

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

House Bill 1043 (Delegate Carter, *et al.*)
 Health and Government Operations

Department of Health and Mental Hygiene - State Facilities - Closure

This bill prohibits the Secretary of Health and Mental Hygiene from closing any facility that is located in Baltimore City, is owned or operated by the Department of Health and Mental Hygiene (DHMH), and was in operation on January 1, 2009.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: General fund revenues increase by \$244,100 in FY 2010 from the generation of hospital patient revenues that would have been lost with the closure of the Walter P. Carter Center. General fund expenditures increase by \$5,100,000 in FY 2010 to restore funding for the center, which is set to be closed in the Governor’s proposed FY 2010 budget. Future years reflect annualization and 3% increases in revenues and expenditures.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	\$244,100	\$335,200	\$345,200	\$355,600	\$366,200
GF Expenditure	\$5,100,000	\$7,004,000	\$7,214,100	\$7,430,500	\$7,653,500
Net Effect	(\$4,855,900)	(\$6,668,800)	(\$6,868,900)	(\$7,075,000)	(\$7,287,200)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Mental Hygiene Administration (MHA) is responsible for the treatment and rehabilitation of the mentally ill. State-run psychiatric facilities include seven hospitals and two residential treatment centers – Regional Institutions for Children and Adolescents – for the mentally ill.

With some exceptions, State law permits the Board of Public Works (BPW) to transfer any property, and all rights of physical custody and control over the property, from a unit of the Executive Branch of the State government to another unit of the Executive Branch of the State government. The transferred property still remains subject to the continuing general jurisdiction of BPW. Under the State clearinghouse process, State and local agencies are allowed to express an interest in State excess real property and BPW decides how the property is disposed.

Background: The State-operated psychiatric facility portion of the Carter Center is scheduled to close on October 1, 2009, as part of a plan to move mentally ill and developmentally disabled individuals out of State psychiatric facilities into community placements and other institutional placements. Under the plan, 23.3 full-time equivalent (FTE) positions will be abolished, 89 FTEs will be transferred to the Clifton T. Perkins Hospital Center, and 11 FTEs will remain at Carter to keep the building in operation. The plan involves reducing the number of available beds by 33.

The State will continue to have general fund expenses related to insurance, security, utilities, and maintenance, although some of these costs would continue to be shared with existing tenants, which include the University of Maryland Medical System (offering a variety of drug treatment, mental health, and pediatric programs); Baltimore City (offering an alternative school); and Baltimore Crisis Response Inc. (offering community mental health and crisis intervention services).

State Revenues: The Governor's proposed fiscal 2010 budget includes a general fund revenue loss of \$254,759 due to hospital patient revenues that are reduced with the elimination of operating expenditures at the center. Prohibiting the center to close will effectively continue hospital operations and allow for the continued generation of patient revenues. Therefore, general fund revenues increase by \$254,759 in fiscal 2010. Future years reflect annualization and 3% annual increases in revenue generation.

State Expenditures: The Governor's proposed fiscal 2010 budget includes a general fund expenditure decrease of \$5.1 million with the plan to close the center on October 1, 2009. Therefore, general fund expenditures increase by \$5.1 million in fiscal 2010 to restore funding for the center to keep it in full operation. This estimate includes salaries and benefits for the 23.3 FTEs that would have been terminated with the

closure of the center as well as the cost of replacing 89 FTE employees who are scheduled for transfer to Perkins Hosiptal Center to support the opening of a new wing. Future years reflect annualization and 3% inflation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Department of Budget and Management, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2009
mlm/mwc

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