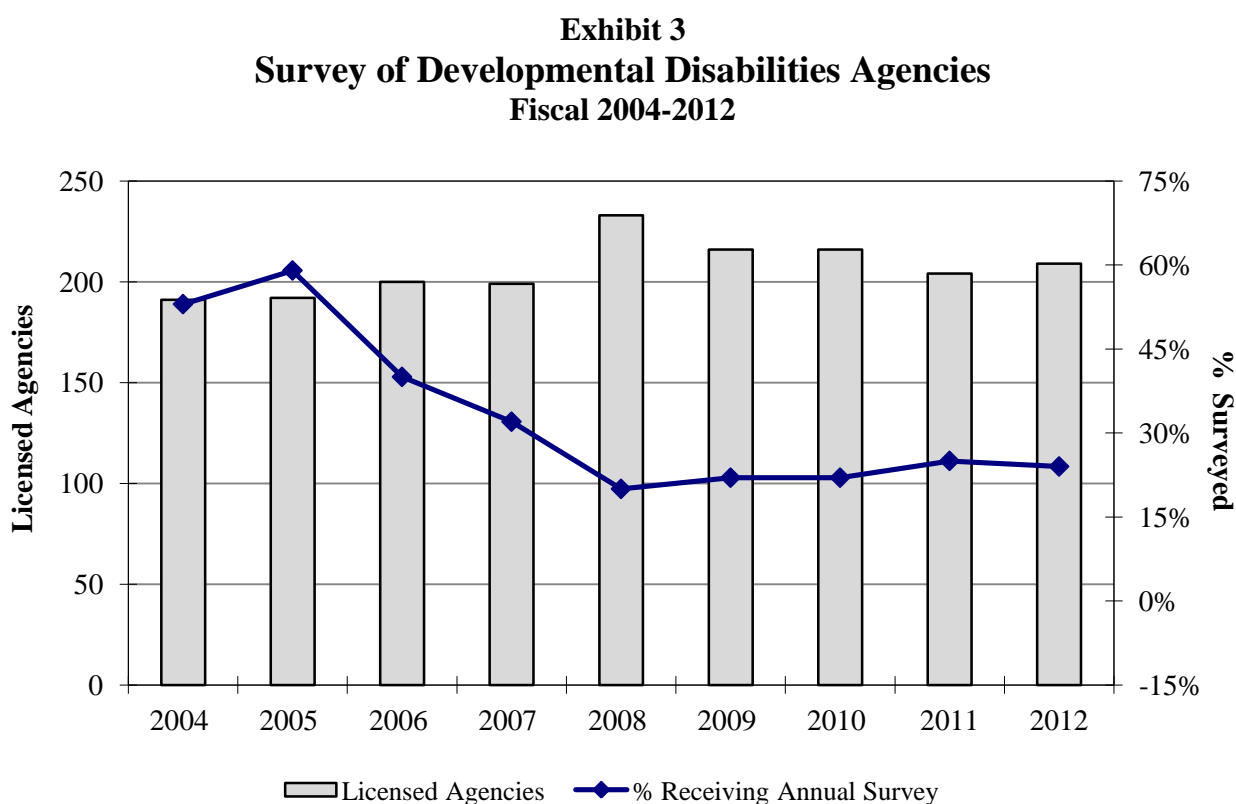


Source: Department of Health and Mental Hygiene

As Exhibit 2 demonstrates, OHCQ was making progress to reach its goal of initiating onsite investigations within 10 days from fiscal 2004 through 2008. However, since that time, the average number of days to initiate an investigation has increased from 16 days in fiscal 2008 to 39 days in fiscal 2011, a 144% increase. In fiscal 2012, the average number of days to initiate an investigation decreased to 37 days. This represents a 5% decrease over the fiscal 2012 average. Limited staff resources prevented the agency from reaching its goal and have put the State out of compliance with federal regulations. As of December 31, 2012, there were 8 vacancies in LTCU. Of those vacancies, 4 are nurse surveyor positions.

3. Developmental Disabilities Facilities

OHCQ's Developmental Disabilities unit (DDU) 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 2012, there were over 200 agencies operating more than 3,000 sites throughout the State. The unit's goal is to provide timely and comprehensive relicensure surveys for agencies providing services to developmentally disabled individuals, as required by COMAR. **Exhibit 3** shows the total number of licensed agencies and the percent receiving an annual survey. All new sites are required to have an initial survey prior to operation.



Source: Department of Health and Mental Hygiene

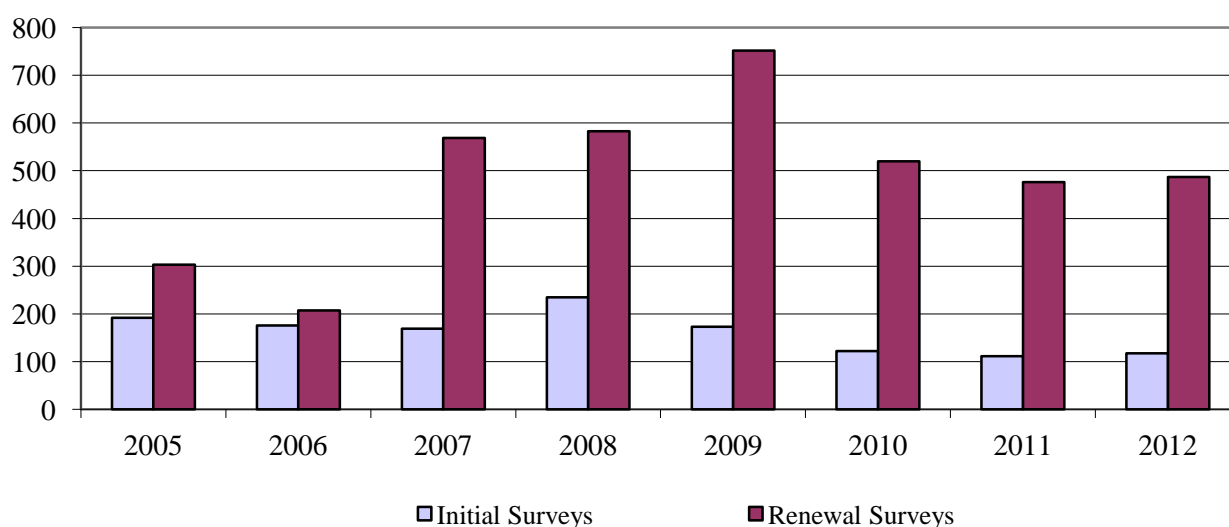
The agency's DDU has struggled to meet its MFR goal and has reduced the percentage goal from 27 to 25% of required annual relicensure surveys. There was a sharp decline in the percent receiving annual surveys between fiscal 2005 and 2008, as Exhibit 3 shows. In fiscal 2005, OHCQ conducted as many as 59% of relicensure surveys, whereas in fiscal 2008, only 20% were conducted. The growing number of individuals receiving DDA-funded support and the corresponding increase in the total number of agencies serving these individuals has placed a greater burden on OHCQ. Also, DHMH has been closing State Residential Centers and placing the vast majority of those individuals

in community placements, which also contributes to the increase in agencies assisting individuals. Finally, the number of sites operated by community providers has increased which has increased OHCQ's workload. In fiscal 2009 and 2010, the percentage of annual relicensure surveys increased to 22% as a result of efficiency measures and increased staff for the unit, and in fiscal 2011 the unit was able to perform 25% of relicensure surveys. However, in fiscal 2012, the agency failed to meet its goal as only 24% of agencies were surveyed. Moreover, as of December 31, 2012, there were 2 vacancies within DDU.

4. Assisted Living Facilities

OHCQ's Assisted Living unit 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. In fiscal 2012, there were 1,364 licensed sites. **Exhibit 4** shows the number of licensed sites in the State receiving initial and renewal surveys.

Exhibit 4
Licensed Assisted Living Sites Surveyed
Fiscal 2005-2012



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 was successful between fiscal 2007 and 2009, as the number of sites receiving renewal surveys jumped from 569 to 752. However, there was a decrease in sites receiving renewal surveys in fiscal 2010 and 2011, due to staff vacancies. While the agency did not meet its stated goal in fiscal 2012, it was able to increase the number of renewal surveys 2% over the fiscal 2011 level. OHCQ attributes this increase due to a decrease in staff vacancies. As of December 31, 2012, there was 1 vacancy in the Assisted Living unit, and the agency estimates that it will be able to increase the number of initial and renewal surveys it completes in fiscal 2013.

Fiscal 2013 Actions

The Governor's fiscal 2013 budget assumed an additional \$2.2 million in general fund revenues from OHCQ due to an increase in licensure fees for the following entities under the agency's purview: ambulatory care surgical centers, abortion surgical centers, residential service agencies, assisted living providers, developmental disabilities providers, and letters of exception for laboratories.

With the exception of developmental disabilities providers, regulations implementing these fee increases were printed in the July 2012 issue of the *Maryland Register*, with a public comment period ending in August 2012. In September, the Joint Committee on Administrative, Executive, and Legislative Review (AELR) requested additional time to review the regulations and requested that DHMH delay the final adoption of the regulations. In October 2012, DHMH submitted a letter to AELR notifying the committee of its intent to adopt the aforementioned fee increases. As required by law, DHMH provided the committee with a further period of review of the proposed regulations that ended on the thirtieth day following the committee's receipt of the letter. At the end of that review period, the department advised that the final regulations would be printed in the *Maryland Register*, and the fee increases would take effect 10 days later. However, to date, the final regulations have not been printed in the *Maryland Register*. **The department should advise the committees on the status of these regulations, including whether they plan to adopt the aforementioned fee increases.**

Proposed Budget

As shown in **Exhibit 5**, the Governor's proposed allowance for fiscal 2014 increases by \$0.8 million, or 4.8%, over the fiscal 2013 working appropriation. As the chart demonstrates, general fund support increases by \$0.5 million, or 4.7%; special fund support decreases by \$7,000, or 3.8%; and federal fund support increases by \$0.4 million, or 5.1%. The majority of the increase in the budget results from higher personnel expenses in fiscal 2013.

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>Reimb. Fund</u>	<u>Total</u>
2013 Working Appropriation	\$10,382	\$194	\$6,894		\$17,470
2014 Allowance	<u>10,887</u>	<u>187</u>	<u>7,257</u>		<u>18,331</u>
Amount Change	\$506	-\$7	\$363		\$861
Percent Change	4.9%	-3.8%	5.3%		4.9%
Contingent Reduction	-\$13	\$0	-\$9	\$0	-\$22
Adjusted Change	\$492	-\$7	\$354	\$0	\$839
Adjusted Percent Change	4.7%	-3.8%	5.1%		4.8%
Where It Goes:					
Personnel Expenses					
Employee retirement					\$311
Employee and retiree health insurance.....					155
Annualized salary increase.....					132
Workers' compensation premium assessment.....					58
Turnover adjustments					37
Other fringe benefit adjustments					-18
Other Changes					
Civil Money Penalty Fund grants.....					90
Contractual employee expenses (1.39 new full-time equivalents)					61
Lease payments to the State Treasurer's Office to finance computer equipment purchases.....					19
Payments to the Montgomery County Health Department for federal survey assistance					19
Other adjustments.....					-4
Removal of one-time funds for Medical Orders for Life Sustaining Treatment Conference.....					-10
In-state travel costs.....					-11
Total					\$839

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

Personnel

Personnel expenditures increase by \$675,000 over the fiscal 2013 working appropriation. Employee retirement contributions increase by \$311,000 due to underattainment in investment returns, adjustments in actuarial assumptions, and an increase in the reinvestment of savings achieved in the 2011 pension reform. Furthermore, employee and retiree health insurance expenses increase by \$155,000. The annualization of the fiscal 2013 cost-of-living adjustment for State employees increases personnel expenses by \$132,000. Expenditures for workers' compensation also increase (\$58,000). The turnover rate for OHCQ was decreased from 4.36 to 4.0%, resulting in an increase of \$37,000. These increases are offset by a decrease in other fringe benefits (\$18,000).

Other Changes

Increases for the rest of the operating budget are minimal in fiscal 2014. First, the fiscal 2014 allowance includes an additional \$90,000 for grants to improve care at nursing homes in Maryland using Civil Money Penalty funds. Contractual payroll also increases by \$61,000 to reflect an additional 1.39 full-time equivalent (FTE) contractual employees. Contractual support increases to provide secretarial support within OHCQ's Administration (0.38), the Ambulatory Care unit (0.19), and the Laboratories, Licensing, and Certification unit (LLCU) (0.38). Within DDU and the Hospital and HMO Quality Assurance units, FTEs increase by 0.19 and 0.25, respectively. Additional support is needed to assist with administrative duties.

Lease payments to the State Treasurer's Office to finance the purchase of computer equipment and payments to the Montgomery County Department of Health and Human Services for federal survey assistance each increase the budget by \$19,000. These increases are offset by the removal of one-time costs for a conference sponsored by the Assisted Living unit in fiscal 2012 (\$10,000), a reduction to in-state travel costs (\$11,000), and other adjustments (\$4,000).

Issues

1. Staffing Concerns Persist

OHCQ continues to operate with surveyor shortfalls that prevent the agency from performing State and federally required inspections and surveys. Budgetary constraints, the loss of positions, low employee retention rates, and an increase in responsibilities for the office create a structurally deficient workforce. Health General 19-308 (b)(4) requires DHMH to submit a report on the inspection of health care facilities in the State. The results of that report are included in this discussion.

The overall workload of the agency has increased in recent years due to new responsibilities, such as licensing and inspecting forensic labs beginning in fiscal 2012, an influx of new providers in community-based programs, and new federal requirements such as Life Safety Code surveys. At the same time, the number of staff members assigned to complete the work has decreased, as shown in **Exhibit 6**. The table shows the net change in staff for each unit between fiscal 2009 and 2014, which results in a 8.7 FTE position loss during that time. **Appendix 2** depicts staffing levels for each unit over the same time period.

Exhibit 6
Position Change by Licensure Unit
Fiscal 2009-2014

<u>Unit</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Working</u> <u>2013</u>	<u>Allowance</u> <u>2014</u>	<u>Change</u>
Long Term Care	-3.0	0.0	-3.0	-0.6	1.0	0.0	-5.6
Assisted Living	0.0	-2.0	0.0	-2.0	1.0	0.0	-3.0
Developmental Disabilities	5.0	-3.0	-3.0	2.0	2.0	0.0	3.0
Hospitals and Patient Safety	0.0	-1.0	0.0	-1.0	0.0	0.0	-2.0
Laboratories, Licensing, and Certification	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Forensic Labs*	n/a	n/a	1.5	0.0	0.0	0.0	1.5
Ambulatory Care Programs	0.0	0.0	-4.2	6.2	1.0	0.0	3.0
Ambulatory Surgical Centers							
Infection Prevention*	n/a	n/a	6.0	-6.0	0.0	0.0	0.0
Mental Health	0.0	1.0	0.0	0.0	-1.0	0.0	0.0
Substance Abuse	0.0	1.0	-0.8	-1.0	0.0	0.0	-0.8
Adult Medical Day Care	-1.0	-1.0	0.0	-1.0	1.0	0.0	-2.0
Other/Administration	-1.2	-3.0	-2.0	3.4	0.0	0.0	-2.8
Net Gain/Loss	-0.2	-8.0	-5.5	0.0	5.0	0.0	-8.7

* New program in fiscal 2011

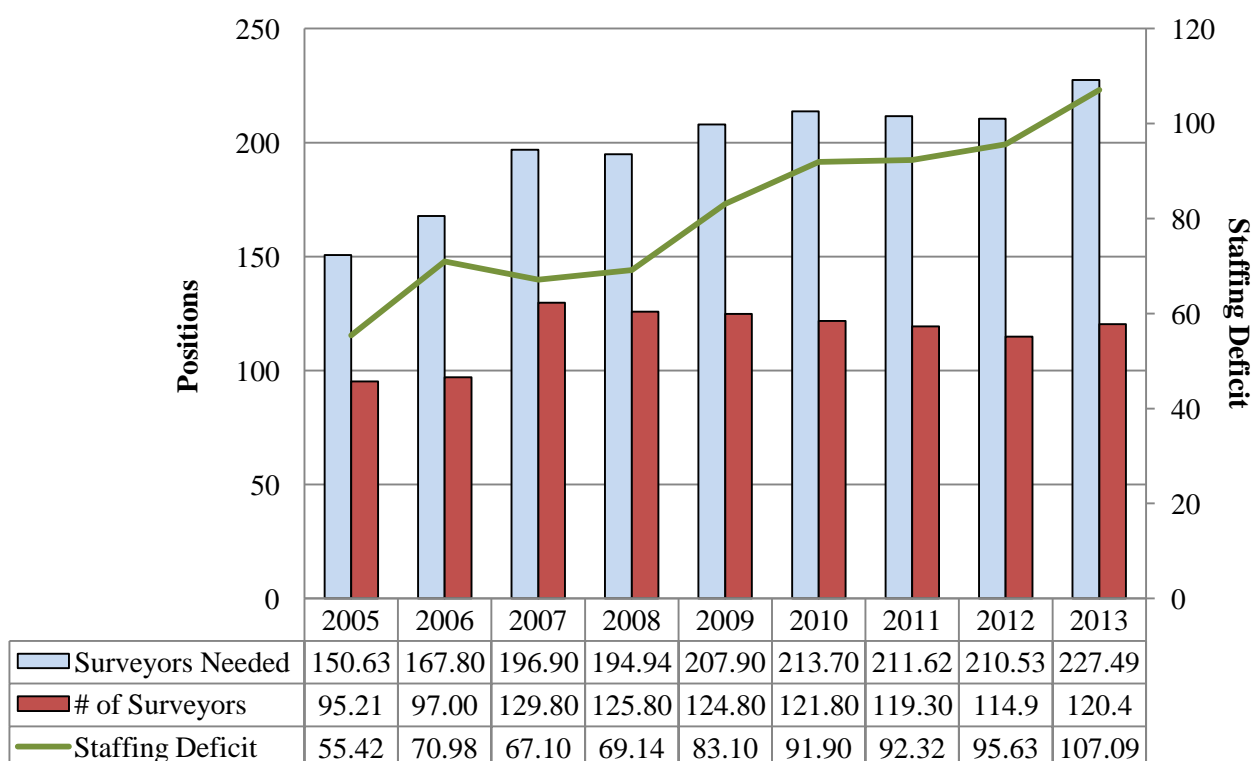
Source: Department of Health and Mental Hygiene

Between fiscal 2009 and 2012, two new units were created – the Ambulatory Surgical Centers Infection Prevention unit and the Forensic Laboratories unit. It is important to note that there is no further funding for the Ambulatory Surgical Centers Infection Prevention unit in fiscal 2013 due to the elimination of American Recovery and Reinvestment Act of 2009 funding. Therefore, these positions were reassigned to the Ambulatory Care Programs unit (ACPU). As shown in Exhibit 6, the fiscal 2013 working appropriation included an additional 5.0 positions across all units; however, as of December 31, 2012, these positions remain vacant.

Staffing Deficiency

OHCQ publishes the *Annual Report and Staffing Analysis* each year to report on the activities of each licensure unit. The annual report includes a labor-hour analysis that compares the number of surveyors assigned to each unit with the number of surveyors needed to perform all of the inspections and surveys required. The 2012 report found that the agency was deficient 107.09 surveyors in fiscal 2013. **Exhibit 7** shows the results of the annual staffing analysis since fiscal 2005.

Exhibit 7
Surveyor Need versus Availability



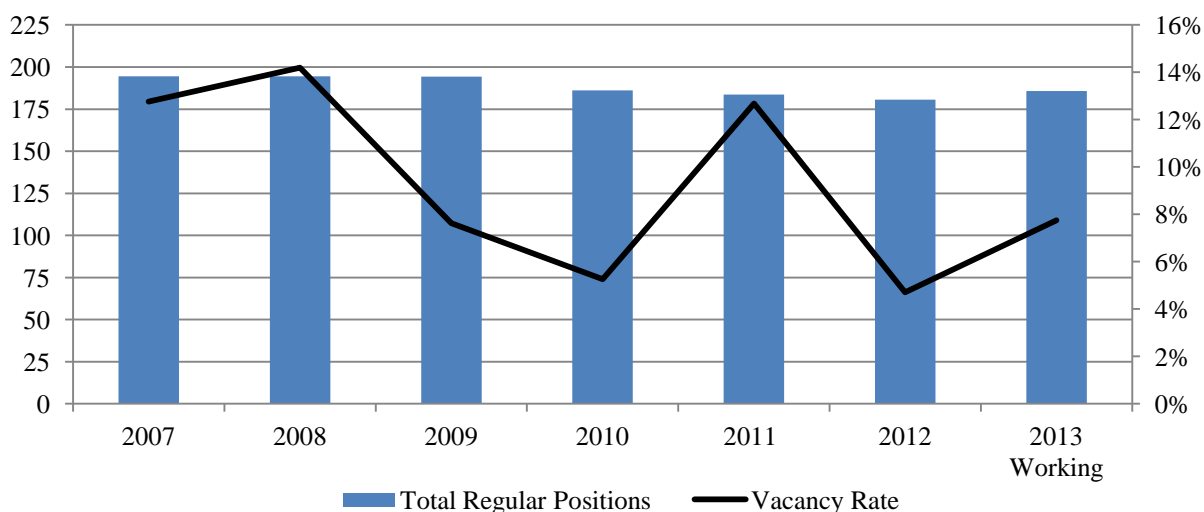
Source: Department of Health and Mental Hygiene

The staffing analysis methodology provided in the *Annual Report and Staffing Analysis* was developed by a federal expert with extensive experience in personnel management and human resources. The staffing deficit is 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.

Chronic Vacancy

Chronic vacancies within OHCQ further hamper its ability to conduct all of the required activities in each unit. As of December 31, 2012, there were a total of 14.4 vacant positions, of which 9.4 are responsible for survey and inspection activities. All licensure units of OHCQ are affected except Substance Abuse; Mental Health; Adult Medical Day Programs; Hospitals, HMOs, and Patient Safety; and Forensic Laboratories units. The vacancies are most pronounced in the LTCU which has 8.0 vacancies. **Exhibit 8** shows the total number of regular positions, including both surveyors and administrative positions, and the vacancy rate on December 31 of each year between fiscal 2007 and 2013. As of December 31, 2012, OHCQ's vacancy rate was 7.75%. While the fiscal 2013 allowance included an additional 5.0 positions, these positions remain vacant. **The agency should advise the committees on its effort to fill the 5.0 new positions within the fiscal 2013 working appropriation, as well as efforts to reduce vacancies within the LTCU.**

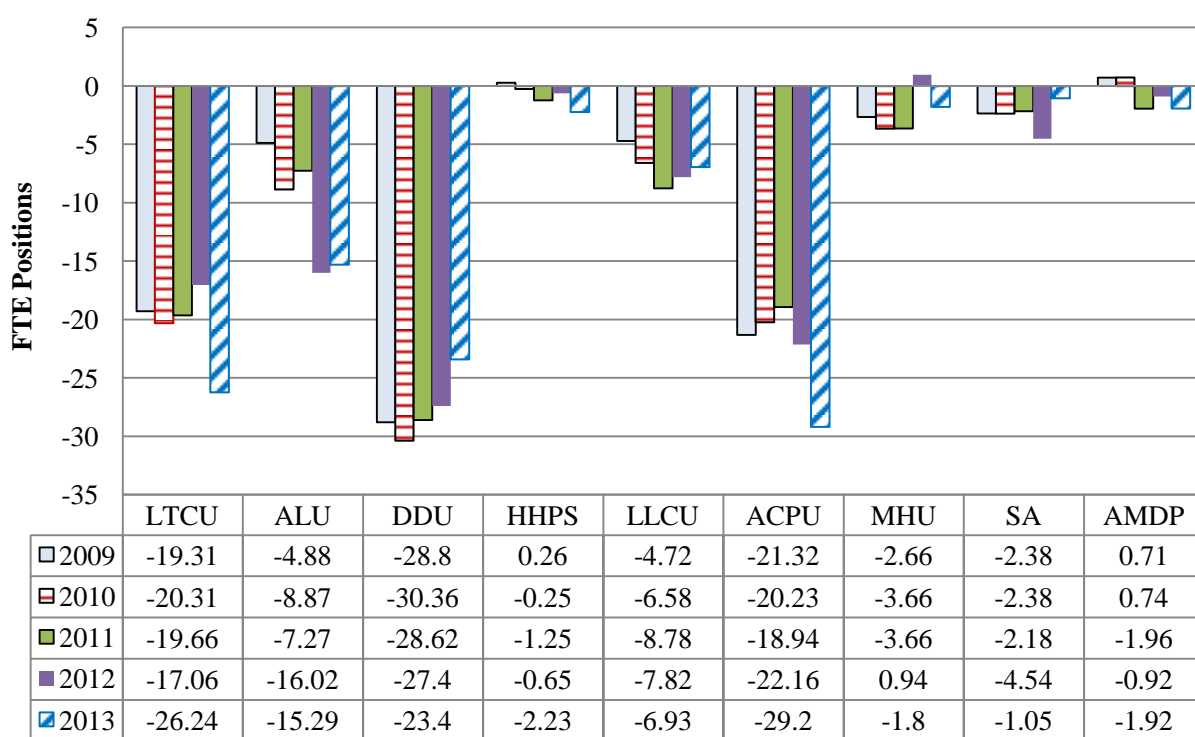
Exhibit 8
Total Staffing and Vacancy Rate
Fiscal 2007-2013



Source: Department of Health and Mental Hygiene

All major survey units and the respective staff deficiency at each are shown in **Exhibit 9**. The chart does not break out specific needs for the Forensic Laboratory unit, as those are combined with LLCU. Also, staffing requirements for the Ambulatory Surgical Centers Infection Prevention unit are not included on the chart. Current staff deficiencies are most pronounced in DDU, LTCU, and ACPU. The functions of LTCU and DDU are described in the MFR 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.

Exhibit 9
Surveyor Position Deficits
Fiscal 2009-2013



ACPU: Ambulatory Care Programs unit
 ALU: Assisted Living unit
 AMDP: Adult Medical Day Programs
 DDU: Developmental Disabilities unit
 HHPS: Hospitals, HMOs, and Patient Safety unit

LLCU: Laboratories, Licensing, and Certification unit
 LTCU: Long Term Care unit
 MHU: Mental Health unit
 SA: Substance Abuse unit

Source: Department of Health and Mental Hygiene

Unmet Requirements

Staffing shortages, vacancies, employee leave days, and increased workload result in unmet requirements by the licensure units and in some cases put the agency and the health care facilities that are monitored out of compliance with State and federal laws. The following survey activities were not met in fiscal 2012 according to OHCQ's annual report:

- **LTCU** – The agency is required to initiate an on-site investigation of any complaint of actual harm within 10 days, according to federal Centers for Medicare and Medicaid Services (CMS) regulations. In fiscal 2012, onsite investigations of complaints of actual harm took an average of 37 days to initiate.
- **Assisted Living Program Unit** – The agency is required to complete 100% of the licensure surveys of assisted living programs for facilities with 17 or more beds and for programs that participate in the Medicaid Home and Community Based Services Waiver for Older Adults. In fiscal 2012, the agency completed only 32% of licensure surveys for facilities with 17 or more beds and only 44% of licensure surveys for programs that participate in the Medicaid waiver program.
- **Adult Medical Day Care Unit** – The agency is required to complete 100% of the adult medical day care licensure surveys within 24 to 30 months of the previous survey. In fiscal 2012, the agency completed only 63% of licensure surveys within this timeframe.
- **DDU** – In fiscal 2012, there were over 200 providers operating more than 3,000 sites throughout the State. The agency is required to conduct licensure surveys of 100% of licensed providers, although the unit's goal is to conduct surveys for 25% of licensed providers. In fiscal 2012, only 24% of approximately 200 licensed providers received a licensure survey.
- **Hospitals, HMOs, and Patient Safety Unit** – The agency is required to conduct annual reviews of patient safety programs in 15% of all licensed hospitals but was only able to conduct reviews in 3% of licensed hospitals. It also has a goal to complete bi-annual inspections of 11 hospitals located within correctional facilities. OHCQ reports that those facilities are monitored by the Department of Public Safety and Correctional Services.
- **Forensic Laboratory Unit** – The unit is required to complete permanent licensure for 100% of all accredited forensic laboratories; however, regulations were not effective until May 2012. Therefore, forensic laboratories could not be permanently licensed in fiscal 2012.

Performance Goals Met

The agency does its best to complete as many survey and inspection activities as possible given the limitations described in this issue. By improving efficiency, streamlining inspections and

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complaint investigations, and avoiding duplicative work, the agency successfully met the following goals and priorities of each unit in fiscal 2012:

- **LTCU** – The unit successfully maintained an overall 12-month average for nursing home surveys, investigated complaints of serious and immediate jeopardy within two working days, investigated 90% of complaints alleging potential harm within 120 days of receipt of the complaint, and maintained an overall 60-day average between health surveys and life safety code surveys.
- **Assisted Living Program Unit** – The agency successfully investigated complaints of serious or immediate jeopardy within two working days and investigated complaints of actual harm within 30 days.
- **DDU** – The unit successfully surveyed 27% of approximately 3,000 licensed sites in fiscal 2012.
- **Hospitals, HMOs, and Patient Safety Unit** – The agency is required to conduct a preliminary evaluation of 95% of hospital event reports and RCA within 30 days; in fiscal 2012, the agency was able to complete 99% within 30 days. The agency successfully completed reviews of all RCA reports within 90 days, completed 100% of alleged Emergency Medical Treatment and Labor Act complaints within 5 working days, completed all hospital validation surveys required by the federal government, and investigated 90% of all complaint investigations requested by CMS within 45 calendar days.
- **LLCU** – The unit successfully investigated all complaints that could result in actual harm within 45 working days; maintained federally required survey activities.
- **Forensic Laboratory Unit** – The unit completed temporary licensure for 100% of all forensic laboratories. It also completed 100% of the temporary licensure surveys for forensic laboratories for facilities that are not accredited.
- **Ambulatory Care Program Unit** – The unit successfully maintained a 36-month average for home health agency surveys, investigated complaints of serious and immediate jeopardy within two working days and any complaint that results in actual harm within 30 days, processed licensure applications for Residential Service Agencies within 6 months, and processed applications for other ambulatory care programs within eight weeks.
- **Mental Health Unit** – The unit successfully completed 100% of surveys mandated through Settlement Agreements, surveyed 45% of programs that are currently approved under a six-month temporary approval, and surveyed 100% of providers referred to OHCQ by the Mental Hygiene Administration within six months of referral.
- **Substance Abuse Certification Unit** – The agency successfully surveyed 135 licensed sites in fiscal 2012.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$9,600	\$615	\$6,579	\$0	\$16,793
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	561	338	46	102	1,047
Reversions and Cancellations	0	-391	-243	0	-635
Actual Expenditures	\$10,160	\$562	\$6,381	\$102	\$17,206
Fiscal 2013					
Legislative Appropriation	\$10,382	\$146	\$6,847	\$0	\$17,374
Budget Amendments	0	48	47	0	96
Working Appropriation	\$10,382	\$194	\$6,894	\$0	\$17,470

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

Fiscal 2012

The budget for OHCQ closed at \$17.2 million, an increase of \$0.4 million above the original legislative appropriation.

Budget amendments over the course of fiscal 2012 increased the budget of OHCQ by approximately \$1.0 million. The fiscal 2012 budget for the Department of Budget and Management (DBM) included centrally budgeted funds for the \$750 one-time bonus for State employees. This resulted in the transfer of funds from DBM to OHCQ (\$90,349 in general funds, \$258 in special funds, and \$45,939 in federal funds). General funds also increased to realign DBM telecommunication appropriations within DHMH (\$152,564) and to realign funds within DHMH from programs with surpluses to those with deficits (\$317,794). Special funds increased by \$337,834 to cover the costs of nursing home evacuations during Hurricane Irene and for grants to providers for studies, activities, and programs to benefit nursing home residents. Special funds are available through Civil Money Penalty Fees. Reimbursable funds increased by \$0.1 million to cover evacuation expenditures incurred during Hurricane Irene. Nursing home residents were evacuated from the Tawes Nursing Home and Rehabilitation Center. Reimbursable funds were also used to cover the cost of overtime expenditures associated with Hurricane Irene and Tropical Storm Lee (\$3,302). These funds are available through the Maryland Emergency Management Agency.

At the end of the year, approximately \$391,000 of the special fund appropriation was cancelled due to lower than anticipated operating costs. Furthermore, roughly \$0.2 million of the federal fund appropriation was also cancelled due to lower operating costs which resulted in lower federal fund claims.

Fiscal 2013

The fiscal 2013 working appropriation is \$17.5 million, an increase of \$0.1 million over the original legislative appropriation. The fiscal 2013 budget for DBM included centrally budgeted funds for the 2013 cost-of-living adjustment for State employees. This resulted in the transfer of funds from DBM to OHCQ (\$48,166 in special funds and \$47,471 in federal funds).

Staffing by Licensure Unit
Fiscal 2009-2014

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	Working <u>2013</u>	Allowance <u>2014</u>
Long Term Care	55	55	52	51.4	52.4	52.4
Assisted Living	36	34	34	32	33	33
Developmental Disabilities	37	34	31	33	35	35
Hospitals and Patient Safety	9	8	8	7	7	7
Laboratories, Licensing, and Certification	9	9	9	9	9	9
Forensic Laboratories*	0	0	1.5	1.5	1.5	1.5
Ambulatory Care Programs	15	15	10.8	17	18	18
Ambulatory Surgical Centers Infection Prevention*	0	0	6	0	0	0
Mental Health	4	5	5	5	4	4
Substance Abuse	3.8	4.8	4	3	3	3
Adult Medical Day Care	4	3	3	2	3	3
Other/Administration	21.4	18.4	16.4	19.8	19.8	19.8
Total	194.2	186.2	180.7	180.7	185.7	185.7

*New program in fiscal 2011.

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

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	180.70	185.70	185.70	0.00	0%
02 Contractual	6.55	10.91	12.30	1.39	12.7%
Total Positions	187.25	196.61	198.00	1.39	0.7%
Objects					
01 Salaries and Wages	\$ 14,699,072	\$ 15,197,547	\$ 15,894,899	\$ 697,352	4.6%
02 Technical and Spec. Fees	231,473	338,980	399,620	60,640	17.9%
03 Communication	68,324	73,793	71,442	-2,351	-3.2%
04 Travel	336,892	352,586	353,338	752	0.2%
07 Motor Vehicles	196,039	153,298	153,863	565	0.4%
08 Contractual Services	937,447	834,691	861,437	26,746	3.2%
09 Supplies and Materials	49,788	63,354	61,869	-1,485	-2.3%
10 Equipment – Replacement	10,357	12,300	12,910	610	5.0%
11 Equipment – Additional	5,546	12,245	5,880	-6,365	-52.0%
12 Grants, Subsidies, and Contributions	304,885	60,000	150,000	90,000	150.0%
13 Fixed Charges	365,689	371,180	366,056	-5,124	-1.4%
Total Objects	\$ 17,205,512	\$ 17,469,974	\$ 18,331,314	\$ 861,340	4.9%
Funds					
01 General Fund	\$ 10,160,217	\$ 10,381,858	\$ 10,887,374	\$ 505,516	4.9%
03 Special Fund	562,104	193,820	186,535	-7,285	-3.8%
05 Federal Fund	6,381,044	6,894,296	7,257,405	363,109	5.3%
09 Reimbursable Fund	102,147	0	0	0	0.0%
Total Funds	\$ 17,205,512	\$ 17,469,974	\$ 18,331,314	\$ 861,340	4.9%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

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Appendix 3