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

Operating Budget Data

($ in Thousands)

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change	% Change Prior Year
General Fund	$13,803	$11,816	$12,575	$759	6.4%
Deficiencies and Reductions	0	0	-36	-36	
Adjusted General Fund	**$13,803**	**$11,816**	**$12,539**	**$723**	**6.1%**
Special Fund	780	343	535	193	56.3%
Adjusted Special Fund	**$780**	**$343**	**$535**	**$193**	**56.2%**
Federal Fund	6,737	7,905	7,296	-609	-7.7%
Deficiencies and Reductions	0	0	-17	-17	
Adjusted Federal Fund	**$6,737**	**$7,905**	**$7,279**	**-$626**	**-7.9%**
Adjusted Grand Total	**$21,319**	**$20,064**	**$20,353**	**$289**	**1.4%**

- After adjusting for a back of the bill reduction to health insurance, the Governor's fiscal 2017 allowance increases by $289,000, or 1.4%, over the fiscal 2016 working appropriation, primarily due to personnel costs.

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

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Personnel Data

	FY 15 Actual	FY 16 Working	FY 17 Allowance	FY 16-17 Change
Regular Positions	191.70	196.70	196.70	0.00
Contractual FTEs	8.75	5.50	5.00	-0.50
Total Personnel	**200.45**	**202.20**	**201.70**	**-0.50**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.85	7.04%
Positions and Percentage Vacant as of 12/31/15	40.90	20.76%

- The fiscal 2017 allowance includes 0.5 fewer contractual full-time equivalents in the Developmental Disabilities Unit.

- As of December 31, 2015, there were 40.9 vacant positions, a large increase from 22.4 vacant positions in the prior year. The agency expects to fill 16.0 positions in March 2016.

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 2015, the agency continued to fall short of its Managing for Results performance measures.

Recommended Actions

1. Concur with Governor's allowance.

Issues

Staffing Deficits and Federal Fund Attainment: Chronic vacancies in the agency's fiscal department have impinged upon the agency's ability to submit timely federal fund claims, resulting in the loss of federal funds. Additionally, the agency risks the loss of federal funds from its inability to meet federal statutory mandates.

Updates

Impact of Chapter 41 of 2015 on Staffing Concerns: A bill passed in the 2015 session modifies the frequency at which OHCQ must conduct surveys (or external reviews) of (1) freestanding ambulatory care facilities; (2) freestanding birthing centers; (3) home health agencies; (4) health maintenance organizations; and (5) nursing homes. This bill could address staffing concerns.

OHCQ Fee Reductions: On September 15, 2015, the Governor announced a plan to reduce a number of fees across State government. A number of fee reductions in OHCQ were part of that plan.

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

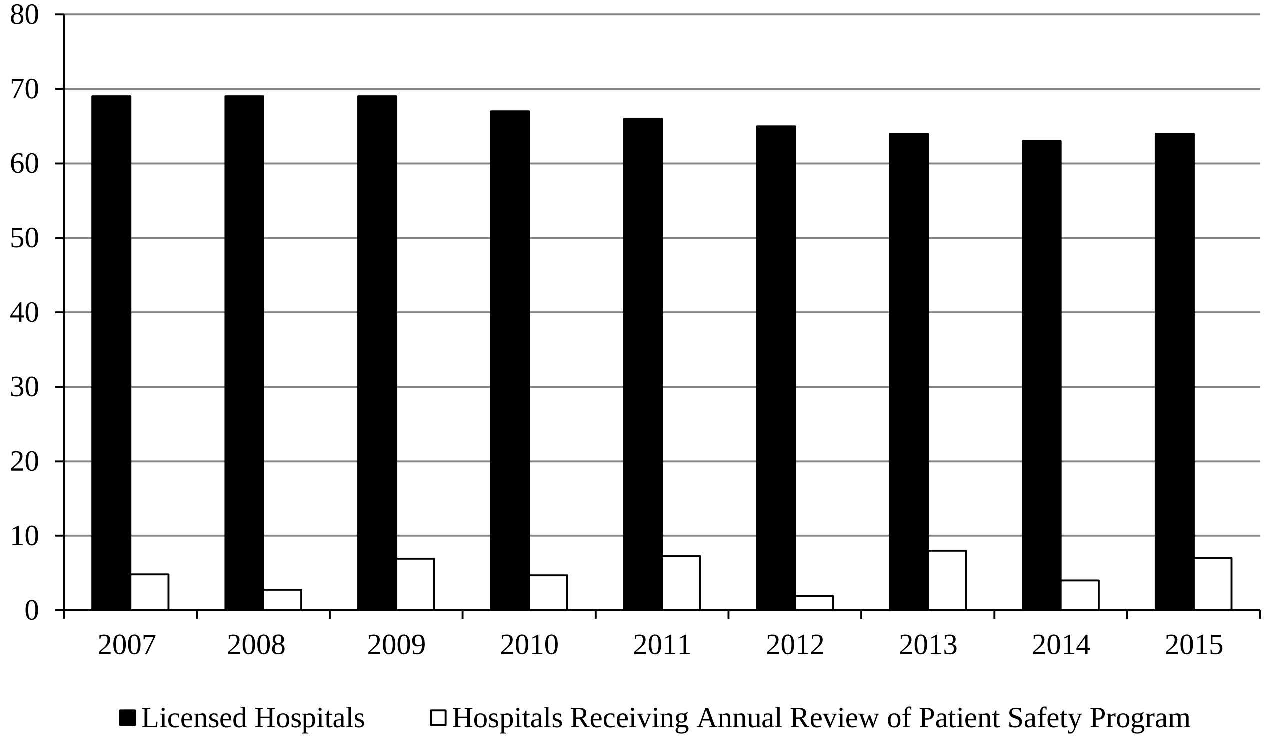
1. Staffing Deficits and Increased Workload Limit the Agency's Efficacy

Hospitals and Patient Safety

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 (part of the Hospital and HMO Quality Assurance units at OHCQ), which requires hospitals to establish an internal patient safety program that tracks adverse events and near misses. OHCQ has struggled to meet its MFR goal and has consistently reviewed fewer than 10 of more than 60 programs. As shown in **Exhibit 1**, the agency reviewed 7 programs in fiscal 2015, up from 4 in fiscal 2014. Staff resources continue to be limited; the program was formerly budgeted for 2 nurse surveyors to conduct onsite surveys of patient safety review programs but is currently budgeted for only 1 surveyor. The agency notes that conducting annual reviews of hospital patient safety programs in a certain percentage of all licensed hospitals is not mandated by statutes or regulations.

Exhibit 1
Licensed Hospitals and Annual Review of Patient Safety Program
Fiscal 2007-2015



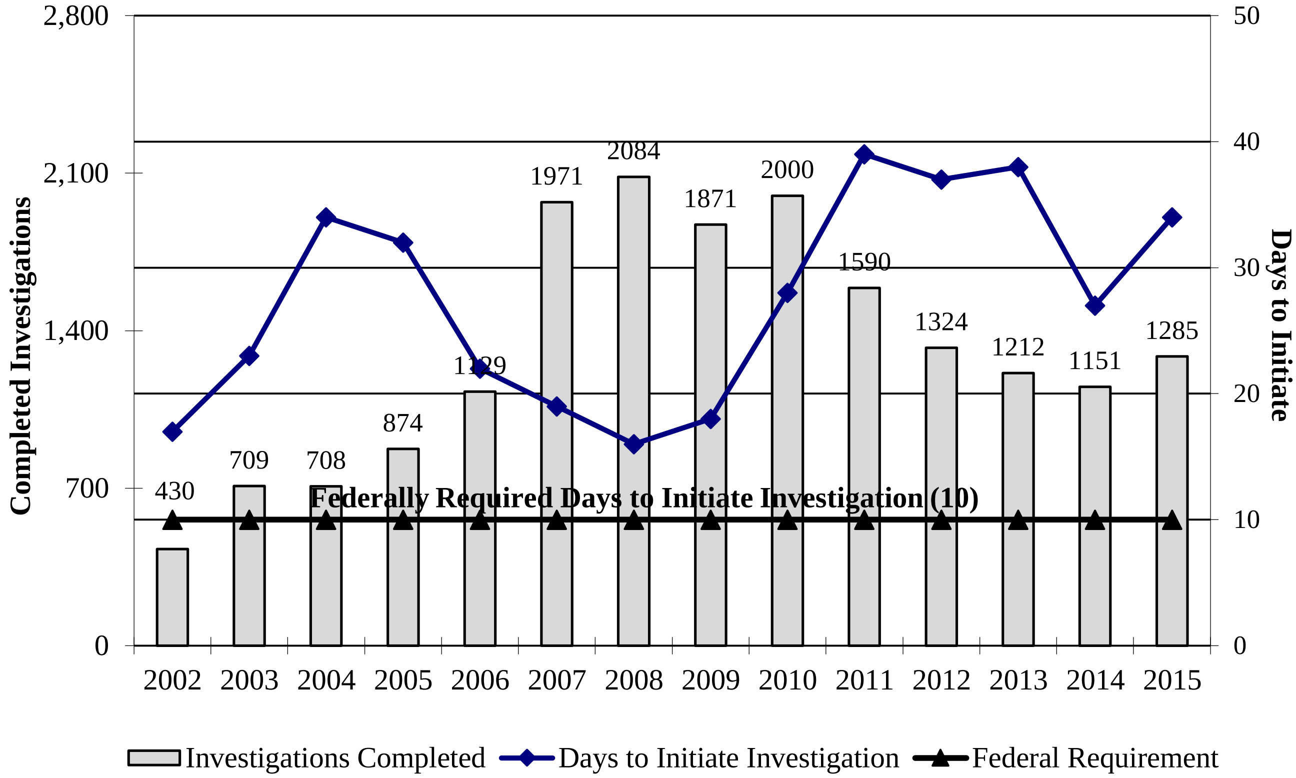
Source: Department of Health and Mental Hygiene

Hospitals are required to report to OHCQ Level 1 adverse events, including events that result in death or serious disability, retained foreign bodies after a surgery, or wrong-side/wrong-person surgery. For each adverse event, hospitals submit a root cause analysis (RCA) that is reviewed by OHCQ and logged into a database. Despite struggling to reach its patient safety program review goals consistently, OHCQ has consistently managed to conduct timely RCA reviews.

Nursing Homes

Federal and State regulations require the investigation of complaints and incidents (as reported by facilities, consumers, or advocates) alleging actual harm. The OHCQ Long Term Care Unit evaluates, monitors, licenses, and certifies all nursing homes in the State. One of the performance goals of OHCQ is to minimize delays in handling complaint investigations in nursing homes. Specifically, the MFR goal is to initiate investigations of complaints alleging actual harm within 10 working days of receipt of the complaint (consistent with requirements set forth in federal regulations for Medicare and Medicaid). **Exhibit 2** shows the number of complaint investigations, alleging actual harm, completed by OHCQ annually, as well as the average number of days for OHCQ to initiate an investigation.

Exhibit 2
Nursing Home Complaint Investigations
Fiscal 2002-2015



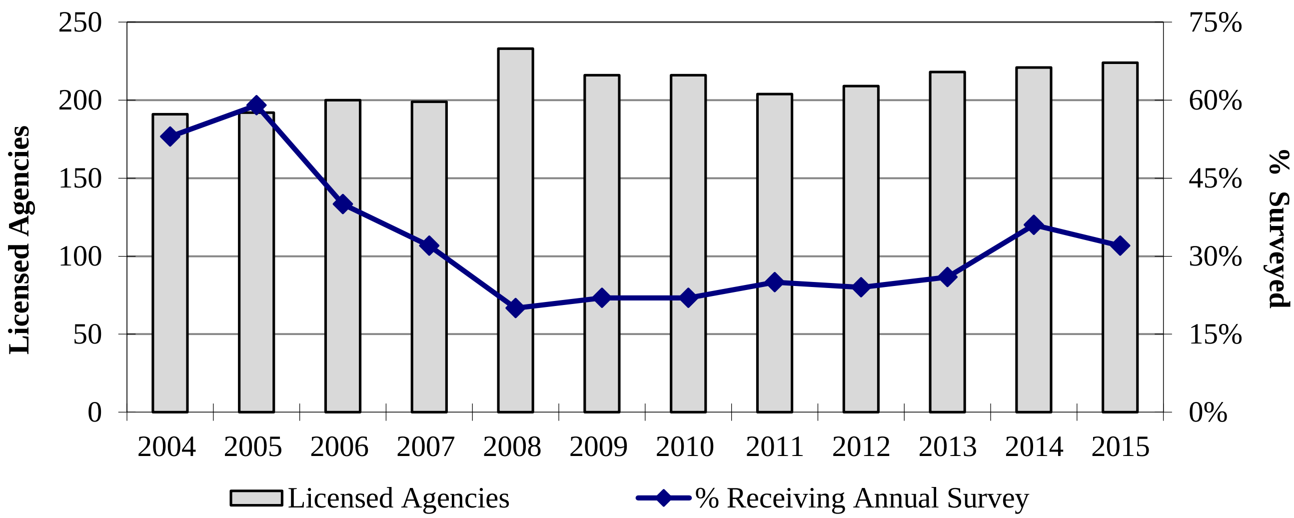
Source: Department of Health and Mental Hygiene

As Exhibit 2 demonstrates, OHCQ had made progress toward reaching its goal of initiating onsite investigations within 10 days from fiscal 2004 through 2008. However, the average number of days to initiate an investigation subsequently increased from 16 days in fiscal 2008 to 39 days in fiscal 2011 (a 144% increase) and remained relatively constant until a significant improvement in fiscal 2014. However, this decrease is at least partly attributable to a drop in total complaint investigations. The agency notes that Maryland adopted the federal Quality Indicator Survey (QIS) process in nursing homes beginning in fiscal 2010 with the full implementation in fiscal 2011. This QIS process increases the amount of time to complete each annual and complaint survey. In fiscal 2015, the number of days to initiate an investigation (34) was more consistent with higher levels from fiscal 2013. OHCQ attributed this increase to staffing delays from a hiring freeze. Limited staff resources continue to not only prevent the agency from reaching its goal but also put the State out of compliance with federal performance standards. It is important to note that it is difficult to assess the agency's ability to meet mandates at its current staffing level when the vacancy rate remains high.

Developmental Disabilities Facilities

The OHCQ 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 2015, there were over 200 agencies operating in more than 3,100 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 percentage of those receiving an annual survey. All new sites are required to have an initial survey prior to operation.

Exhibit 3
Survey of Developmental Disabilities Agencies
Fiscal 2004-2015



Source: Department of Health and Mental Hygiene

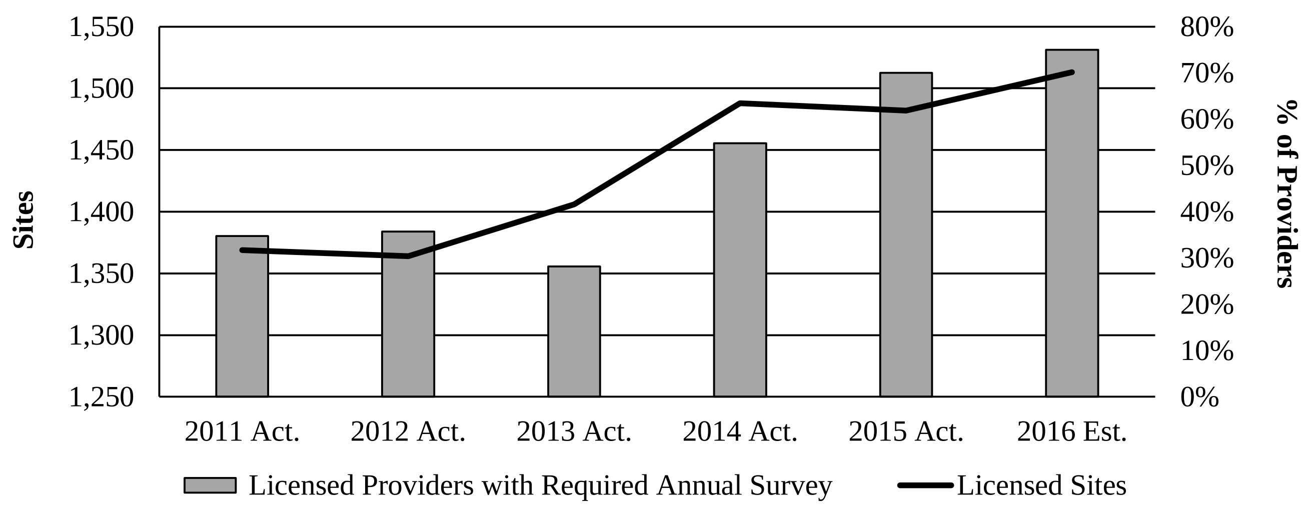
The percentage receiving annual surveys declined sharply between fiscal 2005 and 2008. Specifically, OHCQ conducted as many as 59% of relicensure surveys in fiscal 2005 but only 20% in fiscal 2008. The agency's DDU has struggled to meet its MFR goal and had previously reduced the goal from 27% to 25% of required annual relicensure surveys. After failing to meet even this reduced goal in fiscal 2012 (during which only 24% of annual relicensure surveys were completed), the agency completed 26% of annual relicensure surveys to meet its goal in fiscal 2013.

In fiscal 2015, the agency completed 32% of annual relicensure surveys, fewer than fiscal 2014 and falling short of its revised goal (45%). OHCQ advises that it has implemented a targeted survey process that has increased the number of surveys completed. However, challenges continue to face the unit. 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. The closing of State Residential Centers (and subsequent relocation of most individuals into community placements) has also contributed to the increase in community providers (as well as the increase in sites operated by those providers). There was a deficiency appropriation for fiscal 2015 to fund 5 new positions to support DDU. However, the unit continues to face vacancies among current administrative, managerial, and investigator positions. Furthermore, it must be noted that, while the agency's current goal is to complete 45% of annual relicensure surveys, it should ultimately be the agency's goal to complete 100% of annual relicensure surveys, consistent with its statutory mandate.

Assisted Living Facilities

The OHCQ Assisted Living Unit (ALU) surveys all assisted living providers in the State. The unit's goal is to provide timely and comprehensive initial and annual renewal surveys of assisted living sites for the protection of individuals receiving services from assisted living providers. In fiscal 2015, there were 1,482 licensed sites. **Exhibit 4** shows the number of licensed sites in the State receiving initial and renewal surveys. In 2015, ALU completed 70% of licensed provider surveys falling short of its 80% goal.

Exhibit 4
Licensed Assisted Living Sites Surveyed
Fiscal 2011-2016 Est.



Source: Department of Health and Mental Hygiene

Fiscal 2016 Actions

Cost Containment

In 2016, DHMH received a 0.6% across-the-board general fund reduction totaling $27.2 million. The agency's proportion of this reduction was allocated in other areas within DHMH as OHCQ cannot fulfill its mission with its existing resources.

Proposed Budget

As shown in **Exhibit 5**, after adjusting for deficiencies and contingent reductions, the fiscal 2017 allowance for OHCQ is $289,000 (1.4%) over the fiscal 2016 working appropriation. This increase is due primarily to personnel costs. Special funds increase by $193,000 due to an increase in grants to fund studies that benefit nursing home residents. Federal funds decrease by $626,000 primarily due to salaries and wages in the long-term care unit.

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

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2015 Actual	$13,803	$780	$6,737	$21,319
Fiscal 2016 Working Appropriation	11,816	343	7,905	20,064
Fiscal 2017 Allowance	12,539	535	7,279	20,353
Fiscal 2016-2017 Amount Change	$723	$193	-$626	$289
Fiscal 2016-2017 Percent Change	6.1%	56.2%	-7.9%	1.4%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	$326
State retirement contribution	251
Turnover adjustment	225
Reclassifications	99
Unemployment and workers' compensation	-26
Social Security contributions	-53
Regular earnings and accrued leave	-611

Where It Goes:	
Operating Expenses	
Grant to fund studies to benefit nursing home residents (special funds)	200
Payments to Montgomery County for surveyors	35
Contractual health insurance	33
Reduction in laboratory and library supplies	-9
Special payments payroll	-18
Reduction in information technology (IT) software, contractual repairs, and maintenance	-19
Computer lease reduction	-40
Reduction in car purchases	-43
Rent reductions (mostly IT and administration)	-60
Total	**$289**

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

Personnel Expenses

Personnel expenses rise in the fiscal 2017 budget by $211,000 and represent the majority of budgetary change in the agency. Regular earnings, reclassifications, and accrued leave payout reduces the budget by $512,000. Regular earnings decreased as employees in the long-term care unit retired and new employees were hired at lower pay grades. In addition, workers' compensation and Social Security contributions collectively reduce the budget by $79,000. These decreases are offset by a budget increase of $326,000 for employee and retiree health insurance and $251,000 for employee retirement.

In addition, turnover relief increases the budget by $225,000. The agency's fiscal 2017 vacancy rate of 7.04% approximates the agency's three-year average. However, turnover is currently 20.76% and even with the estimated regular position increase in March 2016, the vacancy rate will be 12.6%, so the agency will have more than enough vacancies to meet turnover.

Operating Expenses

Grants to fund studies that benefit nursing home residents increase the budget by $200,000 in special funds from an increase in civil money penalties. Additionally, the grant provided to Montgomery County surveyors increases for fiscal 2017 due to a step increase for Montgomery County employees. Contractual health insurance increases the budget by an additional $33,000 as several of the office's contractual employees took advantage of State subsidized health insurance coverage offered beginning January 1, 2015.

These increases were offset by a $60,000 reduction in rent as OHCQ reduced the number of files needing storage by archiving or relocating them, reducing rent at Spring Grove Hospital Center.

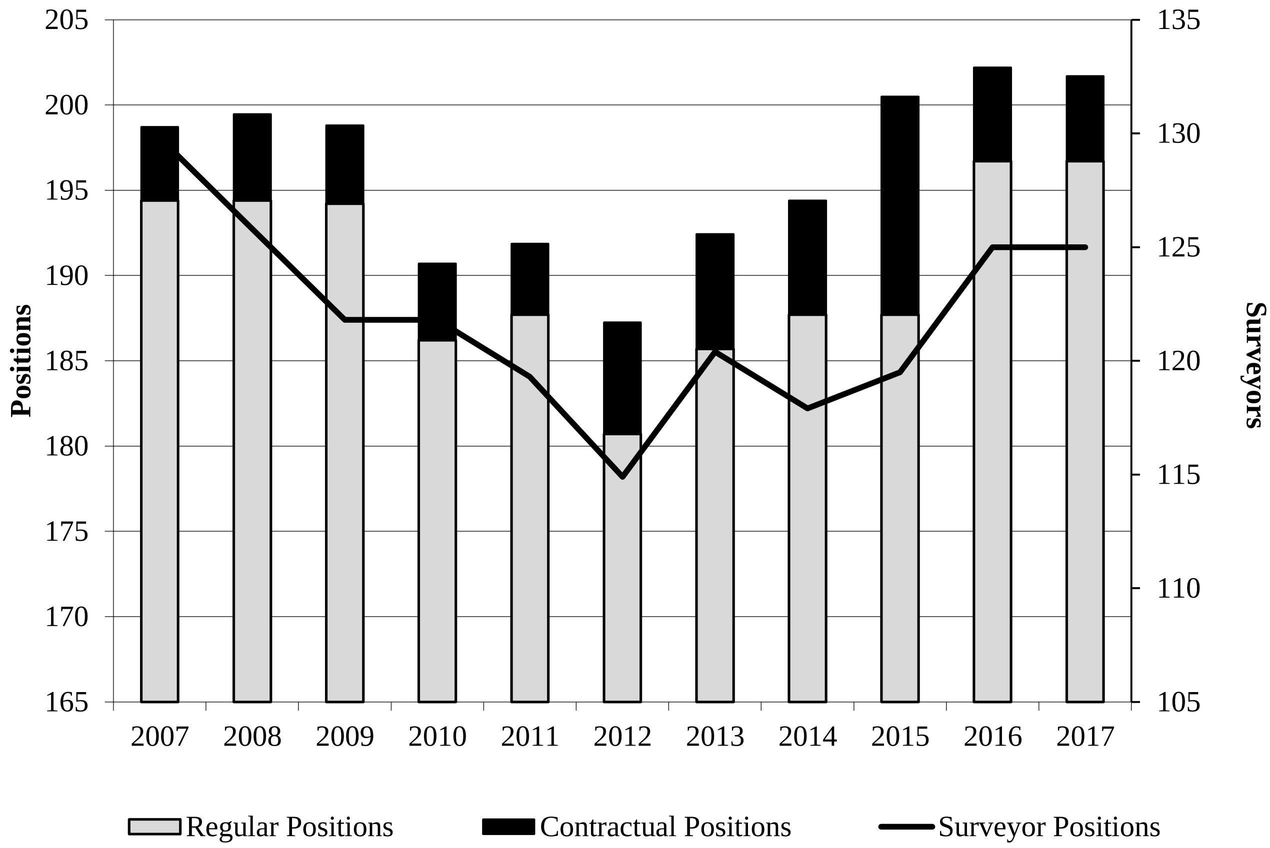
The number of cars purchased in fiscal 2017 decreased, reducing the budget by $43,000. Additional decreases include $8,000 for reductions in information technology software, a $40,000 reduction for computer leases, $11,000 for contractual repairs and maintenance and, $18,000 for a reduction in contractual employees.

Issues

1. Staffing Deficits and Federal Fund Attainment

As demonstrated in **Exhibit 6**, OHCQ staffing levels have fluctuated slightly in recent years but decreased overall by 4.6 total positions between fiscal 2007 and 2014, during which period the agency continuously struggled to meet its statutory mandates. However, total positions increased to 202.2 in fiscal 2016 due to multiple contractual conversions (196.7 + 5.5 contractual), their highest point in the period shown. The fiscal 2017 budget includes 0.5 fewer full-time equivalent positions.

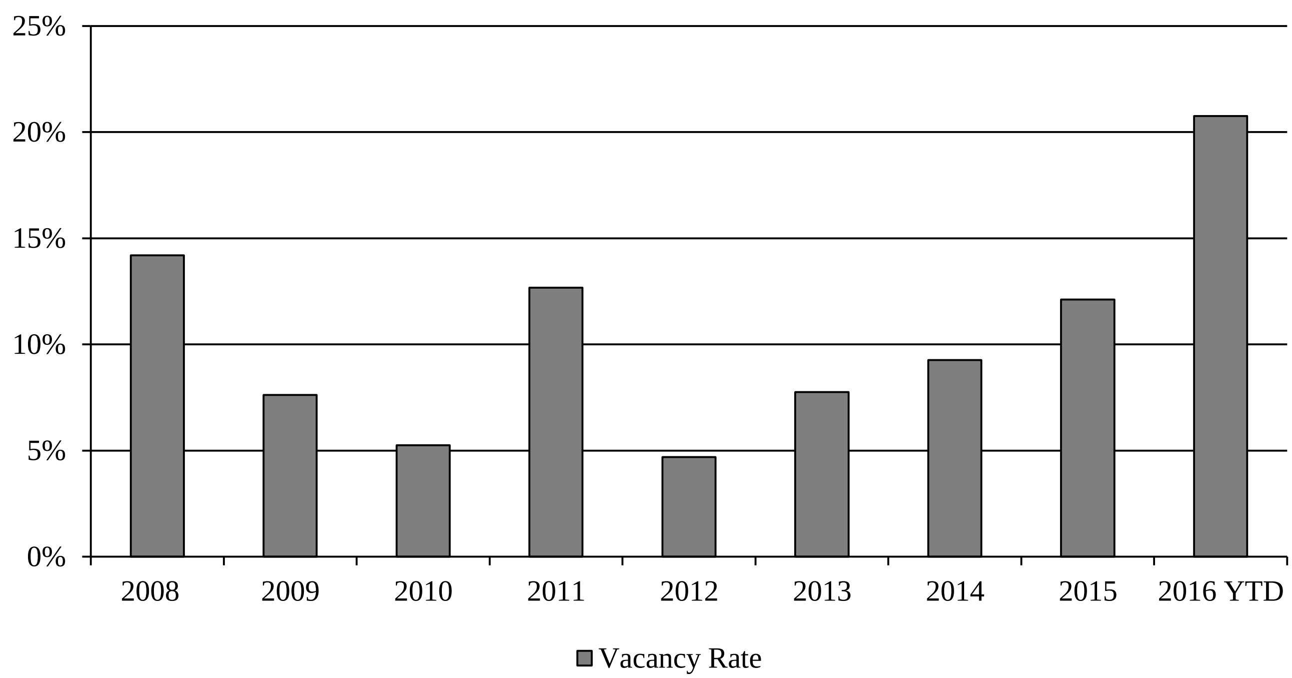
Exhibit 6
Staffing Levels in the Office of Health Care Quality
Fiscal 2007-2017



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

After reaching historically low staffing levels in fiscal 2012, the fiscal 2013 budget included 5 new nurse surveyor positions to help address longstanding budgetary constraints, low employee retention rates, a loss of positions through an earlier Voluntary Separation Program, and an influx of new providers in community-based programs (including residential service agencies, assisted living providers, and homes for individuals with developmental disabilities). However, the agency's vacancy rate also rose during that period – and continues to rise. As demonstrated in **Exhibit 7**, the OHCQ vacancy rate – which has generally fluctuated in recent years – increased from 4.7% at the beginning of calendar 2012 to 12.21% for fiscal 2015. The agency attributes the vacancy rate to several senior management and nonsurveyor professional positions that it hopes to fill during fiscal 2016. However, the fiscal 2016 year-to-date vacancy rate is 20.76%. In addition to high vacancy rates, the agency advises that 51.0 % of employees will be up for retirement in five years. It is probably the case that a significant number of employees of OHCQ could earn higher salaries elsewhere but remain because of looming retirement. Once this cohort retires, retention may become more difficult. **The agency should comment on how it intends to recruit staff after half of the workforce retires.**

Exhibit 7
Vacancy Rates in the Office of Health Care Quality
Calendar 2008-2016 Year-to-date



YTD: year-to-date

Note: Graph reflects vacancy rates at the beginning of each calendar year.

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

OHCQ Staffing Issues Impact Agency Performance

As discussed in the Performance Analysis section of this document, inability of OHCQ to meet its statutory mandates has been felt across its various units – including notably, in DDU, which evaluates, monitors, and recommends licensure for all community, residential, day habilitation, vocational, and support services provided for individuals receiving funding through DDA. In fiscal 2015, more than 200 such agencies operated over 3,100 sites throughout the State. As indicated in the Performance Analysis section of this document, the agency completed 32% of annual relicensure surveys for these facilities, less than fiscal 2014 and again falling short of its goal (45%).

As noted in more detail in Update 1, Chapter 41 of 2015 reduced the level of certain inspections and survey activities, but OHCQ indicates it will do little to improve its staffing situation. The agency's own analysis reveals a deficiency of 52.15 surveyor positions in fiscal 2016. While this is an improvement from fiscal 2013 when the deficit was 107, it is still significant. **The Department of Legislative Services recommends that the agency include in its annual statutory report for each program (1) the federal and statutory mandate; (2) if the program met the federal and statutory mandate; and (3) the resulting loss of overall federal funds if the program is not meeting federal mandates.**

OHCQ Staffing Issues Also Impact Fiscal Operations

While much attention has been given to the difficulty that OHCQ has had in meeting required inspection levels, staffing issues have also impacted its fiscal operations. Although the agency has struggled to meet its federal statutory mandates, it has continued to receive payments from the Centers for Medicare and Medicaid Services, which uses its own discretion in determining whether to allow full payments when mandates have been unmet by OHCQ. However, in fiscal 2014 federal funds were reduced by $17,000 for OHCQ not having met performance measures. Additionally, OHCQ had become multiple quarters behind in federal claims, risking the loss of indirect costs associated with timely claims. DHMH attributes this to both turnover and payroll not being automated, of which DHMH has attempted to correct. As of December 2015, the OHCQ fiscal unit was also severely understaffed with no accountants or fiscal officers. Previously, OHCQ had 3 positions, director of administration, fiscal officer, and advanced accountant. OHCQ has been without both a fiscal officer and director of administration since May 2015 and without an accountant since November 2015. As a result, OHCQ had no staff to process federal claims. A chief accountant started on January 20, 2016, although the agency is still short on finance staff. **The agency should comment on its plans to fully staff the finance unit and maintain timely federal claims.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Impact of Chapter 41 of 2015 on Staffing Concerns

Health-General 19-308 (b) (4) requires DHMH to submit a report on the inspection of health care facilities in the State. Accordingly, OHCQ publishes the *Annual Report and Staffing Analysis* annually 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. Based on an analysis of the number of surveyors needed to perform all of the agency's mandated inspections and surveys, the projected surveyor staffing deficit for fiscal 2016 is 52.15. As shown in **Exhibit 8**, this deficit, while significant, reflected a significant improvement over fiscal 2013, when the deficit was 107.1. The agency advises that the staffing deficit does not assume turnover, and while the number of surveyors has increased, the number of administrators for program support has not increased.

Exhibit 8
Surveyor Staffing Deficits
Fiscal 2005-2016

Year	Staffing Deficit
2005	55.42
2006	70.98
2007	67.10
2008	67.20
2009	83.10
2010	91.90
2011	92.32
2012	95.63
2013	107.09
2014	67.90
2015	52.50
2016	52.15

Source: Department of Health and Mental Hygiene

In addition to implementing programmatic changes to address OHCQ staffing deficit, Chapter 41 of 2015 may lessen the OHCQ burden with respect to mandated inspection and survey activities. Among other changes, the bill requires that (1) nursing homes be surveyed once, rather than twice, annually; and (2) home health agencies be inspected on a triennial, rather than annual, basis. However, OHCQ advises that these changes will not improve its staffing deficit as it never completed a second survey of nursing homes and never completed annual surveys of the home health agencies.

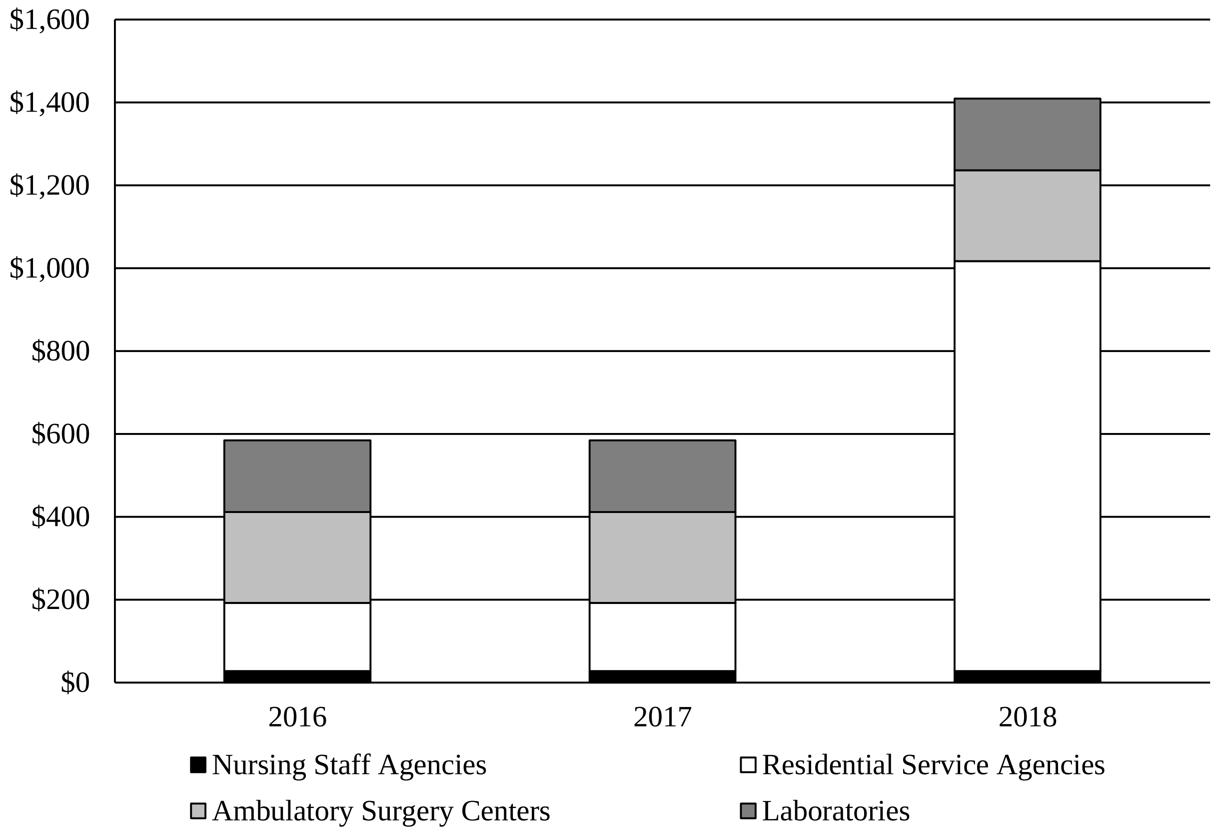
2. OHCQ Fee Reductions

On September 15, 2015, the Governor announced a plan to reduce a number of fees across State government. A number of regulations for fee reduction in OHCQ were part of that plan, including:

- nursing staff agencies;
- adult medical day care facilities (visit fee);
- residential service agencies (license);
- ambulatory surgery centers (initial license and renewal license); and
- letter of exceptions/labs (initial and renewal).

In total, the regulated fee reductions would reduce general fund revenue by $584,883 in fiscal 2016 and 2017 and $1.4 million in fiscal 2018, as shown in **Exhibit 9**. The fee reductions do not impact the ability of OHCQ to license and survey staff agencies as the fees do not directly fund the agency.

Exhibit 9
Fee Reduction Fiscal Impact Estimates
Fiscal 2016-2018
($ in Thousands)



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

Nursing Staff Agencies

If a health care staff agency is to be licensed by OHCQ, it is required to submit certain information to the agency when seeking licensure and is required to pay to OHCQ a renewal fee that is set by OHCQ. The regulation reduces the annual license fee for health care staff agencies from $150 to $100. Before this reduction, the most recent change included an increase from $25 to $150 in December 2007. The department advises that there are 545 active health care staff agencies in Maryland; thus, general fund revenues decrease by an estimated $27,250 annually.

Adult Medical Day Care Facilities

The regulation eliminates the fee of $100 per site visit that is imposed on adult medical day care programs when more than two site visits are required before issuance of a license due to significant regulatory violations. The department advises that the fee is rarely charged, with assessments totaling between $100 and $300 annually for the past several years. Thus, general fund revenues decrease negligibly ($200) due to the elimination of the fee beginning in fiscal 2016.

Residential Service Agencies

The regulation reduces the initial and renewal licensure fees for residential service agencies from $2,100 to $1,000 for a three-year licensure period (a reduction of $1,100 for each residential service agency, equating to $366.66 on an annualized basis). Approximately 1,200 residential service agencies operate in Maryland at any time, and about 150 new applications for licensure (the midpoint between 120 and 180 new applications) are received annually, reflecting significant turnover. Through fiscal 2014, the licensure period for residential service agencies was one year. However, effective July 1, 2014, the licensure period was extended to three years, with a commensurate change in the licensure fee from $700 annually to $2,100 triennially. Thus, a majority of residential service agencies have already transitioned to a triennial licensure period, with their renewal not due until fiscal 2018 or 2019. Accordingly, general fund revenues decline by approximately $165,000 in fiscal 2016 and 2017, due to reduced licensure fees paid by about 150 new residential service agencies each year. Beginning in fiscal 2018, general fund revenues decrease by approximately $990,000, representing the remaining 75% of licensees renewing and accounting for replacement of some of them due to continued attrition. The impact over the three-year licensure period totals $1,320,000.

Ambulatory Surgery Centers

The regulation reduces the initial and renewal licensure fees for freestanding ambulatory surgical facilities from $3,000 to $1,000 for a three-year licensure period. The department advises that as there are 329 freestanding ambulatory surgical facilities in Maryland, general fund revenues decline by a total of $658,000 over each triennial licensure period, or approximately $219,333 annually beginning in fiscal 2016. The estimate assumes a full year of implementation in fiscal 2016. The most recent change before this regulation was in August 2013 and increased the initial and renewal licensure fees from $700, to $3,000.

Laboratories: Medical Laboratories

The department advises that general fund revenues decrease by approximately $173,000 annually. This estimate reflects the decrease in the biennial fee for a letter of exception for a physician from $200 to $100 for an office laboratory or a point-of-care laboratory for limited testing for rare diseases. The fee reduction affects approximately 3,642 providers. Renewals are processed on a rolling basis and approximately one-half are processed every year. Thus, there should be a relatively consistent annual fiscal impact. The most recent change before this regulation was in August 2013 and increased the fee from $100 to $200.

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015					
Legislative Appropriation	$11,271	$343	$7,266	$0	$18,881
Deficiency Appropriation	90	0	30	0	120
Cost Containment	-284	0	0	0	-284
Budget Amendments	2,725	446	51	0	3,222
Reversions and Cancellations	0	-9	-610	0	-619
Actual Expenditures	**$13,803**	**$780**	**$6,737**	**$0**	**$21,319**
Fiscal 2016					
Legislative Appropriation	$11,390	$342	$7,307	$0	$19,040
Budget Amendments	426	1	598	0	1,024
Working Appropriation	**$11,816**	**$343**	**$7,905**	**$0**	**$20,064**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The budget for OHCQ closed at $21.3 million, $2.4 million above the original legislative appropriation.

A Board of Public Works cost containment reduced general funds by $283,856. The agency reduced salaries and fringe benefits for this amount. A deficiency appropriation added $119,648 ($89,737 in general funds and $29,911 in federal funds) to fund 5 new positions to support DDU.

Budget amendments increased the budget by an additional $3.2 million, including $2.7 million in general funds. The budget increased by $138,000 ($86,583 in general funds, $50,808 in federal funds, and $289 in special funds) relating to the fiscal 2015 cost-of-living adjustment approved during the 2014 session but not included in the fiscal 2015 allowance. General funds were increased by $10,662 to realign health insurance costs within DHMH and an additional $104,330 to cover salaries and contractual services. General funds increase by $2.5 million to cover the cost of salaries and contractual services amassed from fiscal 2012 to 2014 that had been charged to federal funds but for which no federal funds would be claimed. Special funds (available from Civil Money Penalty Fees) increased by $427,755 to issue grants to benefit nursing home residents and assisted living residents. Special funds (available from the Health Services Cost Review Commission in uncompensated care) increased by an additional $17,755 to issue a grant to Towson University for emergency preparedness conference for nursing home and assisted living administrators.

At the end of the year, approximately $609,602 of the federal fund appropriation was canceled due to budgeting for an over attainment of federal funds. An additional $9,087 in special funds were canceled due to a contract with Towson University that was fully budgeted for in fiscal 2015, but funds will instead be spent in fiscal 2016.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation for OHCQ has been increased by $1.02 million ($425,774 in general funds, $597,776 in federal funds, and $617 in special funds). Of this amount, $181,461 in general funds, $99,529 in federal funds and $617 in special funds relates to the restoration of the 2% salary reduction. Federal funds increase by $498, 237 (provided by a federal State Survey Grant) to cover salary and fringe benefits. General funds increase by $244,313 to realign the 2% fiscal 2016 cost containment with the agency's containment plan.

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

Object/Fund	FY 15 Actual	FY 16 Working Appropriation	FY 17 Allowance	FY 16 - FY 17 Amount Change	Percent Change
Positions					
01 Regular	191.70	197.00	196.70	-0.30	-0.2%
02 Contractual	8.75	5.50	5.00	-0.50	-9.1%
Total Positions	**200.45**	**202.50**	**201.70**	**-0.80**	**-0.4%**
Objects					
01 Salaries and Wages	$ 17,024,323	$ 17,378,977	$ 17,642,578	$ 263,601	1.5%
02 Technical and Spec. Fees	383,873	223,659	238,201	14,542	6.5%
03 Communication	58,942	65,426	63,462	-1,964	-3.0%
04 Travel	315,999	341,651	337,727	-3,924	-1.1%
07 Motor Vehicles	127,743	181,325	131,304	-50,021	-27.6%
08 Contractual Services	2,183,857	1,069,047	1,050,735	-18,312	-1.7%
09 Supplies and Materials	53,573	62,505	53,582	-8,923	-14.3%
10 Equipment – Replacement	25,786	10,066	9,390	-676	-6.7%
11 Equipment – Additional	34,423	5,159	4,364	-795	-15.4%
12 Grants, Subsidies, and Contributions	744,750	300,000	500,000	200,000	66.7%
13 Fixed Charges	366,214	425,861	374,345	-51,516	-12.1%
Total Objects	**$ 21,319,483**	**$ 20,063,676**	**$ 20,405,688**	**$ 342,012**	**1.7%**
Funds					
01 General Fund	$ 13,802,605	$ 11,816,198	$ 12,574,769	$ 758,571	6.4%
03 Special Fund	780,172	342,532	535,294	192,762	56.3%
05 Federal Fund	6,736,706	7,904,946	7,295,625	-609,321	-7.7%
Total Funds	**$ 21,319,483**	**$ 20,063,676**	**$ 20,405,688**	**$ 342,012**	**1.7%**

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.