

Department of Legislative Services

Maryland General Assembly

2003 Session

FISCAL AND POLICY NOTE**Revised**

Senate Bill 345

(Senator McFadden)

(By Request - Baltimore City Administration)

Education, Health, and Environmental Affairs

Health and Government Operations

Baltimore City Health Department - Designation of Nonprofit and Quasi-Governmental Entities - Alcohol and Drug Abuse Administration Funds

This bill allows the Baltimore City Health Department to designate a nonprofit or quasi-governmental entity to receive funds from the Department of Health and Mental Hygiene's (DHMH) Alcohol and Drug Abuse Administration (ADAA) to plan, manage, monitor, and disburse funds to substance abuse prevention and treatment programs. ADAA must disburse funds budgeted to the health department for these services directly to the designees. The health department may revoke its designation of nonprofit or quasi-governmental entities at any time, except to the extent that the designees, ADAA, or both have acted in reliance on the designation. A quasi-governmental entity is defined as a land-based organization created by a unit of government to plan for the use of, monitor, disburse, and manage public funds. It includes Baltimore Substance Abuse Systems, Inc. (BSAS).

Fiscal Summary

State Effect: State finances would not be materially affected. Total grant amounts awarded would not change. The only quasi-governmental entity this bill would affect now is BSAS. Any grant funds that are currently kept by the Baltimore City Health Department to cover administrative costs could be given to the program provider instead.

Local Effect: State grant funds to BSAS would no longer be passed through the Baltimore City Health Department but instead would be made directly to BSAS. The health department, which takes a percentage of the grant to cover administrative costs would no longer receive that money.

Small Business Effect: Minimal.

Analysis

Current Law: An alcohol and drug abuse treatment program is defined as any individual or organization that provides treatment, care, or rehabilitation for individuals who show the effects of drug or alcohol abuse and represents itself as a treatment program. It also includes a program or facility owned or operated by the State or any of the State's political subdivisions. The treatment program must be certified by DHMH before it can provide services in Maryland. This does not apply to:

- licensed health professionals treating patients within the scope of the professional's practice who does not advertise the practice as a drug or alcohol abuse treatment program;
- Alcoholics Anonymous, Narcotics Anonymous, transitional housing programs, or other similar organizations, if the organization holds meetings or provides support services to help individuals who show the effects of drug or alcohol abuse; or
- an employee's assistance program of a business.

Background: Nonprofit organizations exempt from federal taxes, as defined by 501(c) of the federal Internal Revenue Code, include: corporations and any community chest, fund, or foundation organized and operated exclusively for religious or charitable purposes, or for the purposes of testing for public safety; and civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

The Baltimore City Health Department advises that this bill is intended to lessen the amount of time it takes its substance abuse treatment and prevention service providers to receive grant funds once the city receives the money from the State. It can take the city anywhere from 4 weeks to up to 12 weeks after the city receives the grants from the State before the city releases the funds to the service providers. As a result of this bill, service providers could receive the grants at least four weeks sooner than they are currently.

The city health department further advises that while it is authorized by ADAA to withhold 7% of the State grants to third-party providers in order to pay for the city's administrative costs, it only takes \$195,000 out of the \$21,055,049 treatment block grant for this reason.

State Fiscal Effect: In fiscal 2003, ADAA's budget includes \$48.7 million (general, federal, and special funds) to the Baltimore City Health Department that then went to BSAS for substance abuse prevention and treatment programs. In fiscal 2004, BSAS is expected to receive \$48.9 million. This bill is not expected to materially affect State finances. It would, however, streamline the grant awarding process for the providers specified under this bill. To the extent that grants to service providers are no longer reduced to cover health department administrative costs, this would result in an increase in funds to the service providers.

Local Fiscal Effect: The Baltimore City Health Department's revenues for administrative expenses could decrease as grants are made directly to BSAS. Specifically, Baltimore City expects to lose \$195,000 in revenue for administrative costs from the State but city officials say that the city can absorb the loss.

Additional Information

Prior Introductions: None.

Cross File: HB 465 (Delegate Marriott) – Health and Government Operations.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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