M00F03
Prevention and Health Promotion Administration
Maryland Department of Health

Operating Budget Data

($ in Thousands)

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change	% Change Prior Year
General Fund	$51,447	$65,116	$63,255	-$1,861	-2.9%
Adjustments	0	-183	-578	-395	
Adjusted General Fund	**$51,447**	**$64,933**	**$62,677**	**-$2,256**	**-3.5%**
Special Fund	83,347	112,017	116,563	4,546	4.1%
Adjustments	0	-25	760	785	
Adjusted Special Fund	**$83,347**	**$111,992**	**$117,323**	**$5,331**	**4.8%**
Federal Fund	209,416	215,226	215,179	-47	
Adjustments	0	-347	141	487	
Adjusted Federal Fund	**$209,416**	**$214,880**	**$215,320**	**$440**	**0.2%**
Reimbursable Fund	2,476	3,337	2,389	-948	-28.4%
Adjustments	0	0	1	1	
Adjusted Reimbursable Fund	**$2,476**	**$3,337**	**$2,389**	**-$948**	**-28.4%**
Adjusted Grand Total	**$346,686**	**$395,142**	**$397,709**	**$2,568**	**0.6%**

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The adjusted fiscal 2019 allowance for the Prevention and Health Promotion Administration (PHPA) increases by $2.6 million, or 0.6%, compared to the adjusted fiscal 2018 working appropriation.

- The proposed budget contains two general fund reductions contingent on the Budget Reconciliation and Financing Act (BRFA) of 2018. The reductions total $747,001 and will be fully offset with funds from the Advance Directive Program Fund ($497,000) and the Cord Blood Transplant Special Fund ($250,001) contingent on language in the BRFA that authorizes the use of those funds for spending on maternal and child health quality initiatives.

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

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Personnel Data

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change
Regular Positions	416.80	401.80	401.80	0.00
Contractual FTEs	6.83	7.70	28.14	20.44
Total Personnel	**423.63**	**409.50**	**429.94**	**20.44**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	27.32	6.80%
Positions and Percentage Vacant as of 12/31/17	46.00	11.45%

- Regular positions stay unchanged when comparing the fiscal 2019 allowance to the fiscal 2018 working appropriation. However, when comparing the allowance to the fiscal 2018 legislative appropriation, regular positions decrease by 16.0 full-time equivalents (FTE). The large majority (15.0 FTEs) of these transfers were for mid-year bed expansions at the Maryland Department of Health facilities.

- The proposed budget increases contractual FTEs by 20.44. This is largely due to departmental guidance not to fill vacancies in positions that are part of the Maryland Institute for Policy Analysis and Research interagency agreement. PHPA is using contractual FTEs instead.

- As of December 31, 2017, PHPA has a vacancy rate of 11.45%, or 46 vacant positons. Budgeted turnover is 6.8%, or 27.32 positions.

Analysis in Brief

Major Trends

Tobacco Use Continues to Decrease: The prevalence of cigarette smoking among all ages has continued to decrease. In calendar 2016, usage for adults declined substantially to 13.7%.

Cancer Mortality Rates Continue to Improve: Both the overall cancer mortality rate and the breast cancer mortality rate continue to decline steadily in Maryland. Racial disparities are less pronounced, although still apparent, in recent years.

Infant Mortality Rates Decrease Slightly for All Races: Following national trends, Maryland's infant mortality rate among African Americans has consistently been disproportionally high. In calendar 2016, infant mortality decreased for African Americans for the first time since fiscal 2012.

Childhood Vaccination Rates Decrease, Remain Above National Average: In calendar 2016, 74% of children in Maryland received the typical coverage of vaccinations – a decrease from the previous calendar year. The Maryland rate remains above the national average of 71%.

Influenza Vaccination Rates Increase, Remain Above National Average: In the 2016 to 2017 influenza (flu) season, 49.3% of Marylanders received the flu vaccine – an increase from the previous calendar year. The Maryland rate remains above the national average of 43.3%.

Syphilis and Chlamydia Rates Remain High: In calendar 2016, the Centers for Disease Control and Prevention reported a statewide infection rate of primary and secondary syphilis in Maryland of 8.5 cases per 100,000 population. This rate, driven by high primary and secondary syphilis rates in Baltimore City, is the tenth highest in the nation. Meanwhile, chlamydia rates statewide have continued to approximate the national average and increased slightly in 2016 from the previous calendar year.

HIV and AIDS Cases High among States, Continue to Decline: Despite a steady decline in newly reported HIV and AIDS cases, Maryland's incidence of new cases remains high compared with other states. According to the most recent national data, Maryland had the fifth highest diagnosis rate of HIV infection.

Issues

Potential Federal Action Affecting PHPA: Some of the largest federal grants that PHPA administers at the State level are in danger of being reduced significantly or being eliminated altogether due to actions at the federal level. This issue discusses those potential federal fund deductions.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Health Enterprise Zones Initiative: Chapter 3 of 2012 established a four-year Health Enterprise Zone pilot program to attempt to improve health outcomes. This is an update on the pilot.

M00F03
Prevention and Health Promotion Administration
Maryland Department of Health

Operating Budget Analysis

Program Description

The mission of the Prevention and Health Promotion Administration (PHPA) is to protect, promote, and improve the health and well-being of Marylanders and their families through the provision of public health leadership and through community-based public health efforts in partnership with local health departments, providers, community-based organizations, and public- and private-sector agencies.

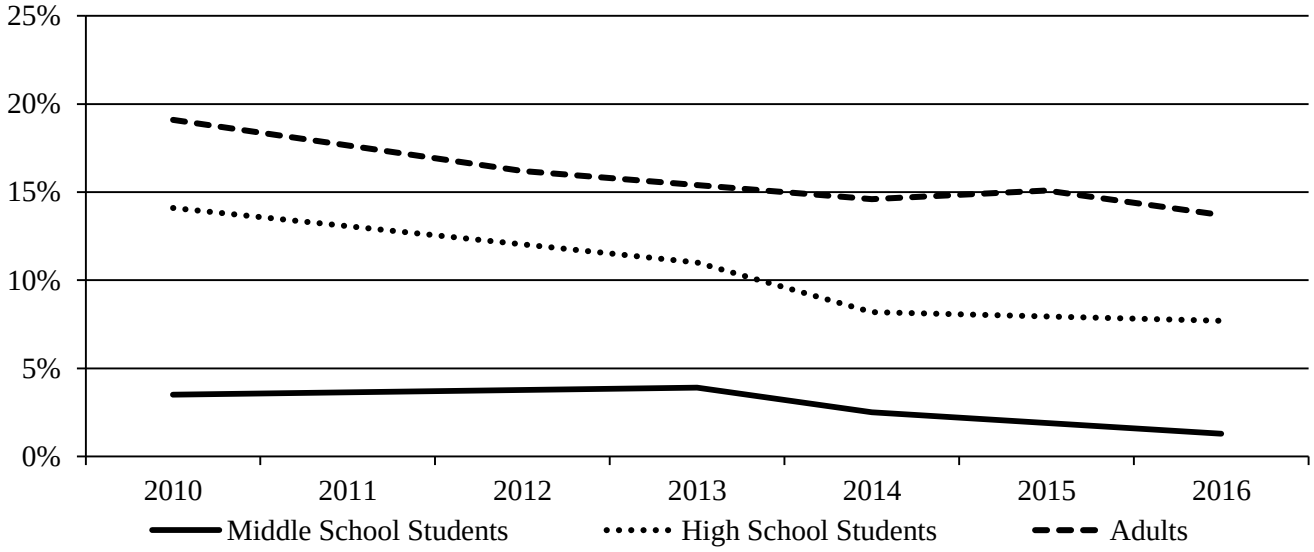
PHPA accomplishes this by focusing, in part, on the prevention and control of infectious diseases, investigation of disease outbreaks, protection from food-related and environmental health hazards, and helping impacted persons live longer, healthier lives. Additionally, the administration works to assure the availability of quality primary prevention and specialty care health services with special attention to at-risk and vulnerable populations. Finally, the administration aims to prevent and control chronic diseases, engage in disease surveillance and control, prevent injuries, provide health information, and promote healthy behaviors.

Performance Analysis: Managing for Results

1. Tobacco Use Continues to Decrease

The mission of the Tobacco Use Prevention and Cessation Program is to reduce the use of tobacco products and to reduce the burden of tobacco-related morbidity and mortality in the State. One of the goals of the program is to reduce the proportion of Maryland youth and adults who currently smoke cigarettes. Surveys funded with the Cigarette Restitution Fund (CRF) revenue are intended to track smoking preferences and usage among Marylanders. As shown in **Exhibit 1**, the prevalence of cigarette smoking has decreased for all ages in 2016, the most recent year with available data.

Exhibit 1
Tobacco Usage Rates
Calendar 2010-2016



Source: Maryland Department of Health

PHPA has a long-term objective to reduce the proportion of under-age youth that smoke cigarettes by 79.5% and 67.4% for middle school students and high school students, respectively, between calendar 2000 and the end of calendar 2018. In calendar 2016, 1.3% of middle school students and 7.7% of high school students smoked cigarettes, compared to 7.2% and 23.7%, respectively, in calendar 2000. This is an 82% decrease for middle school students and a 67% decrease for high school students. PHPA has met the middle school student objective and is on track to meet the high school objective by calendar 2018.

Maryland has the sixth lowest adult tobacco use rate in the nation, attributed to such policies enacted at the local, State, and federal levels that deter tobacco use by reducing exposure to secondhand smoke indoors; increasing pricing that motivates smokers to quit; and prohibiting youth access to tobacco products in the retail environment. PHPA highlighted recent initiatives at the Maryland Department of Health (MDH) Center for Tobacco Prevention and Control (CPTC) that have also contributed to the decreasing tobacco use rates. In fiscal 2016, CPTC launched a health systems pilot program that allowed for providers to make electronic referrals to cessation programs and developed a mass outreach campaign in conjunction with a national advertising campaign.

As shown in **Exhibit 2**, individuals served by the Tobacco Quitline, one of the referred tobacco cessation programs, increased substantially in fiscal 2016, the year of the campaign. Individuals served decreased in fiscal 2017.

Exhibit 2
Individuals Served by the Tobacco Quitline
Fiscal 2013-2018 Est.

	2013	2014	2015	2016	2017	2018 Est.
Individuals Served	12,180	9,792	9,469	10,324	9,731	9,600

Source: Maryland Department of Health

Electronic Cigarettes

Although the State has made progress in decreasing tobacco use, youth electronic cigarette (e-cigarette) use should raise concern. In January 2018, the National Academies of Sciences, Engineering, and Medicine (National Academies) published a comprehensive consensus study report that compiles all available evidence on e-cigarettes. The report draws conclusions based on the level of evidence for specific claims. Manufacturers of e-cigarette products promote the use of e-cigarettes as a smoking cessation tool. However, the National Academies concludes that there is limited evidence to support the use of e-cigarettes as a smoking cessation tool. In stark contrast, the National Academies concludes that there is substantial evidence that e-cigarette use increases the risk of ever using traditional cigarettes among youth. In addition, there is moderate evidence that e-cigarette use increases frequency of use of traditional cigarettes among youth who already use traditional cigarettes.

As shown in **Exhibit 3**, e-cigarette use is alarmingly high among Maryland youth compared to traditional tobacco use. Data began to be collected on an alternating year basis in 2014. In terms of current e-cigarette use, prevalence did decrease between 2014 and 2016, although it is still higher than traditional tobacco use.

Exhibit 3
Lifetime and Current Youth Electronic Cigarette Use
Calendar 2014 and 2016

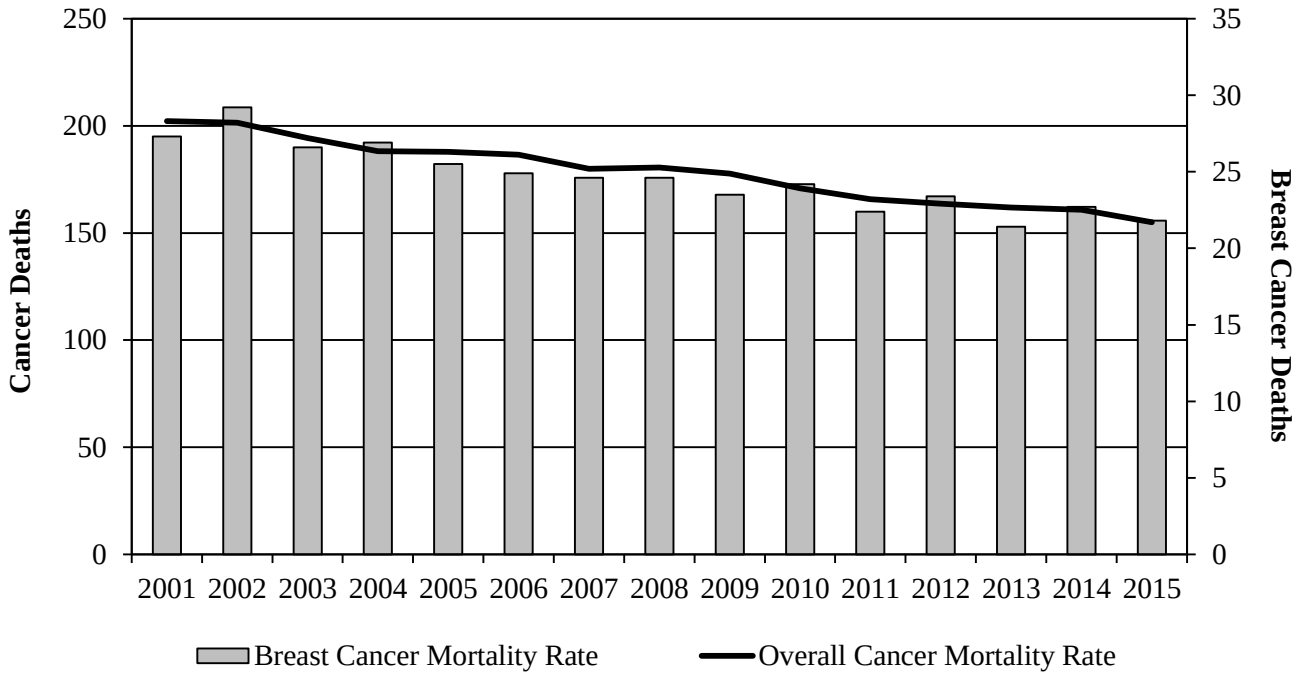
	2014	2016
Lifetime Electronic Cigarette Use		
High School	37.6%	35.3%
Middle School	15.4%	18.4%
Current Electronic Cigarette Use		
High School	20.0%	13.3%
Middle School	7.6%	4.7%

Source: Maryland Department of Health

2. Cancer Mortality Rates Continue to Improve

One of the main functions of the Cancer Prevention, Education, Screening, and Treatment Program is to fund community-based programs that prevent, detect, and treat cancer. The mission of the program is to reduce the burden of cancer among Maryland residents by reducing overall cancer mortality in the State. **Exhibit 4** shows that there has been a steady decline in both the overall cancer mortality rate and the breast cancer mortality rate in Maryland. The cancer programs within the CRF target colorectal cancer and cancers associated with tobacco use.

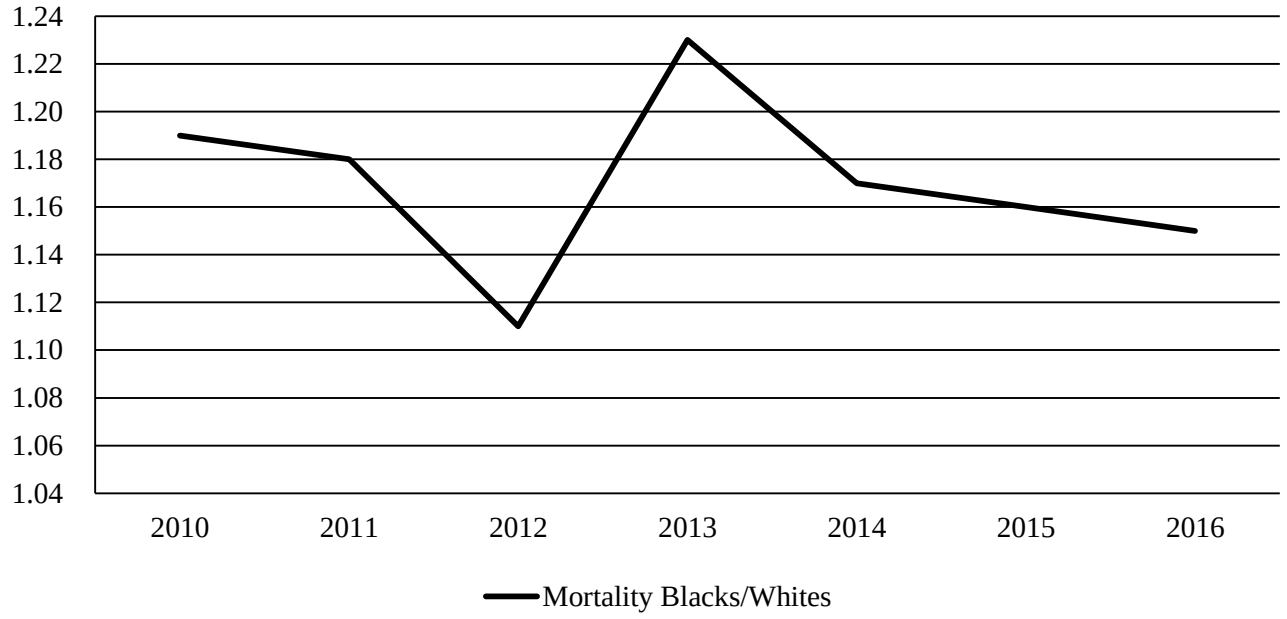
Exhibit 4
Cancer Mortality Rates
Calendar 2001-2015
(Deaths Per 100,000 Population)



Source: Maryland Department of Health

Although cancer mortality rates have generally decreased over time, there remains a disparity between cancer mortality rates among races. **Exhibit 5** shows the ratio of cancer mortality rates among Blacks when compared to Whites in Maryland. A ratio of 1.0 would indicate that there is no disparity in cancer mortality. Despite an overall decrease in cancer mortality, the rate among Black Marylanders has increased in relation to the rate among White Marylanders. In 2016, the ratio was 1.15 – 153.6 cancer deaths per 100,000 among Whites and 176.3 per 100,000 among Blacks. The disparity has become less pronounced in recent years.

Exhibit 5
Cancer Mortality Ratio of Blacks/Whites
Calendar 2010-2016



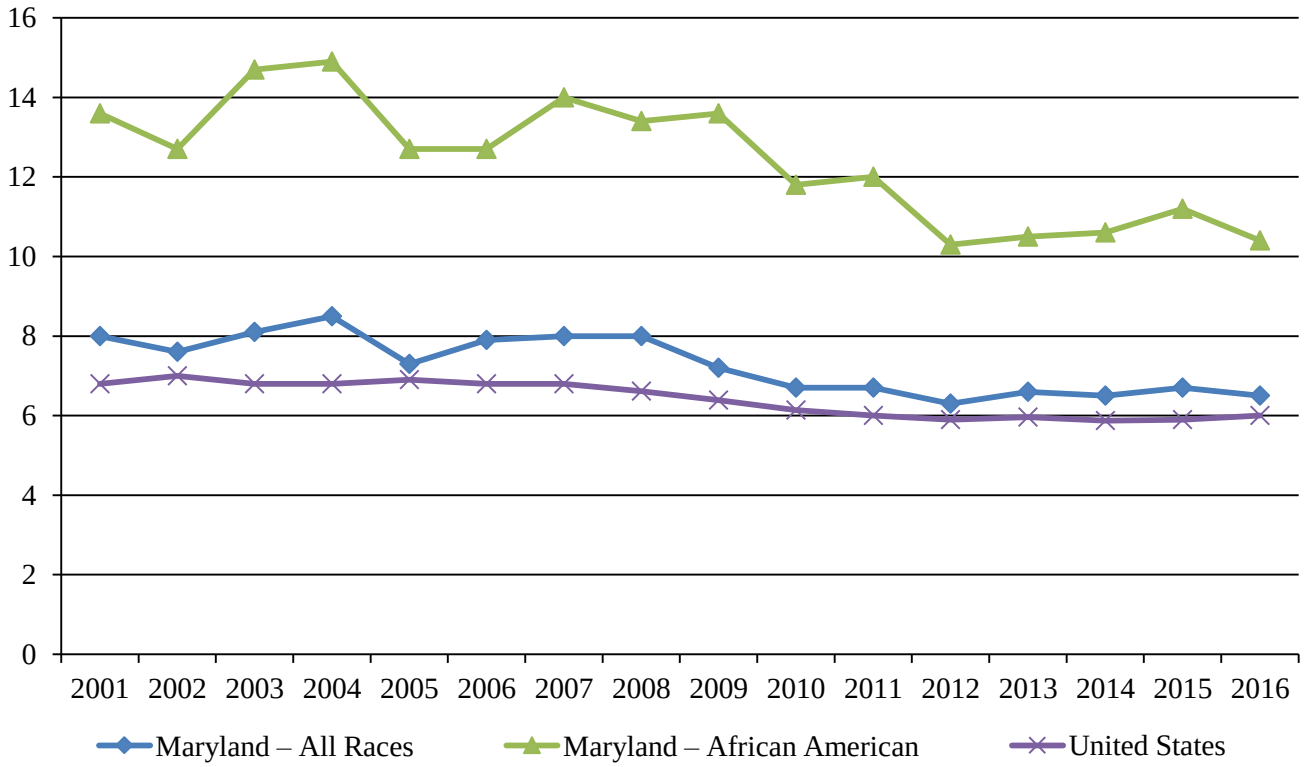
Source: Maryland Department of Health

3. Infant Mortality Rates Decrease Slightly for All Races

The Maternal and Child Health Bureau within PHPA is charged with reducing infant mortality and promoting the health and well-being of all women and children. Infant mortality rates refer to the number of deaths under age one per 1,000 live births and are used to indicate the total health of populations in the United States and internationally. During the second half of the twentieth century, infant mortality rates in the United States fell from 29.2 to 6.9 per 1,000 live births, a decline of 76%. Mirroring the national trend, Maryland's infant mortality rate decreased 23% during the 1990s due to improved access to preconception, prenatal, and family planning services. Also contributing to the decline was the development of hospital perinatal standards, high-risk consultation, and community-based perinatal health improvements.

Maryland has made steady progress to reduce its infant mortality rate, reaching a low of 6.3 in calendar 2012 (the lowest rate ever recorded in Maryland), as shown in **Exhibit 6**. Following national trends, Maryland's African American infant mortality rate has consistently been higher than other races. In 2016, the infant mortality rate decreased substantially after steadily increasing in the three previous years.

Exhibit 6
Infant Mortality Rates
Calendar 2001-2016



Source: Maryland Department of Health

Historically, the infant mortality rate has been much higher for African Americans than for Whites. While this is still the case, in 2016, the rate decreased by a larger amount for African Americans than for the total population.

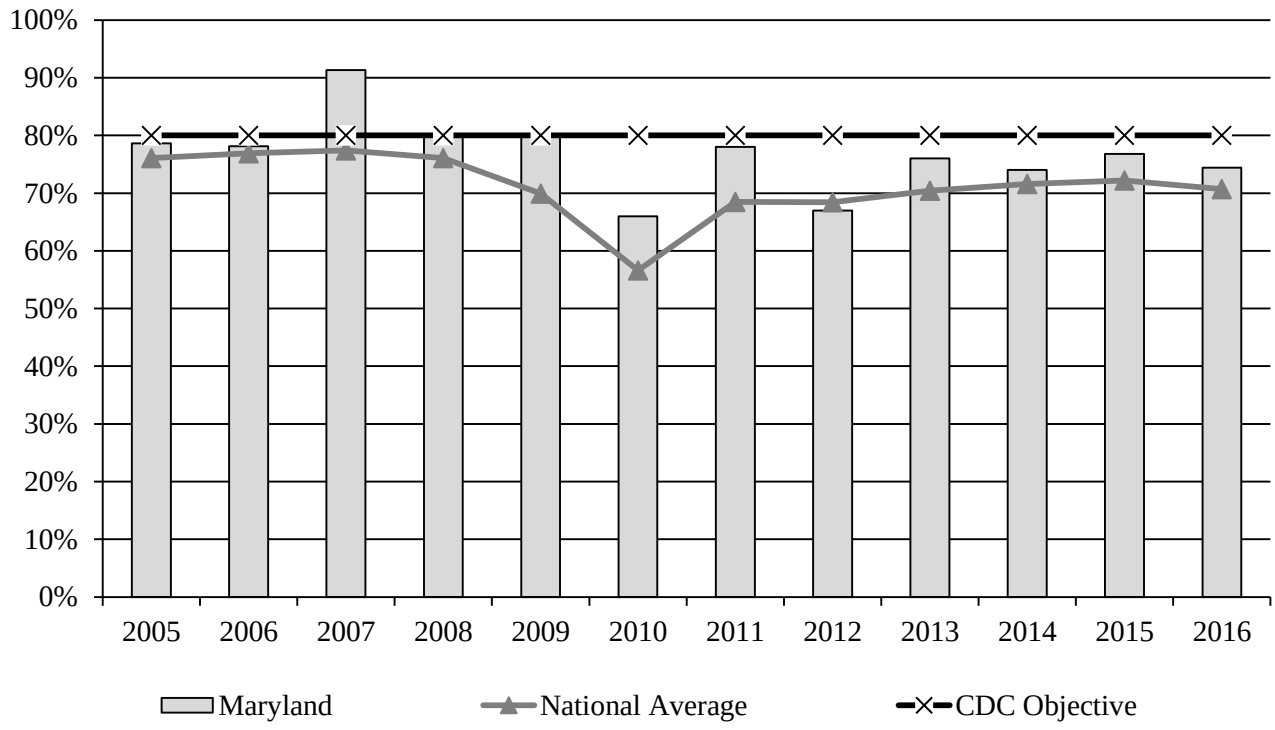
4. Childhood Vaccination Rates Decrease, Remain Above National Average

As shown in **Exhibit 7**, 74% of children in Maryland received the typical coverage of vaccinations in calendar 2016, which is above the national average of 71%. Despite being above the national average, vaccination rates decreased slightly from 77% in 2015. Between calendar 2006 and 2007, the rate of immunizations jumped 13 percentage points, although reasons for this increase were unclear. In calendar 2008, the vaccination rate returned to historic levels. Low points in calendar 2010 and 2012 resulted, in both cases, from nationwide vaccine shortages. Maryland's childhood vaccination rates have generally remained slightly above national rates.

Maryland is able to keep its vaccination rates relatively 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, MDH operates the Maryland Vaccines for Children Program, which works with 850 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:

- Medicaid eligible;
- uninsured;
- Native American or Alaskan Native; or
- underinsured.

Exhibit 7
Children, Ages 19 to 35 Months, with Up-to-date Immunizations
Calendar 2005-2016



CDC: U.S. Centers for Disease Control and Prevention

Source: Maryland Department of Health; U.S. Centers for Disease Control and Prevention

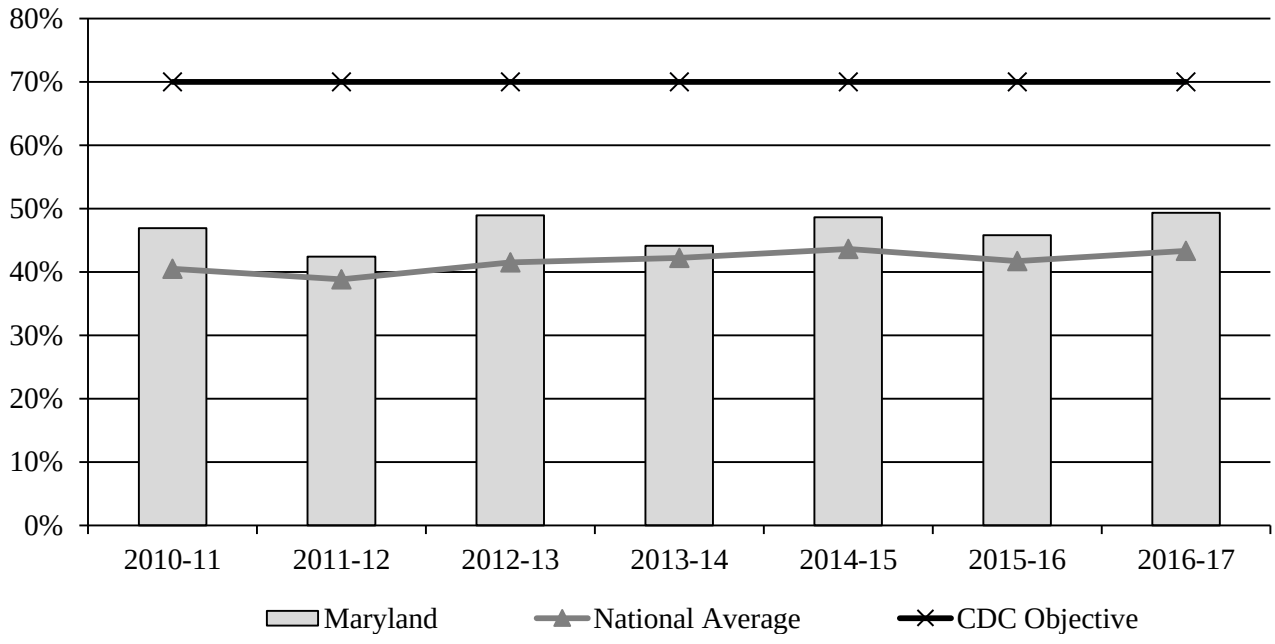
Although childhood vaccination rates in Maryland are above the national average, the State has not yet met the 80% childhood vaccination rate objective set by the U.S. Centers for Diseases Control and Prevention (CDC).

5. Influenza Vaccination Rates Increase, Remain Above National Average

MDH develops an annual *Maryland Influenza Plan* to prepare for, prevent, and mitigate the number and severity of influenza (flu) cases within the State. The plan provides some tips and best practices for Maryland residents and the State and local health departments. Above all other recommendations, MDH emphasizes that the best way to prevent the flu is by getting vaccinated each year. The current flu season is particularly bad. Three of the four weeks in January 2018 were considered high intensity based on the proportion of visits to providers for influenza-like illness and geographic activity was rated as widespread.

As shown in **Exhibit 8**, flu vaccination rates among adults age 18 and over increased slightly in the 2016 to 2017 flu season to 49.3% – maintaining a level above the national average of 43.3%. However, flu vaccination rates are well below the CDC objective of 70%.

Exhibit 8
Influenza Vaccination Rate Age 18+
Flu Seasons 2010-2017



Source: U.S. Centers for Disease Control and Prevention

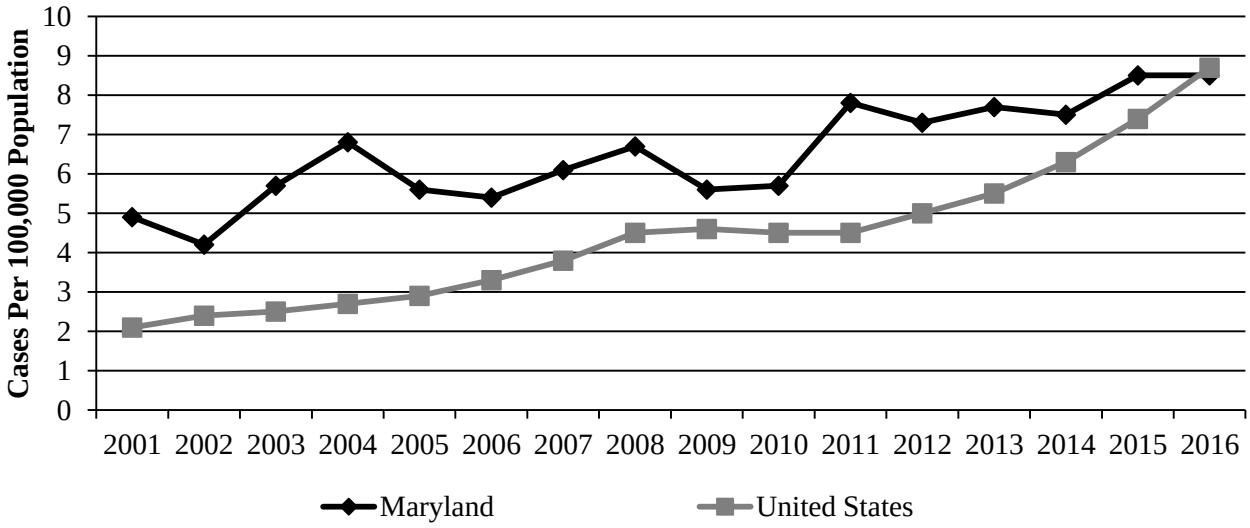
6. Syphilis and Chlamydia Rates Remain High

Syphilis Infection Rates

PHPA is charged with preventing and controlling the transmission of infectious diseases, including sexually transmitted infections (STI). The administration has developed initiatives to reduce the spread of STIs with an emphasis on at-risk populations, such as economically disadvantaged and incarcerated populations. Syphilis continues to be a major concern in the State, with the rate of infection in Maryland among the highest in the nation. Untreated syphilis in pregnant women can result in infant death in up to 40% of cases. In addition to its primary effects, syphilis presents public health concerns for its role in facilitating the transmission of HIV. The primary and secondary stages are curable, yet extremely contagious. If left untreated, the disease may progress into the tertiary stage, which may not be curable.

Exhibit 9 shows syphilis rates in Maryland compared with the national average. In calendar 2016, CDC reported a statewide infection rate of primary and secondary syphilis in Maryland of 8.5 cases per 100,000 population. Although the rate is unchanged from last year, Maryland dropped from the tenth highest infection rate in the nation in 2015 to thirteenth. This rate is driven by high primary and secondary syphilis rates in Baltimore City (31.7 cases per 100,000 population).

Exhibit 9
Rates of Primary and Secondary Syphilis
Calendar 2001-2016



Source: Maryland Department of Health; U.S. Centers for Disease Control and Prevention

Syphilis rates increased from 7.4 to 8.7 nationally, a 17.6% increase. CDC has indicated that syphilis remains a major health problem, with increases in rates persisting among men who have sex

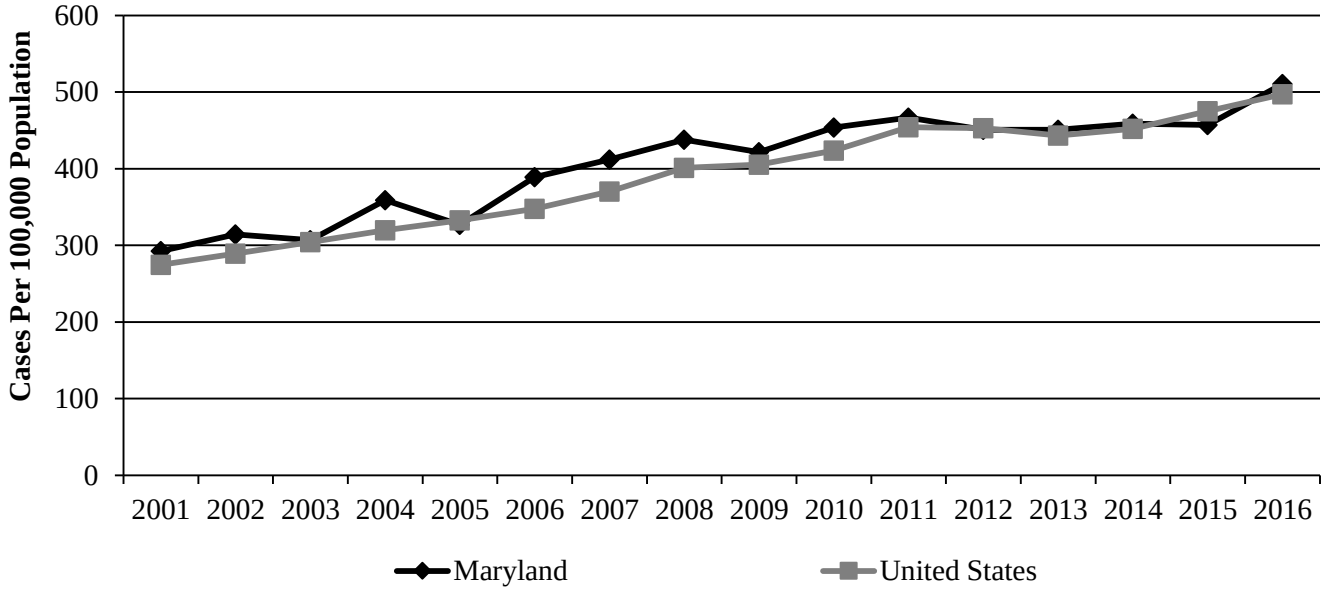
with men (who account for a majority of all primary and secondary syphilis cases). Cases that involve men who have sex with men have been characterized by high rates of HIV co-infection. While the rate is high among men who have sex with men, nationally, the rate increased 15% for men and 36% for women. These increases among women are of particular concern because congenital syphilis cases tend to increase as the rate of primary and secondary syphilis cases among women increase. Maryland has the fifth highest rate of congenital syphilis (21.6 per 100,000 live births).

Antibiotic resistance also contributed to an increase in sexually transmitted diseases. The World Health Organization has issued new guidelines for the treatment of chlamydia, syphilis, and gonorrhea in response to the growing threat of antibiotic resistance. These STIs are generally curable with antibiotics. However, they often go undiagnosed and are becoming more difficult to treat, with some antibiotics now failing as a result of misuse and overuse. This is particularly true for gonorrhea.

Chlamydia Infection Rates

As shown in **Exhibit 10,** in calendar 2016, chlamydia rates statewide increase substantially, bringing Maryland above the national average. Consistent with national trends, chlamydia rates for females are nearly two times greater than those for males. Rates are driven by high rates among 15- to 24-year olds, where rates for females are three times greater than those for males. Among both male and female 15- to 24-year olds, rates among the African American population are nearly six times as high as those for Whites.

Exhibit 10
Rate of Chlamydia
Calendar 2001-2016



Source: Maryland Department of Health; U.S. Centers for Disease Control and Prevention

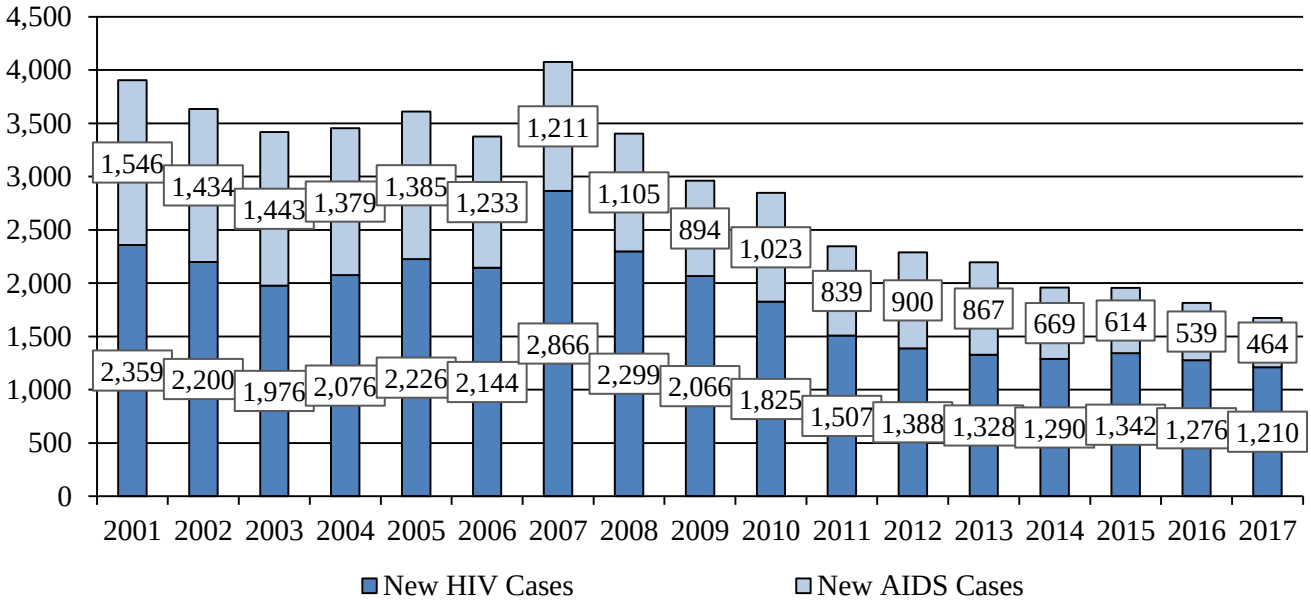
In Baltimore City, where rates for all STIs are the highest in the State, the Baltimore City Health Department receives funding directly from CDC to respond to STIs. Among other activities, Baltimore City has an active outreach program to find and test high-risk individuals, including commercial sex workers. It also has an STI clinic that provides free testing and treatment as well as school-based clinics that test for chlamydia and gonorrhea.

MDH has implemented many new initiatives in recent years to address rising rates of STI infection. In December 2017, MDH implemented electronic laboratory reporting, which will decrease reporting time and allow for quicker follow up, potentially limiting the spread of STIs. MDH is continuing a focus on expedited partner therapy, the practice of treating sex partners of patients diagnosed with STIs, and focusing on partnerships to enhance sexual education/health interventions for youth and schools.

7. HIV and AIDS Cases High among States, Continue to Decline

Exhibit 11 details the continued decline in newly reported cases of HIV and AIDS in Maryland. As the chart demonstrates, with the exception of calendar 2015, new cases have declined steadily from a high in 2007.

Exhibit 11
Incidence of New HIV and AIDS in Maryland
Calendar 2001-2017



Note: It is possible, although uncommon, that an individual is diagnosed with HIV and AIDS in the same calendar year. In these cases, the individual is reflected in both measures.

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

Despite the downward trend, the number of newly reported HIV cases in Maryland remains high compared with other states. According to the most recent national comparison conducted by CDC (based on calendar 2016 data), Maryland had the fifth highest diagnoses of HIV infection. Enrollment in the State's two major programs related to HIV/AIDS, the Maryland AIDS Drug Assistance Program (MADAP) and MADAP-Plus, is stable.

Fiscal 2018 Actions

Interdepartmental Position Transfers

In fiscal 2018, PHPA overall position count was reduced by 16.0 regular positions. This reduction was the culmination of multiple transfers to other agencies in MDH to address bed capacity issues at MDH facilities. The Behavioral Health Administration received 9 of the positions to facilitate bed expansions at multiple facilities, the Potomac Center received 6 positions to facilitate an expansion of the forensic population, and the Office of Controlled Substances Administration received 1 position.

Cost Containment

The PHPA budget was reduced by $50,000 as part of a September 6, 2017 cost containment action. This reduction was achieved by aligning expenditures for the Cord Blood Transplant Program with recent actual expenditures.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is $182,879 in general funds, $25,271 in special funds, and $346,523 in federal funds.

Proposed Budget

As shown in **Exhibit 12**, the adjusted fiscal 2019 allowance increases by $2.6 million, or 0.6%, compared to the adjusted fiscal 2018 working appropriation. A $1.0 million decrease in the mandated contribution to the Capital Region Medical Center operating costs is the largest driver of general fund decreases. Special funds increase by $5.3 million, driven by a change in federal guidance to spend down special funds from drug rebates before spending federal funds. Federal funds decrease due to anticipated decreases in funding for home visiting ($1.4 million) and the completion of the Special Supplemental Food and Nutrition Program for Women, Infants, and Children (WIC) Electronic Benefits Transfer (EBT) project ($2.8 million), offset by the transfer of federal matching funds for Core Public Health funding from the Public Health Administration to PHPA.

Exhibit 12
Proposed Budget
MDH – Prevention and Health Promotion Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017 Actual	$51,447	$83,347	$209,416	$2,476	$346,686
Fiscal 2018 Working Appropriation	64,933	111,992	214,880	3,337	395,142
Fiscal 2019 Allowance	62,677	117,323	215,320	2,389	397,709
Fiscal 2018-2019 Amount Change	-$2,256	$5,331	$440	-$948	$2,568
Fiscal 2018-2019 Percent Change	-3.5%	4.8%	0.2%	-28.4%	0.6%

Where It Goes:

Personnel Expenses	
Regular earnings including the transfer of positions to other agencies within MDH	-$719
Employee and retiree health insurance, impact of the fiscal 2018 health insurance deduction holidays	555
General salary increase	323
Overtime	17
Other fringe benefit adjustments	12
Social Security contributions	-72
Retirement contributions	-180
Turnover adjustment	-513
HIV/AIDS Programs	
HIV State rebates fund prevention, surveillance, and care services (special funds)	4,914
Ryan White Part A (federal funds)	1,800
HIV client services (federal funds)	592
HIV prevention services (federal funds)	571
Planning and quality improvement	52
HIV screening and medical care at select health care centers (federal funds)	-640
Other Infectious Disease and Environmental Health	
Childhood lead poisoning prevention and environmental case management (federal funds)	2,640
Rape and sexual assault prevention (federal funds)	85
Oral health and chronic disease collaborative model (federal funds)	-207
Epidemiology and lab capacity (federal funds)	-654
Emerging infections programs (federal funds)	-718
Hepatitis C primary care capacity (primarily federal funds)	-731

Where It Goes:	
Immigrant health align with actuals (primarily reimbursable funds)	-1,002
Immunizations and vaccines for children (primarily federal funds)	-1,628
Family Health and Chronic Disease	
Healthy homes and community services	140
Cancer program coordination (federal funds)	10
Family planning	-77
Maternal and Child Health Surveillance Program	-102
Early hearing detection (federal funds)	-125
Sex education (including abstinence) (federal funds)	-160
Maryland Cancer Fund (special funds)	-175
WIC program (federal funds)	-210
Maternal and child health quality initiatives	-474
Home visiting (federal funds)	-1,397
WIC EBT implementation (federal funds)	-2,852
Other Changes	
Prince George's Hospital operating subsidy	-1,000
Core Public Health services (federal funds)	4,493
Total	**$2,568**

EBT: Electronic Benefits Transfer
MDH: Maryland Department of Health
WIC: Women, Infants, and Children

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

Contingent Reduction

The fiscal 2019 budget bill includes two reductions to the PHPA general fund allowance contingent on the Budget Reconciliation and Financing Act of 2018:

- a $497,000 reduction contingent on authorization of the use of Advance Directive Program fund revenue to replace the general fund amount; and

- a $250,001 reduction contingent on authorization of the use of the Cord Blood Transplant Special Fund balance to replace the general fund amount.

The effect of these two actions is to reduce general fund expenditures by $747,001 and increase special fund expenditures by the same amount. The funds will be used for maternal and child health quality initiatives. These actions have no net effect on the total appropriation to PHPA.

Personnel

Personnel costs decrease by $575,901 in the fiscal 2019 allowance compared to the fiscal 2018 working appropriation. The largest driver of this decrease is savings generated from the transfer of positions to other agencies within MDH.

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is $323,162.

HIV Programs

Funding for HIV programs increases by approximately $7.3 million. Major changes include funding authorized by Chapter 384 of 2015, which expanded the authorized use of pharmaceutical rebates to include all Ryan White Part B covered services, including outreach services and medical transportation. State rebate expenditures increase by approximately $4.9 million, largely driven by spending to continue MADAP and MADAP-plus program. A $592,338 increase in federal funds is also intended for the MADAP and MADAP-plus programs. The State rebates will also be used to fund HIV/AIDs case investigation and surveillance through The Johns Hopkins University and Georgetown University.

An increase of $1.8 million in federal funds is for Ryan White Part A core medical and support services in the Washington metropolitan area. These funds were previously administered by Prince George's County. The Washington, DC Department of Health requested that MDH assume responsibility for administration of the funds. Funds will be provided to local health departments, including Prince George's and Montgomery counties.

Budgetary increases are offset by a $639,779 decrease in federal funds for HIV screening and medical care at select health care centers. The federal grant supporting this project ended in fiscal 2018.

Other Infectious Disease and Environmental Health Programs

The largest increase in the area of environmental health is in a new health services initiative to provide childhood lead poisoning prevention and environmental case management ($3.0 million in total funds). The program is part of the State's Children's Health Insurance Program and receives an 88% federal fund match. The budget increases by $2.64 million in federal funds. The $360,000 general fund match is offset by an equivalent decrease in other lead poisoning prevention programs.

Funding for immunizations and vaccines for children decreases in the fiscal 2019 budget by $1.6 million in federal funds for maintenance of the immunization registry system to align with actuals. Immigrant health decreases by $1 million to align with actual expenditures following significantly decreased utilization. A project to increase primary care capacity around Hepatitis C decreases by $730,755 ($59,039 in general funds and $671,716 in federal funds) because the federal grant ends in

fiscal 2018. Anticipated changes in federal funds account for decreases across emerging infections programs totaling approximately $700,000. The epidemiology and laboratory capacity program decreases by $654,214 in federal funds, partially due to increased turnover driving down expenditures.

Family Health and Chronic Disease Programs

The largest decrease is in WIC due to the completion of a project to implement an EBT system ($2.9 million). WIC decreases by an additional $209,716 due to lower food costs.

Home visiting decreases by approximately $1.4 million due to the expiration of competitive funds for the federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) grant. Maryland was 1 of 13 states awarded additional competitive funds in fiscal 2014. The funds were used to expand home visiting services, build and support a home visiting database, implement a training institute, and support evaluation activities. The competitive grant totaled $7.4 million in fiscal 2018. Funding for the noncompetitive grant is increased because of the expiration of competitive funds by approximately $6 million in fiscal 2019 to $7.4 million to ensure that there will be no effect on services offered because of the expiration of competitive funds.

Capital Region Medical Center Operating Subsidy

The fiscal 2019 allowance provides a $27 million operating subsidy, the mandated amount, for the Capital Region Medical Center (formerly the Prince George's County Regional Medical Center). This is a $1 million decrease from fiscal 2018 appropriation. Chapter 19 of 2017 mandates an operating subsidy of $15 million in both fiscal 2020 and 2021 and $10 million in fiscal 2022 through 2028.

Issues

1. Potential Federal Action Affecting PHPA

Given that federal funds encompass approximately 54% of the PHPA budget, PHPA is particularly susceptible to federal action affecting health services. Of particular interest, the U.S. Congress has continuously reduced or attempted to reduce the Prevention and Public Health Fund (PPHF).

PPHF

Section 4002 of the Patient Protection and Affordable Care Act of 2010 established the PPHF. The PPHF is a dedicated source of funding for public health and is the first mandatory funding stream dedicated to strengthening the public health system for improving health outcomes and restraining the growth of health care costs.

The PPHF provides public health funding for multiple efforts, including those for protecting children and adults through immunizations, responding to infectious disease threats, preventing health care-associated infections, promoting healthy lifestyles, treating and minimizing the burden of chronic diseases, and strengthening the State's epidemiology and laboratory capacity.

A complete repeal of the PPHF would result in the loss of approximately $9.8 million in federal funds in fiscal 2019 and a similar amount in future years. The most recent continuing resolution for federal fiscal 2018, signed into law on February 8, 2018, includes a provision that reduces the PPHF by $2.85 billion over 10 years. In federal fiscal 2018 and 2019, the continuing resolution reduces the PPHF by $350,000,000 each year, or 28% of the amount authorized under current law. It is unclear what impact this reduction will have on the fiscal 2019 allowance, as MDH has not yet received clarification at the federal level.

Uncertainty in Other Federal Revenue Sources

Federal action or inaction can have a potential effect on other PHPA revenue sources. In the case of the MIECHV grant program, for example, federal authorization expired in fall 2017 with no indication that MIECHV would be re-authorized. On multiple occasions, continuing resolutions were considered in Congress that did not include re-authorization of MIECHV. The federal government ultimately re-authorized the program on February 8, 2018 – five months after the previous authorization expired.

The federal MIECHV program supports the Maryland Home Visiting Program, which provides evidence-based home visiting services to at-risk pregnant women and parents of young children. The program has a requirement that any models funded by the MIECHV must be evidence-based with the exception of new models that must eventually be evidence-based. Not only is the importance of home visiting supported by evidence, but it also represents a two-generation approach to providing health and social services.

In federal fiscal 2016, the MIECHV federal grant supported 15,280 home visits to 1,332 families. Additionally, the University of Maryland Baltimore County graduated its first class from the Home Visiting Training Certificate Program.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Health Enterprise Zones Initiative

Chapter 3 of 2012 established the Health Enterprise Zones (HEZ) initiative, a four-year pilot program, to target State resources to (1) reduce health disparities; (2) improve health outcomes; and (3) reduce health costs and hospital admissions and readmissions in specific areas of the State. Chapter 3 was in response to specific health disparities that exist in Maryland when compared to other states.

Maryland provided $4 million per year over the four-year duration of the HEZ initiative. In addition to that, MDH provided technical assistance and program guidance. On January 24, 2013, MDH designated five HEZs, Annapolis Community Health Partnership (Anne Arundel County); Competent Care Connections (Caroline and Dorchester counties); Greater Lexington Park HEZ (St. Mary's County); Prince George's County HEZ (Prince George's County); and West Baltimore Primary Care Access Collaborative (Baltimore City).

Each HEZ had its own varied target community and specified goals. The overarching annual goals of the initiative were to:

- ***Year 1 –*** increase care capacity;
- ***Year 2 –*** increase productivity by utilizing new capacity;
- ***Year 3 –*** focus on quality; and
- ***Year 4 –*** focus on health outcomes.

Chapter 3 provided incentives for HEZs to work toward the Year 1 goal of increasing care capacity. In order to aid in recruitment and retention, practitioners were offered loan repayment assistance and tax credits. By the end of the four-year period, 16 health practitioners accepted loan repayment awards and nearly $204,000 in income tax credits were provided.

In order to evaluate effectiveness of health outcomes, Johns Hopkins Bloomberg School of Public Health's Center for Health Disparities Solutions conducted an analysis of hospital utilization metrics. Preliminary data is promising, at least for some HEZs. However, no data is available for the final year of the initiative, which is the point at which increased health outcomes are expected.

Appendix 1
Current and Prior Year Budgets
MDH – Prevention and Health Promotion Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017					
Legislative Appropriation	$52,290	$113,948	$206,913	$2,476	$375,626
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	-837	20	12,416	0	11,599
Reversions and Cancellations	-6	-30,620	-9,913	0	-40,540
Actual Expenditures	**$51,447**	**$83,347**	**$209,416**	**$2,476**	**$346,686**
Fiscal 2018					
Legislative Appropriation	$65,208	$112,017	$215,226	$3,337	$395,788
Cost Containment	-92	0	0	0	-92
Budget Amendments	0	0	0	0	0
Working Appropriation	**$65,116**	**$112,017**	**$215,226**	**$3,337**	**$395,696**

MDH: Maryland Department of Health

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The fiscal 2017 legislative appropriation for the Prevention and Health Promotion Administration (PHPA) decreased by $28.9 million.

The PHPA budget increased by $11.6 million through budget amendments. The appropriation increased by $533,241 ($202,967 in general funds, $21,333 in special funds, and $308,941 in federal funds) through an amendment that allocates centrally budgeted salary increments across State agencies. General funds increased by $180,349, and special funds were reduced by $1,391 to implement Section 20 of the fiscal 2017 budget bill. General and federal funds decrease ($638,073 and $729,605, respectively) related to the transfer of the Office of Primary Care from PHPA to the Public Health Administration.

A decision at the federal level to reverse previous guidance and advise PHPA to spend federal HIV Care Formula Grants down before spending Maryland AIDS Drug Assistance Program (MADAP) Drug Rebate special funds increased the budget by $12.8 million in federal funds.

The general fund appropriation decreased by $992,101 due to savings in a human services contract ($347,235) and high vacancies ($644,866). Decreases were offset by an increase of $409,583 in general funds due to increases in clinical examinations.

PHPA reverted $6,182 in general funds. PHPA canceled $30.6 million in special funds, which was largely due to the federal guidance to spend down federal funds before spending MADAP Drug Rebate special funds. PHPA canceled $9.9 million in federal funds, primarily due to lower than anticipated participation in the Women, Infants, and Children program ($8.0 million).

Fiscal 2018

To date, PHPA's fiscal 2018 budget has decreased by $91,640 in general funds due to a September 6, 2017 Board of Public Works cost containment action. Cost containment was realized primarily by aligning expenditures in the Cord Blood Transplant Program with recent actuals.

Appendix 2
Object/Fund Difference Report
MDH – Prevention and Health Promotion Administration

Object/Fund	FY 17 Actual	FY 18 Working Appropriation	FY 19 Allowance	FY 18 - FY 19 Amount Change	Percent Change
Positions					
01 Regular	416.80	401.80	401.80	0.00	0%
02 Contractual	6.83	7.70	28.14	20.44	265.5%
Total Positions	**423.63**	**409.50**	**429.94**	**20.44**	**5.0%**
Objects					
01 Salaries and Wages	$ 35,827,960	$ 38,344,433	$ 36,890,697	-$ 1,453,736	-3.8%
02 Technical and Spec. Fees	276,623	420,266	1,434,438	1,014,172	241.3%
03 Communication	778,140	611,694	603,971	-7,723	-1.3%
04 Travel	652,122	630,182	529,467	-100,715	-16.0%
07 Motor Vehicles	87,018	189,503	189,145	-358	-0.2%
08 Contractual Services	227,981,430	254,846,330	258,279,206	3,432,876	1.3%
09 Supplies and Materials	32,554,532	38,494,663	36,507,070	-1,987,593	-5.2%
10 Equipment – Replacement	245,296	129,900	48,314	-81,586	-62.8%
11 Equipment – Additional	553,509	354,921	352,925	-1,996	-0.6%
12 Grants, Subsidies, and Contributions	47,499,903	61,532,127	62,335,371	803,244	1.3%
13 Fixed Charges	229,247	142,412	215,619	73,207	51.4%
Total Objects	**$ 346,685,780**	**$ 395,696,431**	**$ 397,386,223**	**$ 1,689,792**	**0.4%**
Funds					
01 General Fund	$ 51,446,534	$ 65,116,286	$ 63,254,944	-$ 1,861,342	-2.9%
03 Special Fund	83,347,386	112,016,969	116,563,443	4,546,474	4.1%
05 Federal Fund	209,415,657	215,226,339	215,179,235	-47,104	0%
09 Reimbursable Fund	2,476,203	3,336,837	2,388,601	-948,236	-28.4%
Total Funds	**$ 346,685,780**	**$ 395,696,431**	**$ 397,386,223**	**$ 1,689,792**	**0.4%**

MDH: Maryland Department of Health

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
MDH – Prevention and Health Promotion Administration

Program/Unit	FY 17 Actual	FY 18 Wrk Approp	FY 19 Allowance	Change	FY 18 - FY 19 % Change
01 Administrative, Policy, and Management	$ 118,189,157	$ 145,785,171	$ 151,254,421	$ 5,469,250	3.8%
04 Family Health and Chronic Disease Services	228,496,623	249,911,260	246,131,802	-3,779,458	-1.5%
Total Expenditures	**$ 346,685,780**	**$ 395,696,431**	**$ 397,386,223**	**$ 1,689,792**	**0.4%**
General Fund	$ 51,446,534	$ 65,116,286	$ 63,254,944	-$ 1,861,342	-2.9%
Special Fund	83,347,386	112,016,969	116,563,443	4,546,474	4.1%
Federal Fund	209,415,657	215,226,339	215,179,235	-47,104	0%
Total Appropriations	**$ 344,209,577**	**$ 392,359,594**	**$ 394,997,622**	**$ 2,638,028**	**0.7%**
Reimbursable Fund	$ 2,476,203	$ 3,336,837	$ 2,388,601	-$ 948,236	-28.4%
Total Funds	**$ 346,685,780**	**$ 395,696,431**	**$ 397,386,223**	**$ 1,689,792**	**0.4%**

MDH: Maryland Department of Health

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.