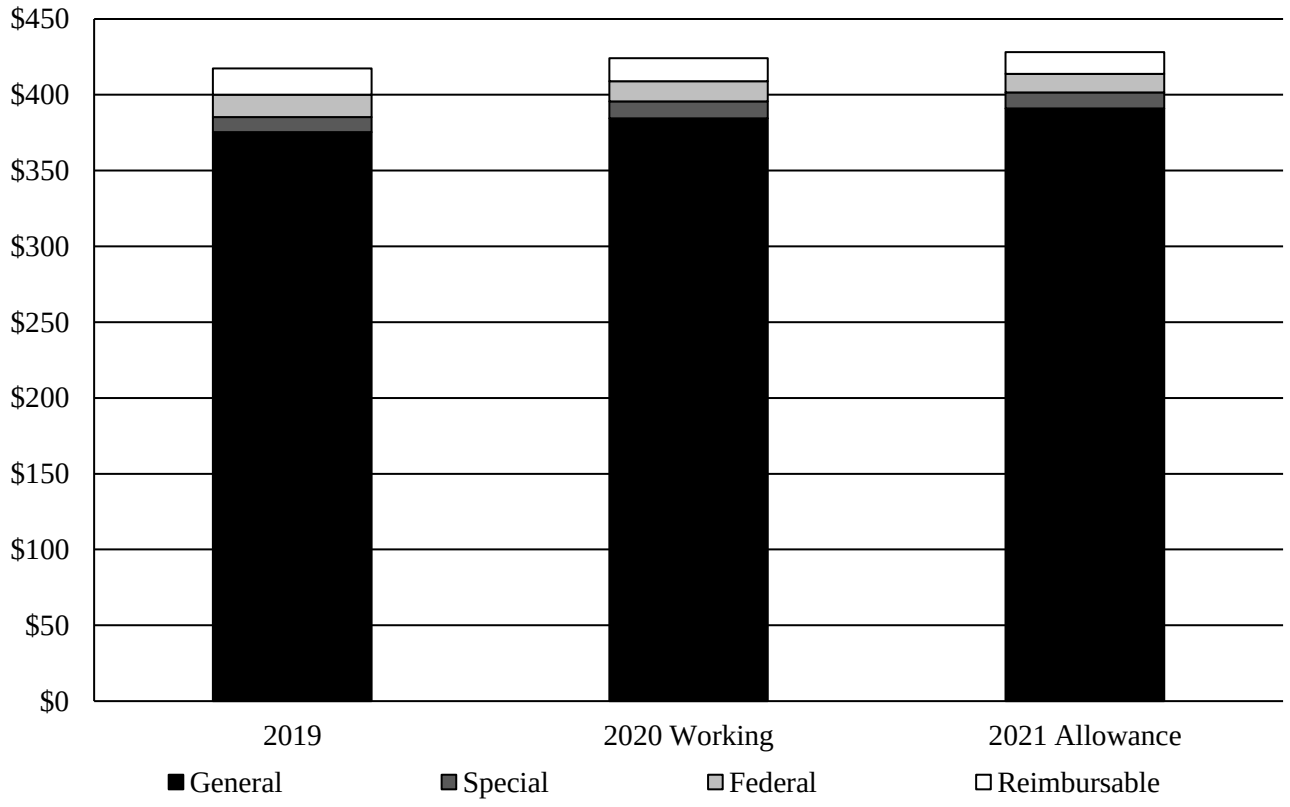
M00A01
Administration
Maryland Department of Health

Executive Summary

The Maryland Department of Health Administration establishes policies regarding health services and supervises the administration of the health laws of the State while also providing for the main operations components of the entire department, including administrative, financial, information technology, and general services. Nine of the State's hospitals are also included in the Administration's budget.

Operating Budget Summary

Fiscal 2021 Budget Increases by $4.1 Million or 1% to $428.1 Million
($ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

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Key Observations

- ***Facilities Organized under Deputy Secretary of Operations:*** The fiscal 2021 analysis includes a discussion of the State psychiatric and chronic care hospitals performance and personnel due to their consolidation underneath the Deputy Secretary of Operations.

- ***Western Maryland Hospital Center and Facilities Master Plan:*** The facilities master plan, anticipated April 15, 2020, will make recommendations on the future of the Western Maryland Hospital Center and the State's other hospital infrastructure.

- ***New General Fund Grants:*** Local Health Improvement Coalitions will receive $1 million to assist with diabetes prevention and the ALS Association of DC, Maryland, and Virginia will receive $500,000

Operating Budget Recommended Actions

1. Delete general fund support for Local Health Improvement Coalitions, contingent on special fund support provided through a separate Budget Reconciliation and Financing Act action and recommendations.

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision in the Budget Reconciliation and Financing Act to transfer $199,517 from the Maryland Board of Physicians Fund to Medicaid instead of the Maryland Department of Health Office of the Secretary.

M00A01
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Maryland Department of Health

Operating Budget Analysis

Program Description

The Maryland Department of Health (MDH) Administration budget analysis includes the Office of the Secretary, which is divided into the Executive Direction and Operations functions. These offices establish policies regarding health services and supervise the administration of the health laws of the State and its subdivisions while also providing for the main operations components of the entire department, including administrative, financial, information technology (IT), and general services (such as central warehouse management, inventory control, fleet management, space management, and management of engineering/construction projects).

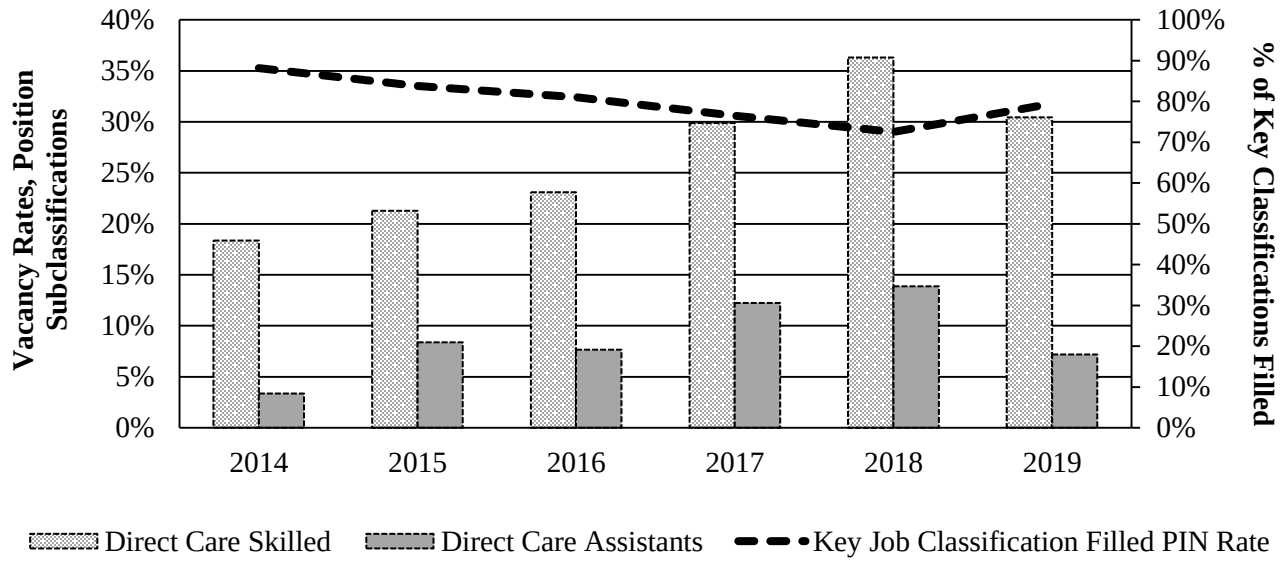
The Operations function also oversees 9 of the 11 State-run facilities: 4 regional adult psychiatric hospitals (Thomas B. Finan Hospital Center, Eastern Shore Hospital Center, Springfield Hospital Center, and Spring Grove Hospital Center); 2 Regional Institutes for Children and Adolescents (RICA) in Baltimore City and Rockville (RICA – Baltimore City and John L. Gildner – RICA, respectively); 2 chronic and long-term care hospitals (Western Maryland Hospital Center and Deer's Head Hospital Center); as well as 1 maximum security forensic hospital (Clifton T. Perkins Hospital Center). Other components of the Office of the Secretary include the Office of Minority Health and Health Disparities as well as special and federal fund major IT spending for the entire department excluding Medicaid.

Performance Analysis: Managing for Results

1. Key Job Classifications See Declining Vacancy Rates

One measure that is consistently tracked is the department's ability to employ the workforce necessary to perform the core functions of MDH, which is measured by the employment rate within 20 key job classifications (**Appendix 5** lists the 20 key job classifications and denotes which positions are considered direct care and also skilled direct care, and provides counts of position). These 20 key job classifications are taken from over 750 classification levels used by MDH and are considered by the department to be a representative sample of those positions key to fulfilling its mission. After years of increasing vacancy rates driven by direct care staff, **Exhibit 1** highlights that this trend is starting to reverse.

Exhibit 1
Key Job Classifications – Various Data
Fiscal 2014-2019



Source: Governor's Fiscal 2021 Budget Books

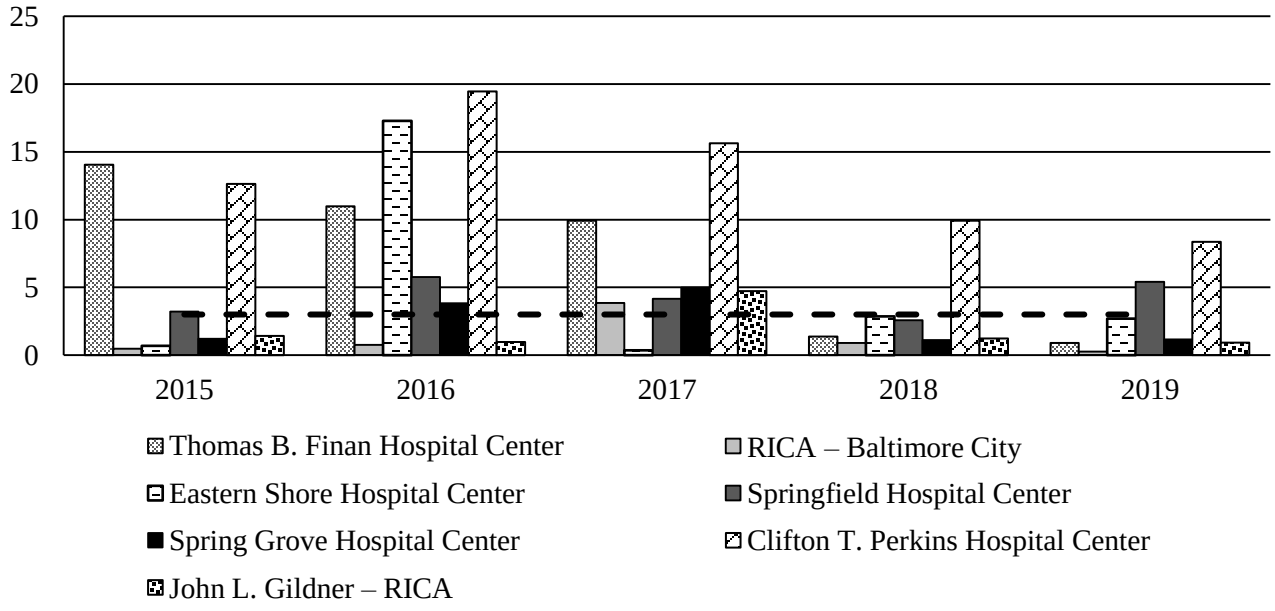
The direct care skilled classifications consist of nurses, social workers, and physicians and experienced an aggregate 6 percentage point decline in vacancy rates in fiscal 2019. The direct care assistants, who historically have lower vacancy rates than other classifications, experienced a 7 percentage point decline in vacancy rates for fiscal 2019. At a 7.19% vacancy rate, direct care assistants have one of the lowest vacancy rates within the key classifications. Further, direct care assistants and social workers will be receiving an Annual Salary Review (ASR) increase for fiscal 2021, currently budgeted in F10A0208 – Statewide Program and will be distributed to MDH through a budget amendment.

Exhibit 1 also shows the collective rate of key job classification positions that are filled. As expected, the declining vacancy rates experienced with the different direct care positions have made a positive impact on this metric as well, considering direct care positions make up roughly half of the total employees in the key classification metric.

2. Employee and Patient Safety at State Psychiatric Facilities

One of MDH's goal is to provide a safe working environment for State employees. MDH establishes a goal of staff time lost due to an injury sustained in the performance of their job duties (accidental leave) for psychiatric facilities not exceeding 3 hours per 1,000 hours worked. This metric in particular has proved challenging for the psychiatric facilities, with every single facility, including RICAs missing this target at least once since fiscal 2015. As shown in **Exhibit 2**, some facilities routinely have more challenges meeting this goal than others.

Exhibit 2
Accidental Leave Rates
Fiscal 2015-2019



RICA: Regional Institutes for Children and Adolescents

Source: Governor's Fiscal 2021 Budget Books

Both RICAs and the Eastern Shore Hospital Center have only missed this target once since fiscal 2015. The remaining facilities have routinely struggled. Clifton T. Perkins Hospital Center has exceeded this standard every year, and Springfield Hospital Center has surpassed 3 hours per 1,000 hours four of five times since 2015, although less egregiously than the Clifton T. Perkins Hospital Center. The Thomas B. Finan Hospital Center, after significant challenges meeting this objective in prior years, has notably trended downward and quickly within the last two years.

It is worth highlighting that the State's psychiatric facilities perform well in the performance measures that pertain to patient safety. The department also tracks patient injuries (under one patient injury per 1,000 bed days) and patient seclusions and restraints (0.75 hours per 1,000 patient hours). When and how many hospitals failed to meet this goal is shown in **Exhibit 3**.

Exhibit 3
Patient Safety and Restrictions – Hospitals Missing Goal
Fiscal 2015-2019

	2015	2016	2017	2018	2019
Patient Injury Rate	0	0	0	0	0
Restraint Rate	2	3	2	2	2
Seclusion Rate	1	0	1	0	1

Source: Governor's Fiscal 2021 Budget Books

As shown, the patient safety goal has been achieved by every hospital in recent years. The restraint rate violations are concentrated at the Springfield Hospital Center and Clifton T. Perkins Hospital Center with both facilities exceeding 0.75 hours per 1,000 patient hours each of the last five years. The Eastern Shore Hospital Center is the only hospital that has been responsible for surpassing the seclusion rate. In total, there have only been 14 instances where a hospital has exceeded these measures.

Fiscal 2020

Proposed Deficiency

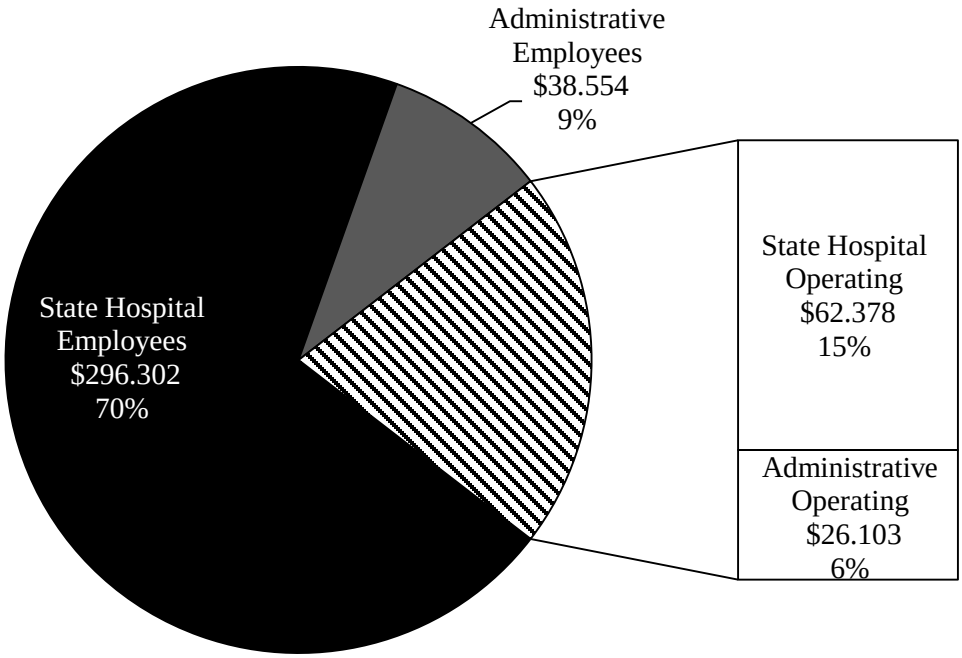
The 2021 budget includes two proposed deficiencies for MDH Administration's budget. The first reflects a decline in the department's ability to claim indirect cost recoveries from the federal government for nonhospital employees. Regular and contractual staff who are supported with federal funds are eligible for indirect cost recovery from the federal government. However, due to increasing vacancies within this class of employees, the amount that the department can claim is lower than anticipated. MDH also advises that the rate itself has changed and is based on the share of administrative expenses versus programmatic expenses. The department notes that prioritizing programmatic expenses over administrative expenses has also reduced the amount that it is able to claim. For fiscal 2020, this deficiency increases the general fund expenditures by $1.35 million, offset by an equal reduction in federal fund expenditures.

The other fiscal 2020 deficiency is to provide operating costs for the Crownsville Hospital Center that is no longer in operation. The budget includes $807,742 for fuel, utilities, vehicles, and security services at the Crownsville campus – $604,110 general funds and $203,632 special funds. It should be noted that the fiscal 2021 budget continues to underfund likely expenditures that will necessitate a deficiency next year.

Fiscal 2021 Overview of Agency Spending

The addition of the State hospitals to the MDH Administration budget has significantly increased the size of the budget. The State hospitals alone have 56% of MDH employees, and, as shown in **Exhibit 4**, represent 70% of the agency's $423 million budget.

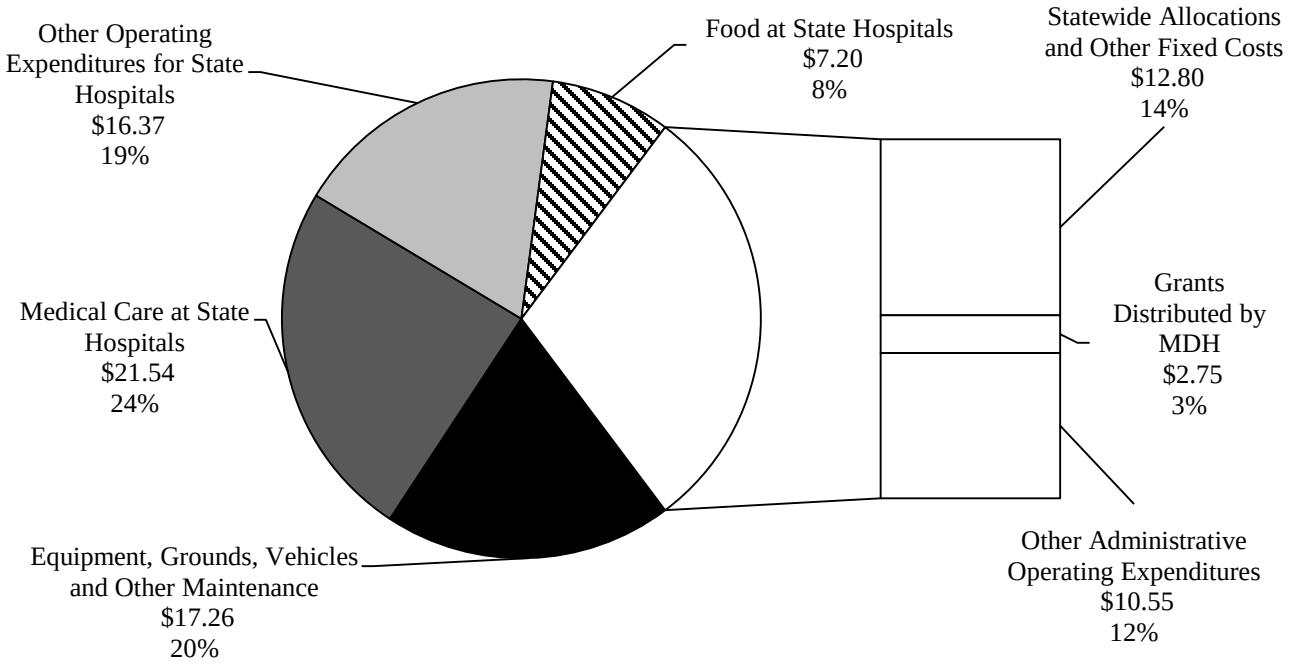
Exhibit 4
Overview of Agency Spending
Fiscal 2021 Allowance
($ in Millions)



Source: Governor's Proposed Budget

Additional detail on operating expenditures is shown in **Exhibit 5**.

Exhibit 5
MDH Administration Operating Expenses
Fiscal 2021 Allowance
($ in Millions)



MDH: Maryland Department of Health

Source: Governor's Proposed Budget

Proposed Budget Change

The MDH Administration budget increases by $4.1 million in fiscal 2021, as shown in **Exhibit 6**. The most notable changes include increases throughout the State hospitals driven by increased use of contractual employees.

The Administration's budget also includes $1.3 million for local health departments (LHD), a $305,661 increase to health insurance LHDs, and an additional $1 million enhancement for LHD grant funding to be made at MDH's discretion. This enhancement budgeted in the Administration budget is outside of the core funding formula for LHDs, which increased by $924,551 in the Public Health Administration's budget. MDH advises that this funding enhancement is planned for Local Health Improvement Coalitions (LHIC) that are groups led by LHDs that include local government agencies,

schools, hospitals, and community associations. MDH hopes to engage with LHIC to assist with achievement of the board's community-based goals required under Total Cost of Care (TCOC), the first of which is diabetes prevention.

Exhibit 6
Proposed Budget
MDH – Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2019 Actual	$375,343	$9,976	$14,731	$17,352	$417,402
Fiscal 2020 Working Appropriation	384,363	11,183	13,483	15,009	424,038
Fiscal 2021 Allowance	391,046	10,465	12,438	14,182	428,131
Fiscal 2020-2021 Amount Change	$6,683	-$718	-$1,044	-$828	$4,094
Fiscal 2020-2021 Percent Change	1.7%	-6.4%	-7.7%	-5.5%	1.0%

Where It Goes:	Change
Personnel Expenses	
Fiscal 2021 general salary increase, 2% effective January 1, 2021	$3,114
Retirement systems contributions	1,721
Decrease in turnover expectancy	1,663
January 1, 2020 general salary increase annualization	776
Unemployment and worker's compensation	169
SLEOLA increase	127
Increase in overtime expenditures budgeted for the Operations department	2
Decrease in budgeted overtime at facilities underneath the Deputy Secretary of Operations, including a $17,303 decrease at the Eastern Shore Hospital Center	-25
Decrease in amount budgeted for shift differential and accrued leave payout	-109
Social Security contributions	-161
Decrease in regular earnings budgeted for positions assigned to MDH Administration, including 4 abolished PINs	-212
Funding available for reclassifications	-1,174
Decrease in amount budgeted for salaries for acting positions and other reclassification funding	-1,408
Decrease in regular earnings at State hospitals, driven by 41.9 abolished positions at State Hospitals, partially offset by net increase of staff at the Spring Grove Hospital Center for the Central Intake Unit	-1,857
Employee and retiree health insurance	-4,343

Where It Goes:	**Change**
Behavioral Health Facilities and Chronic Care Hospitals	
Collective increase in contract employee expenditures at State facilities	2,236
Fiscal 2020 deficiency for Crownsville Hospital Center, slightly offset by an increase in fiscal 2021 budget amount for closed facilities maintenance	-802
Changes in MDH Administration	
Discretionary funding for LHICs	1,000
Technical increase in the Office of Procurement due to contract negotiations cost savings budgeted in fiscal 2020	909
Statewide personnel system allocation	866
Increase in software expenditures throughout the MDH administration, including DoIT service allocations	785
New ALS grant to be provided by MDH	500
Increase in contractual employee expenditures for MDH Administration	324
Increase in contractual health insurance	306
Contract from the Office of Minority Health and Health Disparities to the University of Maryland, Baltimore Campus to staff the statewide Minority Health Disparities Project	75
Reduction in Major IT spending for Enterprise Licensing Project not budgeted in fiscal 2021	-379
Other Operating Expenditures	**-9**
Total	**$4,094**

ALS: amyotrophic lateral sclerosis, also known as Lou Gehrig's disease
DoIT: Department of Information Technology
IT: information technology
LHIC: Local Health Improvement Coalitions
MDH: Maryland Department of Health
SLEOLA: State Law Enforcement Officers Labor Alliance

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

MDH notes that LHICs were established in 2012 on a jurisdictional basis and to date have had varying degrees of performance success. MDH plans to use this additional funding to bring underperforming LHICs up to a minimum standard and align them with TCOC diabetes goal.

MDH notes that this is the second iteration of State funding targeted toward LHICs, the first of which, also for $1 million, was supported through the Community Health Resources Commission (CHRC) in fiscal 2020. MDH's use of general funds for this purpose in fiscal 2021 is based on the assumption that the proposed Budget Reconciliation and Financing Act (BRFA) action that caps CHRC funding at $8.0 million would limit CHRC from funding LHICs in fiscal 2021. **The Department of Legislative Services (DLS) recommends deleting the $1,000,000 general fund appropriation for**

LHICs and amending the BRFA, delaying the funding restriction for CHRC until fiscal 2022. DLS also recommends restricting $1,000,000 of CHRC special funds for the support of LHICs in fiscal 2021. The latter two recommendations will be made in the analysis of the Health Regulatory Commissions. Further discussion of the need to alter the CHRC allocation can be found in the Medicaid analysis.

The Office of the Secretary will be providing a new $500,000 grant to the ALS Association of DC, Maryland, and Virginia that appears in the budget for fiscal 2021. This grant will assist with operating expenditures for the ALS Association to support individuals living with amyotrophic lateral sclerosis, also known as Lou Gehrig's disease, in Maryland.

Personnel Data

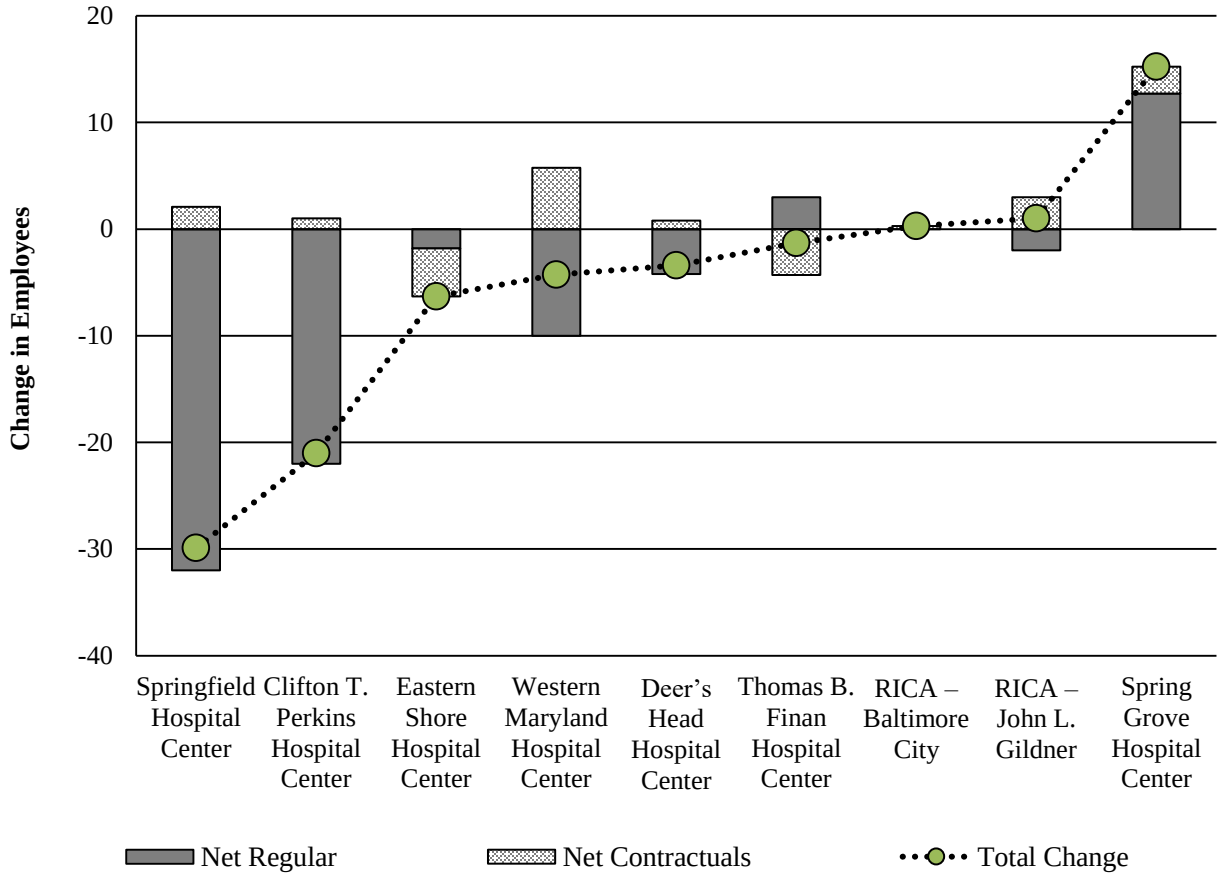
	FY 19 Actual	FY 20 Working	FY 21 Allowance	FY 20-21 Change
Regular Positions	3,454.70	3,530.90	3,472.10	-58.80
Contractual FTEs	198.65	192.49	206.77	14.28
Total Personnel	**3,653.35**	**3,723.39**	**3,678.87**	**-44.52**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		313.18	9.02%	
Positions and Percentage Vacant as of 12/31/19		355.90	10.08%	
Vacancies Above Turnover		42.72	1.06%	

Changes in Employee Complements

Facilities

The most substantive changes in the fiscal 2021 proposed budget pertain to changes in regular and contractual employees throughout the department. The facilities see 41.9 positions abolished and 25 positions transferred out to other parts of the department. This is only slightly offset by 10 new positions at State facilities, creating a net change of 56.3 fewer regular employees budgeted for fiscal 2021. The facilities overall increase the number of contractual staff, but most of the State facilities have a decrease in the total employee compliment, as shown in **Exhibit 7**.

Exhibit 7
Change in State Facility Employees



RICA: Regional Institute for Children and Adolescents

Source: Governor's Proposed Budget

As shown, only one facility, Spring Grove Hospital Center, has a noticeable increase in employees for fiscal 2021. This is due to Spring Grove Hospital Center hosting the department's 20-bed Central Intake Unit (CIU) for court-involved patients.

CIU was developed to address the requirement in Chapter 188 of 2018 that, upon the court finding that a defendant is incompetent to stand trial or not criminally responsible, the defendant be admitted to a designated health care facility within 10 days. The facility was opened on November 5, 2019. CIU occupies a previously vacant portion of the Spring Grove Hospital Center, and the fiscal 2021 budget allocates the positions needed to staff the unit to Spring Grove Hospital Center. The shift staffing levels needed for the unit are shown in **Exhibit 8**.

Exhibit 8
Central Intake Unit Staffing Models

	Registered Nurses	Licensed Practical Nurses	Direct Care Assistants	Security	Total
Day Shift	3 to 4	1 to 2	3	1 to 2	8 to 11
Night Shift	2 to 3	1 to 2	2	1 to 2	6 to 9

Source: Maryland Department of Health

The Administrative component has 4 abolished positions that are partially offset by transferring in 1.5 regular employees. The Executive Direction function gained an internal auditor and an administrator, while the Operations function lost a net of 4.5 positions. Like other budget units, the Administrative function added contractual employees – a net increase of 7.61, resulting in the employee compliment increasing by 5.1 full-time equivalents.

MDH highlights that the positions targeted for abolition were long-term vacancies. Of those positions abolished, over 60% were vacant for longer than one year.

BRFA Provision

The BFRA of 2020 includes a fund transfer of $199,517 from the Maryland Board of Physicians special fund to the Office of the Secretary. MDH advised that this is to repay general funds expended by MDH for the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants in fiscal 2019. However, there is no outstanding receivable in MDH related to this repayment, so effectively, this simply provides for additional spending in the Office of the Secretary in fiscal 2021. **DLS recommends amending the BFRA to transfer the funds to Medicaid to support the expansion of the Primary Care Model to the Chronic Health Home program reducing the need for general fund support in Medicaid.**

Issues

1. Facilities: Reorganization and Staffing

The change in organizational structure to move 9 of the 11 State-run facilities under the Deputy Secretary of Operations reflects the change in leadership and organizational structure in the department as of July 1, 2019. The change is an effort to build toward a more cohesive State health care system. Rather than the hospitals and the leadership teams at these facilities operating independently, MDH believes that this structure will allow the facilities to better share procurement, preparedness, secured transport services, and other functions already done by the centralized health department.

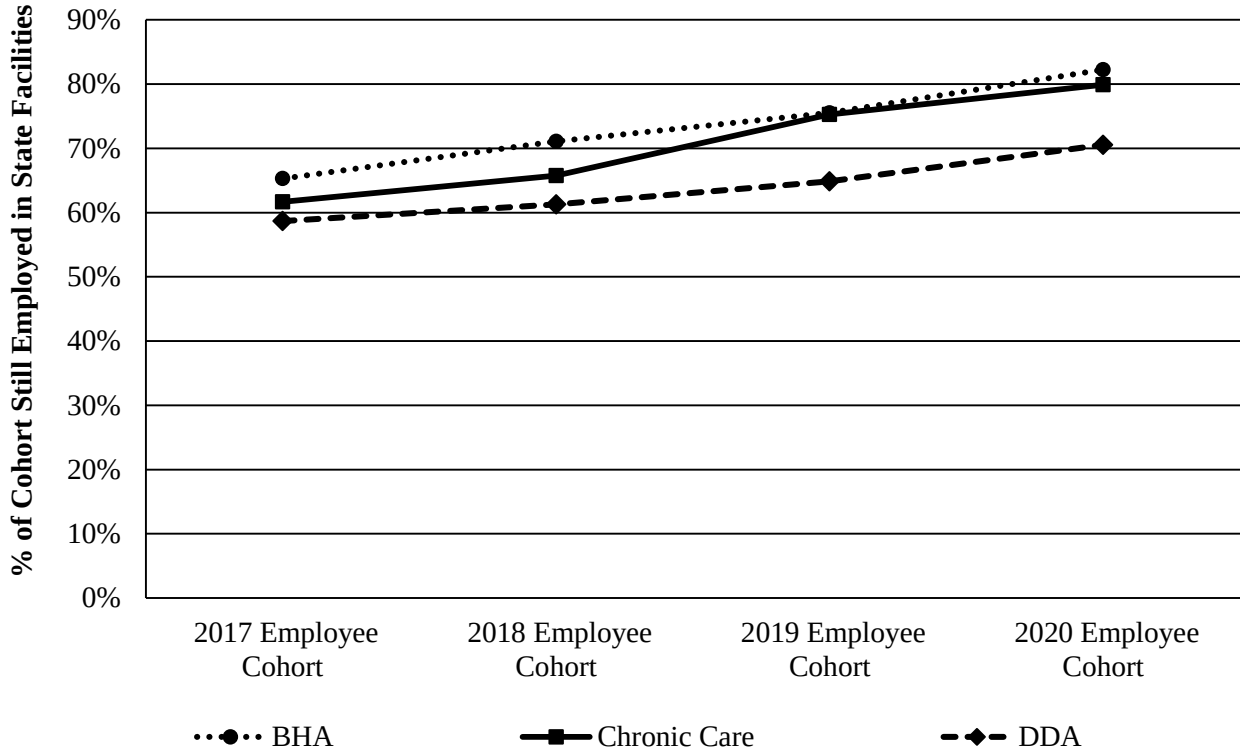
MDH reports that this reorganization has already resulted in a systemwide procurement for the purchase of physician care services, laboratory services, and pharmaceuticals. The department hopes to expand this shared operations services to cross-campus clinical staffing, employee recruitment and training, and patient quality measures. The department further notes that, although not formally underneath the Deputy Secretary of Operations, the Developmental Disabilities Administration (DDA) facilities aim to also benefit from this system and are participating in the conference calls and other organizational tools to improve communications, human resources, and operations at State hospitals.

MDH reports that DDA facilities were excluded from this formal reorganization due to differences in patient need for individuals in the DDA facilities. However, the patient mix at the chronic care hospitals is also dissimilar to the Behavioral Health Administration (BHA) hospitals, and the RICA facilities are also much different than the State psychiatric hospitals themselves. Considering that the DDA facilities are in theory functionally benefiting from the systemwide approach being undertaken by the department, the absence of these facilities from the Operations department due to population is puzzling. **MDH should comment on why DDA facilities were not formally moved under the organizational umbrella of the Deputy Secretary of Operations.**

One early challenge presented to the Deputy Secretary of Operations is the significant employee footprint at these facilities and the share of overtime that these hospitals generate year over year. The fiscal 2021 MDH Overview analysis discussed the increasing overtime expenditures and routine underfunding of these costs in detail. A factor that contributes to overtime expenditures, and a persistent concern for the department, is vacancy rates at facilities.

In addition to discussing traditional vacancy rates in the MDH Overview, DLS conducted an analysis on the retention of employees at State facilities. To do this analysis, DLS gathered the authorized, filled positions in the State hospitals for fiscal 2017, 2018, 2019 and 2020. DLS then compared these positions to point-in-time vacancies at the end of the calendar year. **Exhibit 9** shows what percent of filled positions were vacant at some point in time over the remaining years sampled for each employee cohort, by facility type.

Exhibit 9
State Facility Retention Rate
Fiscal 2017-2020



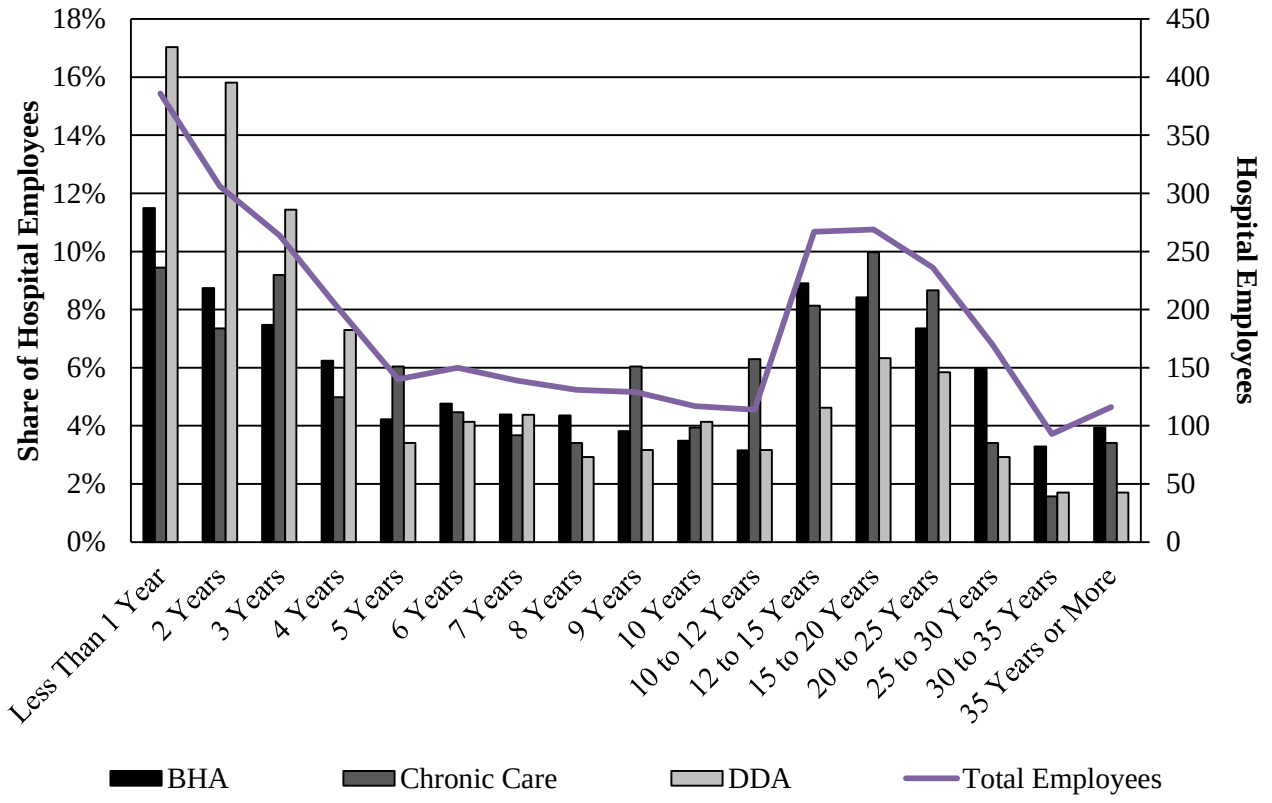
BHA: Behavioral Health Administration
DDA: Developmental Disabilities Administration

Source: Budget Data, Department of Legislative Services

Through this analysis, DLS estimates that under two-thirds of employees who were working at State facilities in fiscal 2017 remained within the State-run system four years later. As shown, this is broadly true for each type of facility in the State system, although DDA facilities retained the fewest of their 2017 employee cohort. DLS acknowledges limitations with point-in-time vacancy counts. However, more accurate vacancy data would likely only decrease the retention rates calculated through this analysis.

DLS was further interested in the longevity of existing employees within the State hospitals. To evaluate this, DLS conducted an analysis of employee hire dates and found the share of hospital staff who have worked at a facility for varying lengths of time. **Exhibit 10** shows these groupings and highlights that the single largest share of hospital employees (12%) have worked less than a year.

Exhibit 10
Length of Service at State Hospitals



BHA: Behavioral Health Administration
DDA: Developmental Disabilities Administration

Source: Budget Data, Department of Legislative Services

Generally speaking, the facilities do not have a significant share of their workforce who have been with their respective facilities between 5 and 10 years but do have a noticeable increase in individuals who have been with the State for 12 years or more. One potential contributing factor to this decline in the 5- to 10-year group is the State's hiring freeze after the Great Recession, meaning very few employees would have started State service 10 years ago. Another factor could be the pension reform undertaken in 2011, meaning newer employees having less incentive to maintain State service. Additionally, around this period, the State closed and consolidated hospitals, resulting in fewer job opportunities than in prior years.

BHA facilities also on balance have the longest serving workforce, while the DDA facilities, with their recent vacancy rate increases, skew toward employees with less service time.

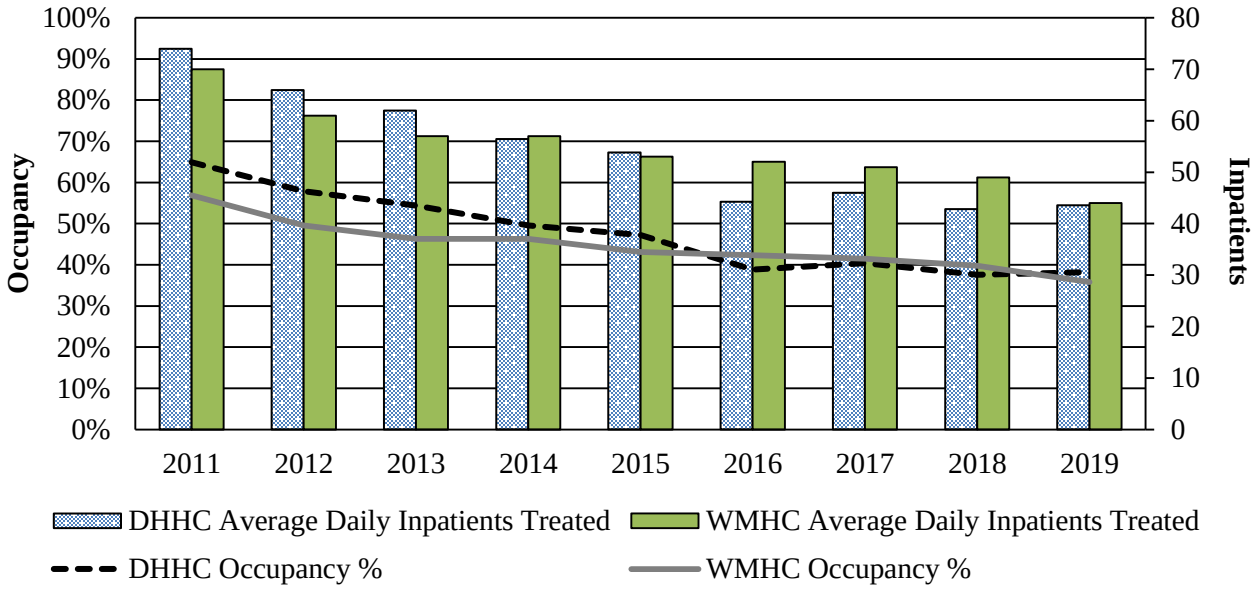
The 2019 *Joint Chairmen's Report* (JCR) requested that the department pursue a potential avenue to address turnover, vacancies, and overtime throughout the BHA hospitals by establishing staffing committees comprised of equal parts members of management and hospital staff at each facility. These committees were to be comprised of representatives from each major bargaining unit in the hospitals and be tasked with establishing a staffing plan for each State-run psychiatric facility. The department elected to revert the $100,000 restricted with this budget language to the General Fund and to not establish the staffing committees but rather continue negotiations with the bargaining units directly. As previously mentioned, several classes of hospital staff received ASRs for fiscal year 2021.

2. Forthcoming Facilities Master Plan and Future of the Western Maryland Hospital Center

Another task facing the department and the facilities is the forthcoming facilities master plan. Originally requested in the 2018 JCR and due on October 1, 2018, after two extensions granted by the budget committees, the master plan is anticipated to be submitted by April 15, 2020. The department cited the growing scope of the project and comprehensive nature of this undertaking for the cause of the extensions. However, the department did submit a feasibility study for the Western Maryland Hospital Center but declined to make recommendations on the future of the hospital until the master plan is completed.

The Western Maryland Hospital Center feasibility study finds that, if necessary and high-priority renovations are made in a timely manner, the usable life of the facility could be extended to 10 to 20 years. These high priority renovations would cost an estimated $12.5 million and include re-roofing the hospital entirely, renovating the windows, and improving accessibility to the main entrance. However, the study also notes that the lack of functional swing space in the hospital would make it challenging to undertake some of the necessary renovations. The comments provided by MDH with this study note that no recommendations will be adopted until the facilities master plan is finalized, and it will continue to maintain the facility for patient safety in the interim. The study also posits the necessity of conducting these renovations for a fairly small patient population. As shown in **Exhibit 11**, occupancy at the Western Maryland Hospital Center, along with the other chronic care hospital, Deer's Head Hospital Center, has steadily declined over recent years.

Exhibit 11
Occupancy at Chronic Care Hospitals
Fiscal 2011-2019



DDHC: Deer's Head Hospital Center
WMHC: Western Maryland Hospital Center

Source: Governor's Fiscal 2021 Budget Books

Further, while the occupancy at the chronic hospitals has declined, both the RICAs and State-psychiatric hospitals have maintained occupancy rates above 90%. The department reports that the master plan will take into account capacity at the current facilities and the overall capacity in the State for the types of services currently provided by MDH. This includes a gap analysis of the overall State capacity, including private psychiatric capacity and what role the department will play, as well as possible renovations of existing facilities, consolidation of operations, public-private partnerships, and what to do with existing unoccupied or underutilized facilities.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

   , provided that this appropriation shall be reduced by $1,000,000 contingent upon the enactment of legislation to provide special funds for Local Health Improvement Coalitions.

   Explanation: This language reduction makes the deletion of general funds supporting Local Health Improvement Coalitions contingent on special funds being made available through corresponding Budget Reconciliation and Financing Act recommendations and budget recommendations.

Budget Reconciliation and Financing Act Recommended Actions

1. Amend a provision in the Budget Reconciliation and Financing Act to transfer $199,517 from the Maryland Board of Physicians Fund to Medicaid instead of the Maryland Department of Health Office of the Secretary.

Appendix 1
2019 *Joint Chairmen's Report* Responses from Agency

The 2019 *Joint Chairmen's Report* (JCR) requested that Maryland Department of Health (MDH) prepare three reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Staffing Committees and Staffing Plans at State-run Psychiatric Facilities:*** The fiscal 2020 Budget Bill restricted funding pending the establishment of staffing committees and the development of staffing plans at the State-run psychiatric facilities. In a letter to the joint chairmen, MDH stated that they will be reverting the restricted funds to the General Fund. MDH cited its negations with the bargaining units involved, its commitment to reducing vacancies at the State-run psychiatric facilities, and initiatives to improve employee safety. Employee and patient safety is discussed further in the second Managing for Results discussion in this analysis. Overtime rates at State hospitals are discussed in depth in the MDH Overview analysis.

- ***Western Maryland Hospital Center Building Assessment and Feasibility Study:*** The report submitted identifies three priority tiers for the Western Maryland Hospital Center with total estimated costs at $37.3 million, over a third of which are high-priority needs. However, MDH concludes that recommendations for the Western Maryland Hospital Center will ultimately be made as part of the facilities master plan due to the budget committees on April 15, 2020. The Western Maryland Hospital Center feasibility study and facilities master plan are discussed at greater length in Issue 2 of this analysis.

- ***University of Maryland Shore Medical Center Chestertown Audit:*** MDH was required to conduct an assessment on the services offered at the University of Maryland Shore Medical Center in Chestertown, including changes of services offered since 2015, due on January 1, 2020. MDH and the Maryland Health Care Commission requested a 30-day extension of the required report. At the time of writing, the report has not been submitted.

Appendix 2
Major Information Technology Project
Maryland Department of Health
Computerized Hospital Record and Information System

New/Ongoing: Ongoing								
Start Date: 2/2017				**Est. Completion Date:** 6/2022				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2020**	**2021**	**2022**	**2023**	**2024**	**Remainder**	**Total**
GF	$5.31	$3.39	$5.56	$1.5				**$15.75**
Total	**$5.31**	**$3.39**	**$5.56**	**$1.5**				**$15.75**

- ***Project Summary***: The Maryland Department of Health (MDH) aims to modernize its hospital information management systems by finding a customizable off-the-shelf system that will at least have the functionality of the International Statistical Classification of Disease diagnostic coding, medication ordering, clinical noting, treatment planning, incident reporting, and discharge planning. The electronic health records will need to be accessed by State hospitals, local health departments (LDH), and MDH administrative staff.

- ***Need:*** Aside from improving interconnectivity between the State inpatient facilities and LDHs, MDH also notes that the current pharmacy software used by the department is being sunset by the vendor. This current system will ultimately no longer be supported and in the interim has growing maintenance costs.

- ***Concerns*:** The Request for Proposals has yet to be completed for this project and that will significantly impact the implementation costs. MDH notes in particular that configuring the system between the three types of inpatient hospitals operated by the department is an area where costs could likely increase. Figures currently reflected are estimates.

Appendix 3
Major Information Technology Project
Maryland Department of Health
Integrated Electronic Vital Records System

New/Ongoing: Ongoing								
Start Date: 7/2018				**Est. Completion Date:** 12/2020				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2020**	**2021**	**2022**	**2023**	**2024**	**Remainder**	**Total**
GF	$0.49	$2.43	$4.15	$3.57	$2.18			**$12.82**
Total	**$0.49**	**$2.43**	**$4.15**	**$3.57**	**$2.18**			**$12.82**

- ***Project Summary***: This project will modify the code for the existing California Integrated Vital Records System to Maryland's specifications and port it to run on the Maryland's Total Human-services Integrated Network platform. This system will contain modules to allow secure web-based entry of all birth and fetal death records, along with the import of marriage and divorce records. The system will also support the search, retrieval, and issuance of certificates based upon these records, including modules to track the acceptance of fees and the use of security paper. This new system will be integrated with the existing Maryland Electronic Death Registration System, previously customized from California's death registration system

- ***Need:*** The current electronic birth registration system is not maintainable, cumbersome for users to access, and difficult to keep secure. It cannot be extended to provide the Motor Vehicle Administration with limited access to issue birth certificates, as authorized under new legislation. The current fetal death system is paper-based and results in long delays for these registrations.

- ***Observations and Milestones:*** Birth system customization and implementation started. Work Order Management System Architecture is finalized and ready for implementation. Death system is continuously being developed with continuous production releases. Fetal system is in the implementation phase and under development.

Appendix 4
Major Information Technology Project
Maryland Department of Health
Migrate MDH HQ Data Center to the Cloud

New/Ongoing: Ongoing								
Start Date: 9/2018				**Est. Completion Date:** 2025				
Implementation Strategy: Agile								
($ in Millions)	**Prior Year**	**2020**	**2021**	**2022**	**2023**	**2024**	**Remainder**	**Total**
GF		$1.0	$1.0	$1.75	$5.0	$15.0		**$23.75**
Total		**$1.0**	**$1.0**	**$1.75**	**$5.0**	**$15.0**		**$23.75**

- ***Project Summary***: The project will include a phased lift and shift of all the applications currently in the Maryland Department of Health (MDH) Headquarters data center to a cloud solution.

- ***Need:*** MDH currently maintains a data center that has become a distraction and challenge considering this function is outside of the department's core competency. Further, the current system is not designed for real time needs of applications such as the Maryland Medical Cannabis Commissions' point of sale system for dispensaries.

- ***Observations and Milestones:*** The department has conducted an inventory of the existing data center and completed an assessment, documentation, and planning of cloud readiness for MDH systems.

- ***Concerns*:** The distributed nature of information technology throughout the department and the end users for the department's data present challenges in the maintenance of the current data center during the transition to the cloud-based system.

Appendix 5
Key Job Classifications
Fiscal 2019

	Filled	Vacant	Total	%Vacant
Accountant II	198	27	225	12.00%
Agency Procurement Specialist II	240	43	283	15.19%
Alcohol and Drug Counselors	677	639	1,316	48.56%
Community Health Nurse II*+	3,191	1,220	4,411	27.66%
Computer Network Specialist II	580	52	632	8.23%
Coordinator Special Programs Health Services/Developmental Disabilities	700	152	852	17.84%
Direct Care Assistant II*	**4,708**	**365**	**5,073**	**7.19%**
Epidemiologist III	154	33	187	17.65%
Fiscal Accounts Clerk II	1,048	255	1,303	19.57%
Health Facility Surveyor Nurse I	201	156	357	43.70%
Health Policy Analyst, Advanced	158	46	204	22.55%
Medical Care Program Specialist II	951	77	1,028	7.49%
Office Secretary III	1,379	164	1,543	10.63%
Physician Clinical Specialist*+	322	269	591	45.52%
Physician Program Manager	181	12	193	6.22%
Program Administrator II, Health Services	261	65	326	19.94%
Public Health Laboratory Scientist General and Lead	1,067	60	1,127	5.32%
Registered Nurse*+	1,441	690	2,131	32.38%
Sanitarian IV/Environmental Sanitarian II	1,053	256	1,309	19.56%
Social Worker II, Health Services*+	**1,201**	**512**	**1,713**	**29.89%**

Positions Receiving Annual Salary Review in Fiscal 2021

* Positions Considered Direct Care

+Positions Considered Direct Care Skilled

Appendix 6
Audit Findings – Western Maryland Hospital Center

Audit Period for Last Audit:	March 30, 2015 – January 1, 2019
Issue Date:	June 20, 2019
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: The Western Maryland Hospital Center (WMHC) did not procure fresh produce and certain medical and dietary supplies in accordance with State procurement regulations and Maryland Department of Health (MDH) policies. The produce purchases were made from a vendor with a former statewide contract, but this contract had expired during the audit period. The medical and dietary supplies were obtained from two vendors through intergovernmental cooperative purchasing agreements that neither MDH nor the Department of General Services approved. MDH concurred with this finding and agreed with recommendations made to address the finding.

Finding 2: Supervisory reviews of corporate purchasing cards did not always ensure that the billed services were received. Further, the auditors reported that advanced, detailed data needed to ensure the propriety of the purchases was not available in its entirety even though WMHC supervisors reported verifying with level-3 data at the time of purchase. MDH concurred with this finding and agreed with recommendations made to address the finding.

Appendix 7
Audit Findings – Thomas B. Finan Center

Audit Period for Last Audit:	September 22, 2014 – October 21, 2018
Issue Date:	March 26, 2019
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: The Thomas B. Finan Center did not use an available statewide contract and/or competitively procure fuel and security equipment in accordance with State regulations. The auditors further noted that the fuel purchases could have been completed under the statewide fuel contract. MDH concurred with this finding and agreed with recommendations made to address the finding.

Appendix 8
Audit Findings – Deer's Head Hospital Center

Audit Period for Last Audit:	January 6, 2014 – June 10, 2018
Issue Date:	March 14, 2019
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: During an 11-month period where a medical supply vendor contract had lapsed, the Deer's Head Hospital Center (DHHC) continued to purchase from that vendor and at much higher prices than the previous or subsequent contracts. Specifically, DHHC continued to purchase certain supplies routinely used for kidney dialysis treatments from this vendor after its contract expired in June 2016. DHHC later initiated a competitive procurement process to replace the contract, and a new contract was eventually awarded to the same vendor but not until June 2017. The auditors found over this period prices charged for the same supplies increased by an average of 247%. The Maryland Department of Health (MDH) concurs with this finding, agrees with the recommendation, and is consulting with the Attorney General's office to see if action can be taken to recover any portion of the payments made during the increased cost period.

Finding 2: DHHC did not establish sufficient controls to ensure that all billable kidney dialysis treatments provided were billed to responsible third parties and that the propriety of noncash credit adjustments to related accounts receivable records were independently verified. MDH concurred with this finding and agreed with recommendations made to address the finding

Appendix 9
Object/Fund Difference Report
MDH – Administration

Object/Fund	FY 19 Actual	FY 20 Working Appropriation	FY 21 Allowance	FY 20 - FY 21 Amount Change	Percent Change
Positions					
01 Regular	3,454.70	3,530.90	3,472.10	-58.80	-1.7%
02 Contractual	198.65	192.49	206.77	14.28	7.4%
Total Positions	**3,653.35**	**3,723.39**	**3,678.87**	**-44.52**	**-1.2%**
Objects					
01 Salaries and Wages	$ 310,927,715	$ 325,485,469	$ 319,751,543	-$ 5,733,926	-1.8%
02 Technical and Spec. Fees	15,183,779	12,199,971	15,105,008	2,905,037	23.8%
03 Communication	2,286,516	1,215,281	1,366,449	151,168	12.4%
04 Travel	311,659	272,414	347,916	75,502	27.7%
06 Fuel and Utilities	10,509,416	10,148,341	10,276,594	128,253	1.3%
07 Motor Vehicles	1,048,405	952,830	905,413	-47,417	-5.0%
08 Contractual Services	42,532,651	44,335,733	46,445,976	2,110,243	4.8%
09 Supplies and Materials	18,704,125	19,421,614	19,025,552	-396,062	-2.0%
10 Equipment – Replacement	1,534,796	843,878	826,818	-17,060	-2.0%
11 Equipment – Additional	3,567,272	405,737	297,459	-108,278	-26.7%
12 Grants, Subsidies, and Contributions	1,184,640	1,375,646	2,903,597	1,527,951	111.1%
13 Fixed Charges	2,837,822	2,796,952	3,085,837	288,885	10.3%
14 Land and Structures	6,773,223	3,000,000	3,000,000	0	0%
Total Objects	**$ 417,402,019**	**$ 422,453,866**	**$ 423,338,162**	**$ 884,296**	**0.2%**
Funds					
01 General Fund	$ 375,343,344	$ 381,648,900	$ 386,325,675	$ 4,676,775	1.2%
03 Special Fund	9,975,869	10,974,507	10,445,452	-529,055	-4.8%
05 Federal Fund	14,730,701	14,821,313	12,385,406	-2,435,907	-16.4%
09 Reimbursable Fund	17,352,105	15,009,146	14,181,629	-827,517	-5.5%
Total Funds	**$ 417,402,019**	**$ 422,453,866**	**$ 423,338,162**	**$ 884,296**	**0.2%**

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.

Appendix 10
Fiscal Summary
MDH – Administration

Program/Unit	FY 19 Actual	FY 20 Wrk Approp	FY 21 Allowance	Change	FY 20 - FY 21 % Change
01 Executive Direction	$ 14,795,221	$ 15,654,554	$ 16,179,222	$ 524,668	3.4%
02 Financial Management Administration	37,028,336	40,321,766	41,988,871	1,667,105	4.1%
07 Unknown Title	0	4,031,745	5,007,721	975,976	24.2%
08 Major Information Technology Projects	4,412,459	378,500	0	-378,500	-100.0%
01 Services and Institutional Operations	23,036,810	24,214,140	23,703,122	-511,018	-2.1%
01 Services and Institutional Operations	23,543,964	23,275,827	23,560,451	284,624	1.2%
01 Services and Institutional Operations	21,992,559	21,423,997	22,199,030	775,033	3.6%
01 Services and Institutional Operations	16,984,455	17,352,958	17,929,828	576,870	3.3%
01 Services and Institutional Operations	21,931,406	22,846,746	22,992,000	145,254	0.6%
01 Services and Institutional Operations	74,001,131	75,868,487	73,904,237	-1,964,250	-2.6%
01 Services and Institutional Operations	89,239,018	87,484,220	87,378,842	-105,378	-0.1%
01 Services and Institutional Operations	73,357,205	73,245,770	71,723,733	-1,522,037	-2.1%
01 Services and Institutional Operations	15,033,209	14,880,093	15,289,560	409,467	2.8%
01 Behavioral Health Administration	2,046,246	1,475,063	1,481,545	6,482	0.4%
Total Expenditures	**$ 417,402,019**	**$ 422,453,866**	**$ 423,338,162**	**$ 884,296**	**0.2%**
General Fund	$ 375,343,344	$ 381,648,900	$ 386,325,675	$ 4,676,775	1.2%
Special Fund	9,975,869	10,974,507	10,445,452	-529,055	-4.8%
Federal Fund	14,730,701	14,821,313	12,385,406	-2,435,907	-16.4%
Total Appropriations	**$ 400,049,914**	**$ 407,444,720**	**$ 409,156,533**	**$ 1,711,813**	**0.4%**
Reimbursable Fund	$ 17,352,105	$ 15,009,146	$ 14,181,629	-$ 827,517	-5.5%
Total Funds	**$ 417,402,019**	**$ 422,453,866**	**$ 423,338,162**	**$ 884,296**	**0.2%**

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.