Maryland Department of Health
Fiscal 2023 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

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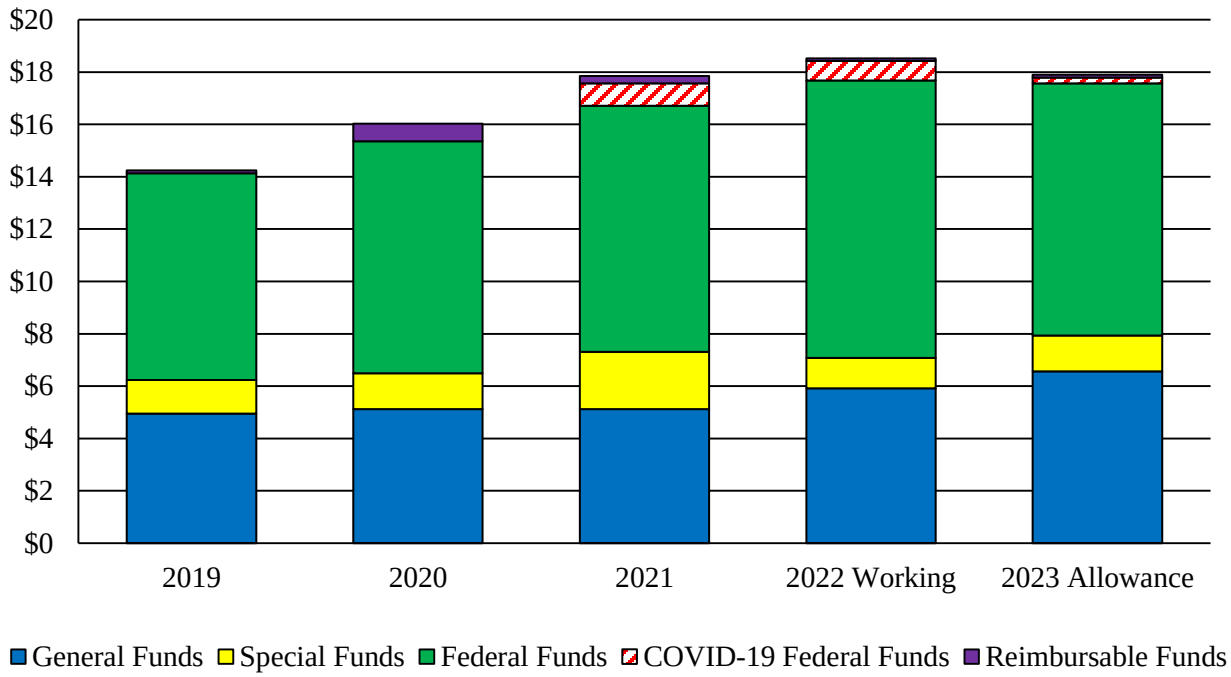
Maryland Department of Health
Fiscal 2023 Budget Overview

Five-year Funding Trends
Fiscal 2019-2023
($ in Billions)

Fiscal 2023 Budget Decreases by $624.6 Million, or 3.4%, to $17.9 Billion
Fiscal 2021 Showed Greatest Growth with Increase of $1.8 Billion, or 11.3%, Mainly Due to COVID-19-related Spending



Note: The fiscal 2022 working appropriation includes deficiency appropriations and targeted reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments. COVID-19 federal fund expenditures in fiscal 2020 are shown under federal funds. A table outlining the department's budget as introduced with adjustments delineated can be found in **Appendix 1**.

Source: Department of Budget and Management; Department of Legislative Services

Key Observations

- ***Home- and Community-based Services (HCBS) Waiver Expansion Efforts:*** Maryland Department of Health (MDH) implements Medicaid HCBS waivers that allow people to receive long-term care services to help them live at home or in an assisted living facility, rather than in a nursing facility or State health facility. Persistent HCBS waiver waiting lists and registries and the impact of COVID-19 on nursing facilities have caused concern about HCBS capacity. Significant amounts of State and federal funding have been authorized to expand and strengthen HCBS.

- ***State Programs and Funding Opportunities Implemented to Improve Maternal Health and Respond to Worsening Racial and Ethnic Disparities in Maternal Mortality Rates (MMR):*** Maryland persistently records over 2.0 times higher MMRs among non-Hispanic Black people compared to non-Hispanic White people. Most recently, this disparity has grown to over 4.0 times. Multiple pieces of legislation enacted in the 2021 session and funding in the Health Services Cost Review Commission (HSCRC) seeks to improve maternal mortality and morbidity overall.

- ***Cigarette Restitution Fund (CRF) – Sales Year 2004 Multistate Litigation Decided in Maryland's Favor:*** As a result of Maryland winning an ongoing multistate arbitration with tobacco manufacturers and in accordance with Chapters 41 and 42 of 2021, $16.0 million in settlement proceeds will support payments to Historically Black Colleges and Universities (HBCU) in fiscal 2023. Maryland is now in the next round of arbitration that will determine settlements for sales year 2005 through 2007.

Operating Budget Summary

Fiscal 2022

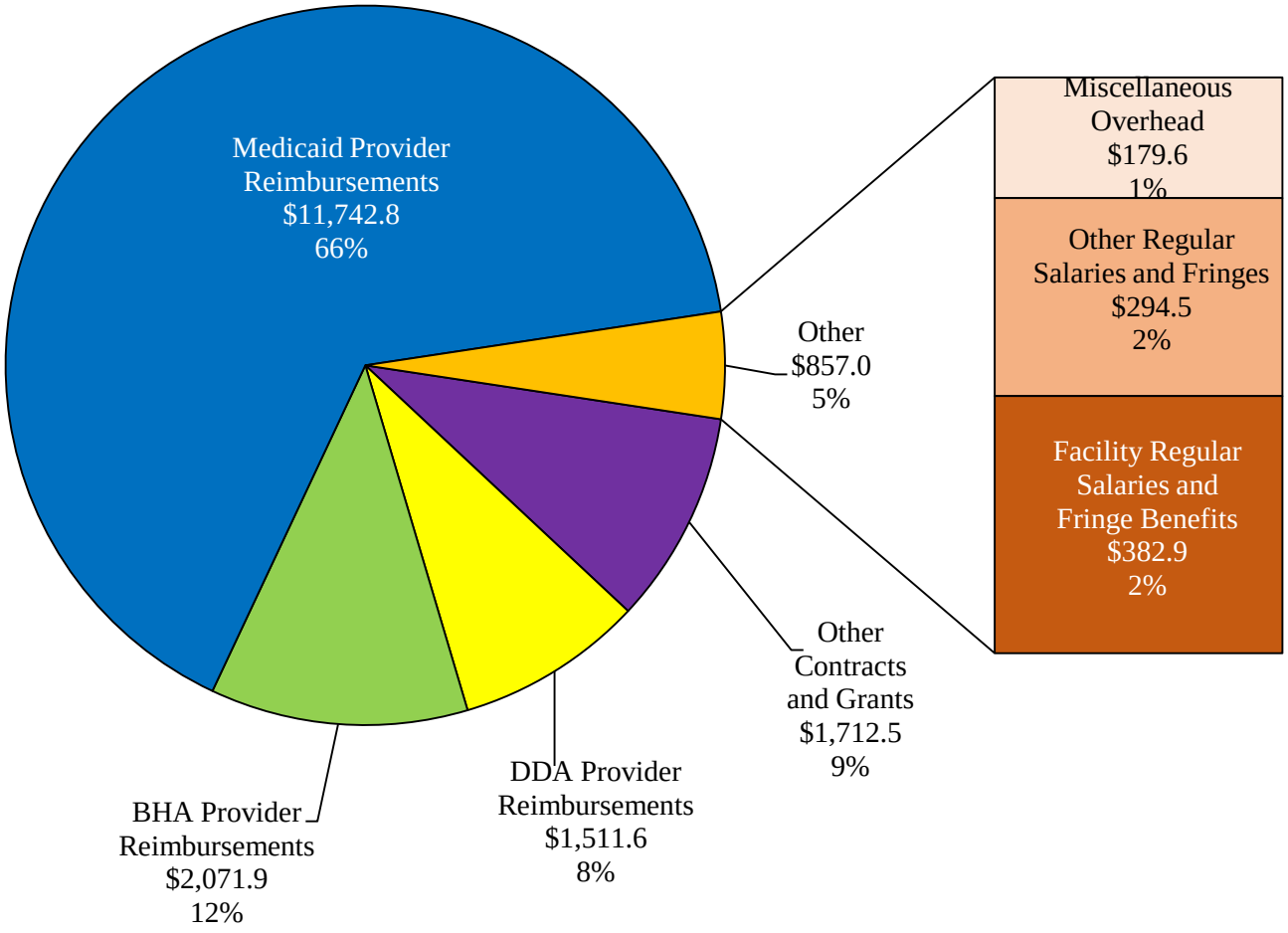
- ***MDH Ransomware Attack:*** On December 4, 2021, MDH detected unauthorized activity in its network infrastructure systems. This has caused departmentwide operational challenges as networks have been isolated from each other, and many MDH employees are unable to access their State-issued laptops and desktop computers. Due to the ongoing nature of the investigation and developing information regarding the effects on MDH operations, the ransomware attack will be discussed further in the MDH Administration analysis.

- ***Proposed Deficiencies:*** The Governor's allowance includes deficiency appropriations totaling a net increase of $557.4 million to the fiscal 2022 appropriation, of which $56.1 million is related to the COVID-19 pandemic response. Approximately $8.9 million of this funding covers overtime expenses resulting from the pandemic, mainly among State health facility staff. Additional proposed deficiency appropriations would add $113.9 million in federal funds and remove an equivalent amount of general fund savings from a 6.2% enhanced federal match on qualifying Medicaid and Maryland Children's Health Program expenses during the national COVID-19 public health emergency, with an additional $21.5 million added for behavioral health provider expenses.

  There are two proposed deficiencies that add $105.3 million in enhanced federal matching funds authorized in the American Rescue Plan Act (ARPA) for HCBS provider rate increases. Other deficiencies account for a net increase of $396.1 million in total funds, which is driven by a $338.8 million appropriation to pay for service year 2021 behavioral health reimbursements. **Appendix 4** includes an itemized list of the deficiencies.

Functional Breakdown of Agency Spending
Fiscal 2023 Allowance
($ in Millions)

Total Fiscal 2023 Allowance = $17.9 Billion



BHA: Behavioral Health Administration
DDA: Developmental Disabilities Administration

Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Proposed Budget
Maryland Department of Health
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2021 Actual	$5,125,970	$2,181,490	$10,259,760	$279,159	$17,846,378
Fiscal 2022 Working Appropriation	5,917,508	1,158,772	10,901,411	99,657	18,520,243
Fiscal 2023 Allowance	6,569,019	1,367,145	9,852,100	107,395	17,895,659
Fiscal 2022-2023 Amount Change	$651,511	$208,373	-$1,492,207	$7,738	-$624,584
Fiscal 2022-2023 Percent Change	11.0%	18.0%	-13.2%	7.8%	-3.4%

Where It Goes:		Change
Regular Personnel Expenses		**$8,375**
Reclassification predominantly affecting State health facility employees, in accordance with Chapters 572 and 576 of 2020		32,141
Regular earnings		12,174
Retirement contribution		3,208
Turnover adjustments		2,029
Employee and retiree health insurance		1,824
Overtime, after accounting for $8.9 million in fiscal 2022 deficiencies		1,801
Social Security contribution		1,165
Workers' compensation premium assessment		1,399
Other fringe benefit adjustments		963
Miscellaneous adjustments		-48,329
Major Programmatic Changes (Excluding Medicaid)		**-$829,025**
Regulatory Commissions	**$68,200**	
Maryland Consortium on Coordinated Community Supports		49,755
Health Equity Resource Communities Grants		15,000
CRISP Expenditures after accounting for a $4.9 million fiscal 2022 deficiency		8,815
Net increase in various outside contracts, including new claims vendor, Medicaid analytics, and communications		1,123
Net increase in operating expenditures for the Prescription Drug Affordability Board		507
Uncompensated Care Fund		-3,000
One-time fiscal 2022 deficiency in the Trauma Physicians Fund		-4,000

Where It Goes:		**Change**
Developmental Disabilities Administration (DDA)	**$3,679**	
Mandated 4% provider rate increase		57,380
Additional funding for new placements and expansion of waiver services		30,241
Special Olympics grant		250
One-time COVID-19-related expenditures		-84,192
Professional Boards and Commissions	**$3,090**	
Identification cards, software updates for Maryland Medical Cannabis Commission		980
Contractual personnel, at least partially due to an increase of 10.10 contractual FTE		711
New enterprise system and audits for Maryland Medical Cannabis Commission		500
Maintaining legacy licensing software		320
Credit care processing fees – billing for credit care merchant services		304
Online Licensing Application System		275
MDH Administration	**-$9,649**	
Electronic Vital Records System increase in Major IT contract expenditures		2,110
Land expenses for Office of Capital Planning for redevelopment		2,000
DoIT service allocations for IT infrastructure		1,875
Contractual employee salaries (mainly operations and hospital system)		983
OOCC grants		677
Software acquisition and maintenance costs		677
Minority Outreach Technical Assistance grants (general funds)		500
LHD contractual health insurance		451
Removing a fiscal 2022 deficiency for Crownsville hospital center operational costs		-640
One-time funding for accounting assistance to assist the Medicaid Finance Office		-1,500
CovidLINK Major IT Development project costs		-5,299
Funding in the Opioid Restitution Fund (special funds)		-11,483
Public Health Administration	**-$14,550**	
COVID-19 federal funds used for school testing		5,908
COVID-19 pandemic expenses under OPR, including a fiscal 2022 deficiency for PPE storage at the Curtis Bay warehouse (general funds)		2,247
Change in LHD funding formula after accounting for a fiscal 2022 deficiency of $9.4 million in general funds for fee-for-service clinics		1,000
One-time diabetes education funding in fiscal 2022 (federal funds)		-500
Laboratory supplies, medicine, drugs, and chemicals in the Laboratories Administration		-534
Maryland Statewide Initiative to Reduce College Drinking (federal funds)		-708

Where It Goes:		**Change**
One-time COVID-19 funding in fiscal 2022 used for a stipend program administered by MIEMSS to provide EMTs with a stipend		-847
Other rent (non-Department of General Services) under OPR		-926
Reduction in contractual personnel costs – at least partially attributed to a reduction of 12.68 contractual FTE in fiscal 2023		-1,122
OPR supplies and medical equipment (federal funds)		-2,946
CDC grant for responding to COVID-19-related health disparities (federal funds)		-16,122
Behavioral Health Administration (BHA)	**-$406,951**	
Mandated provider rates		101,926
Behavioral Health Administrative Services Organization recoupment from Medicaid behavioral health reimbursements (special funds)		85,946
Behavioral Health Administrative Services Organization recoupment from the Community Services program (total funds)		14,054
Rate increase for Medicaid enrollees for Non-MA SUD services		9,543
Mobile treatment services		4,800
Rate increase for Medicaid enrollees for Non-MA mental health services		3,728
BHA Community Services driven by ending/reduction of federal opioid grants		-37,340
One-time HCBS provider rate increase added in a fiscal 2022 deficiency using 10% enhanced FMAP authorized in the ARPA and 6.2% enhanced FMAP claims terminating in fiscal 2022		-250,814
Funding for service year 2021 Medicaid behavioral health provider reimbursements and contractual services (total funds)		-338,794
Prevention and Health Promotion Administration (PHPA)	**-$472,844**	
Transfer of school-based health center grants from MSDE to PHPA		9,894
Tobacco prevention and cessation , in accordance with Chapter 37 of 2021 (general funds)		6,639
Maryland Prenatal and Infant Care Grant Program Fund – underbudgeted by $100,000 compared to the mandated $1.1 million funding level required in Chapters 494 and 495 of 2021 (general funds)		900
Special Supplemental Nutrition program for Women, Infants, and Children (federal funds)		-1,977
Maryland AIDS Drug Assistance Program (MADAP) rebate spending		-2,583
COVID-19 Epidemiology and Lab Capacity (ELC) Supplement allocated by the CDC (federal funds)		-3,656
COVID-19 vaccine funding (federal funds)		-5,800
Other MADAP spending on health services (special and federal funds)		-6,307
COVID-19 Emerging Infections Program grant (federal funds)		-6,590
Salaries and fringe benefits for contractual personnel		-11,578

Where It Goes:	**Change**
COVID-19 ELC expansion grant from the CDC (federal funds)	-58,520
ELC Reopening schools funding authorized in ARPA (federal funds)	-153,551
COVID-19 ELC grant funding from the CDC (federal funds)	-239,714
Medicaid/Medical Care Programs Administration	**$203,466**
Provider rate increases	172,086
Community First Choice Program, excluding rate increase	71,304
MCO supplemental payments after accounting for one-time fiscal 2022 deficiency for an MCO Vaccine Incentive program and funding for the Population Health Incentive Program (formerly referred to as the Value-based Purchasing Program)	40,939
Major IT Development Projects, after accounting for fiscal 2022 deficiency adding general funds for the LTSS project (federal funds)	40,936
Medicare A and B premium assistance	40,030
Medicare Part D Clawback payments	33,485
Pharmacy rebates	31,305
Funding from the Regional Partnership Catalyst Program for maternal and child health uses (special and federal funds)	16,000
Funding to expand the Community Options Waiver by 400 slots, excluding rate increase	12,615
Other Medical Care Programs changes	6,604
Federally Qualified Health Center supplemental payments	6,575
Assistance in Community Integration Services Pilot	4,800
MMIS contracts and other administrative contracts	3,488
Graduate medical education payments	2,150
Health Home payments	-1,816
Prior year grant activity	-1,986
Utilization reviews	-5,000
Health IT payments	-9,350
Maryland Children's Health Program	-21,647
One-time 2% nursing home rate increase budgeted in fiscal 2022 (federal funds)	-26,000
One-time 5.2% HCBS rate increase (federal funds)	-37,779
COVID-19-related expenditures	-78,205
Enrollment and utilization	-97,068
Other expenses	**$-7,400**
Total	**-$624,584**

ARPA: American Rescue Plan Act
CDC: U.S. Centers for Disease Control and Prevention
CRISP: Chesapeake Regional Information System for Our Patients
DoIT: Department of Information Technology
EMT: emergency medical technician
FMAP: Federal Medical Assistance Percentage
FTE: full-time equivalent
HCBS: home- and community-based services
IT: information technology
LHD: local health department
LTSS: Long Term Supports and Services Tracking System
MA: medical assistance
MCO: managed care organization
MDH: Maryland Department of Health
MIEMSS: Maryland Institute for Emergency Medical Services Systems
MMIS: Medicaid Management Information System
MSDE: Maryland State Department of Education
OOCC: Opioid Operational Command Center
OPR: Office of Preparedness and Response
PPE: personal protective equipment
SUD: substance-use disorder

Note: The fiscal 2022 working appropriation includes deficiency appropriations and targeted reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments. **Appendix 5** of this document provides selected caseload measures that partially explain some of the enrollment and utilization changes in the budgets for DDA and Medicaid.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Health-related Federal Stimulus Received During the COVID-19 Pandemic by Source
Fiscal 2020-2023
($ in Millions)

	FFCRA, CARES Act, and Other Sources	CRRSA	ARPA	ARPA – SFRF	Total
MDH Allocations					
Enhanced Federal Matching and Provider Rate Increases					
6.2% Enhanced FMAP claimed by Medicaid, including claims made on behavioral health services and DDA services	$1,248.9				$1,248.9
Share of 10% enhanced FMAP claimed on home- and community-based services to be used for one-time provider rate increases			402.9		402.9
One-time 2% rate increase for nursing homes covered with 100% federal funds				26.0	26.0
Rate increases and grants for Medicaid, behavioral health, and developmental disabilities Community Service providers				22.4	22.4
Operating grants for providers of medical adult day care services				15.0	15.0
NORI grants for DDA- and BHA-licensed providers	10				10
100% FMAP available for Medicaid and MCHP expenditures on vaccine administration and vaccine counseling visits for children and youth			Not available at this time		
Subtotal	***$1,258.9***	***$0.0***	***$402.9***	***$63.4***	***$1,725.2***
Funding for COVID-19 Pandemic Response Activities					
Local Income Tax Reserve Funding acting as a placeholder for COVID-19 costs that will be swapped with FEMA reimbursement	$792.4				$792.4
Testing and contact tracing efforts funded through CDC grants	205.7	348.0			553.7
FEMA reimbursement for vaccination efforts	220.0				220.0
CDC grants targeted at reopening schools and support school testing			182.1		182.1
COVID-19 vaccine support through existing immunization cooperative agreements with the CDC	9.7	54.6	59.1		123.4

	FFCRA, CARES Act, and Other Sources	CRRSA	ARPA	ARPA – SFRF	Total
Coronavirus Relief Fund – MDH spending*	74.2				74.2
Placeholder that the Department of Budget and Management reserved for COVID-19 support				50.0	50.0
Support for testing and vaccine efforts in nursing homes and hospitals				50.0	50.0
Other support from the CDC for public health emergency preparedness programs	43.0				43.0
Support for efforts to strengthen the public health workforce			36.4		36.4
Funds to purchase at-home testing kits				25.0	25.0
LHD infrastructure grants and funding for personnel costs				17.5	17.5
National Initiative to Address COVID-19 Health Disparities		16.1			16.1
Supplemental funding for Health Equity Resource Communities				14.0	14.0
Special Supplemental Nutrition Program for Women, Infants, and Children				9.7	9.7
Other grants for Local Health Departments				3.5	
Subtotal	***$1,345.0***	***$418.7***	***$277.5***	***$169.7***	***$2,210.9***
Mental Health Supports and Other Health-related Activities					
Substance Abuse Prevention and Treatment Block Grant		$64.5	$27.6		$92.1
Mental Health Block Grant			27.8		27.8
Mobile crisis and stand-alone crisis services				7.9	7.9
Subtotal	***$0.0***	***$64.5***	***$55.4***	***$7.9***	***$127.8***
Total	**$2,603.9**	**$483.2**	**$735.8**	**$241.0**	**$4,063.8**

ARPA: American Rescue Plan Act
BHA: Behavioral Health Administration
CARES: Coronavirus Aid, Relief, and Economic Security Act
CDC: U.S. Centers for Disease Control and Prevention
CRRSA: Coronavirus Response and Relief Supplemental Appropriation
DDA: Developmental Disabilities Administration
FEMA: Federal Emergency Management Agency
FFCRA: Families First Coronavirus Response Act
FMAP: Federal Medical Assistance Percentage
LHD: Local Health Department
MCHP: Maryland Children's Health Program

MDH: Maryland Department of Health
NORI: Nonprofit Recovery Initiative
SFRF: State Fiscal Recovery Fund

*Only allocations that MDH retains are included. As one of the State's key coordinating agencies involved in the COVID-19 pandemic response, MDH has passed through federal aid to many agencies, LHDs, and jurisdictions for pandemic and economic relief efforts that are not shown here. Also not shown here are grants distributed directly from the federal government to local, business, and nonprofit entities, such as aid from the Provider Relief Fund.

Note: This exhibit displays federal awards as of January 18, 2022. To the extent certain activities become eligible for reimbursement under FEMA's public assistance program, more appropriations add remaining federal awards from these sources to the State budget, or new funding streams become available, these allocations would change.

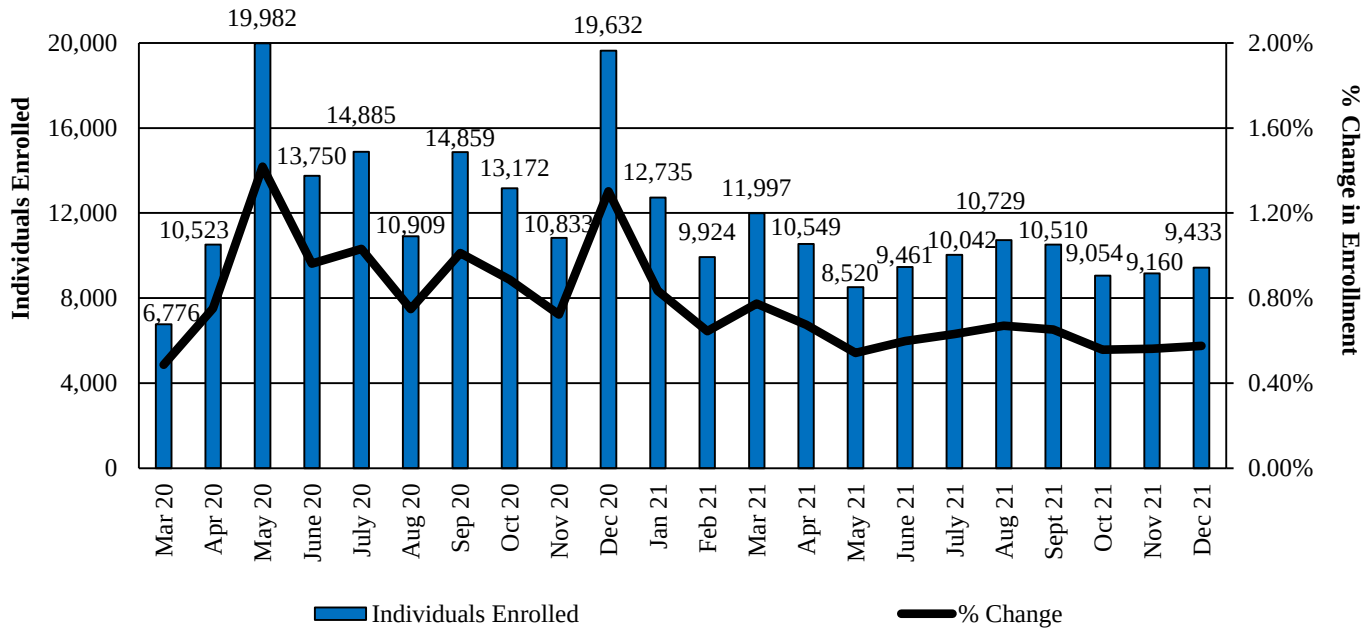
Source: Governor's Fiscal 2023 Budget Books; Department of Budget and Management; Department of Legislative Services

National COVID-19 Public Health Emergency Extension Provides Another Quarter of Federal Aid for State Medicaid Programs

On January 14, 2022, the Secretary of the U.S. Department of Health and Human Services extended the national declaration of a COVID-19 public health emergency by 90 days to April 15, 2022, thereby extending the 6.2% enhanced federal matching funds on qualifying Medicaid spending through the end of fiscal 2022 (enhanced federal matching funds are authorized through the last quarter in which the public health emergency ends).

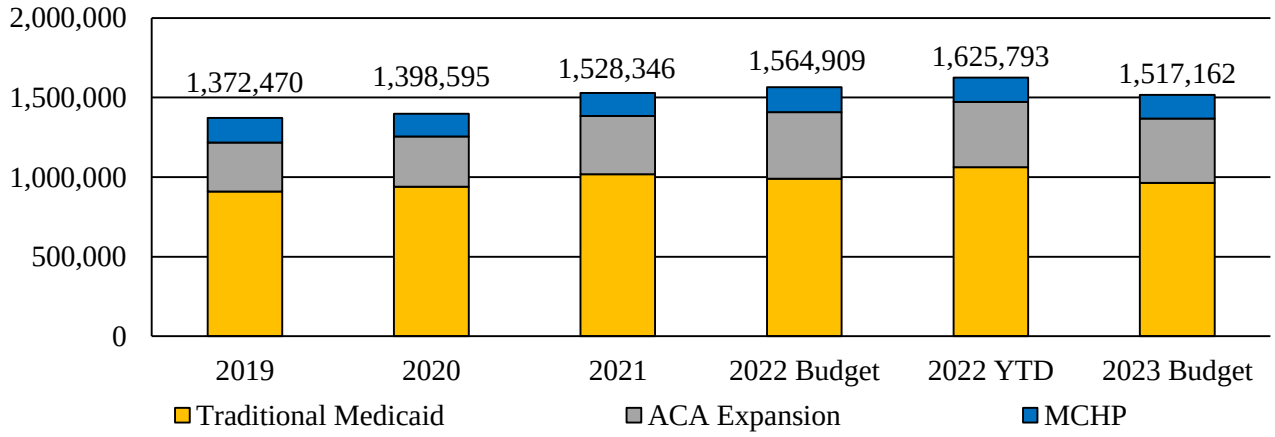
As a condition of receiving the 6.2% enhanced Federal Medical Assistance Percentage (FMAP), State Medicaid programs are required to suspend eligibility redeterminations and cannot terminate coverage for those enrolled when the public health emergency took effect (with limited exceptions). The Centers for Medicare and Medicaid Services (CMS) had already issued guidance that states would be able to process renewal and redetermination backlogs over 12 months following the termination of the public health emergency. Due to the extension, redeterminations will now resume on July 1, 2022. The fiscal 2022 working appropriation only accounts for the 6.2% enhanced FMAP through the third quarter of fiscal 2023, and a supplemental appropriation or budget amendment will be needed to recognize the additional federal support and State savings, partially offset by expenses related to higher enrollment.

Medicaid Enrollment – Month-over-month Growth
March 2020 to December 2021



Source: Maryland Department of Health; Department of Legislative Services

Medicaid and MCHP Average Monthly Enrollment
Fiscal 2019-2023 Budget



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program
YTD: year to date

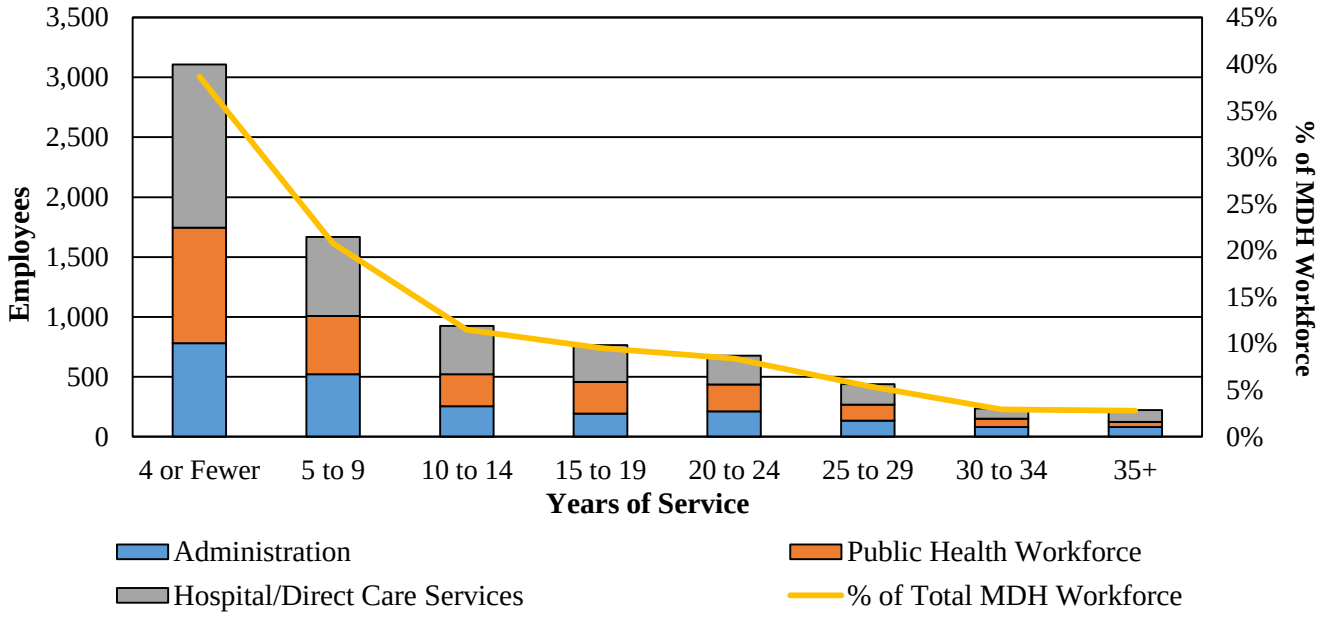
Source: Maryland Department of Health; Department of Legislative Services

Personnel Data

The staff across MDH consists of some of the State's frontline for care, treatment, and service delivery for Marylanders. MDH staff includes the direct care workforce at State hospitals and health facilities, individuals inspecting and regulating health care providers in Maryland, and public health workers at the State and local health departments (LHD).

Since the onset of the COVID-19 public health emergency, this workforce has been tasked with additional duties supporting the State's pandemic response while continuing to work in their existing roles. To better understand the impact that the pandemic has had on health care workers in the State, as well as set a baseline for recruitment and retention efforts undertaken and announced by Governor Lawrence J. Hogan Jr. beginning in fiscal 2023, the Department of Legislative Services (DLS) analyzed the current MDH workforce. **Exhibit 1** provides information on personnel by length of service as of January 1, 2022. The overwhelming plurality of the MDH workforce has been with the State for four or fewer years. This is true across the department, and each grouping analyzed by DLS.

Exhibit 1
Maryland Department of Health
Regular Personnel by Length of Tenure
As of January 1, 2022



MDH: Maryland Department of Health

Source: Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

Given the stressors that MDH employees have likely experienced over the last two years, DLS compared the departmentwide employee cohort as of January 2020 to the cohort as of January 2022 to identify those who had left their positions over the intervening two years, most of which was during the COVID-19 pandemic. The number of individuals who were in the 2020 cohort but left State service by 2022 are shown in **Exhibit 2**.

Exhibit 2
Maryland Department of Health
Employee Transfers and Resignations
January 2020 to January 2022

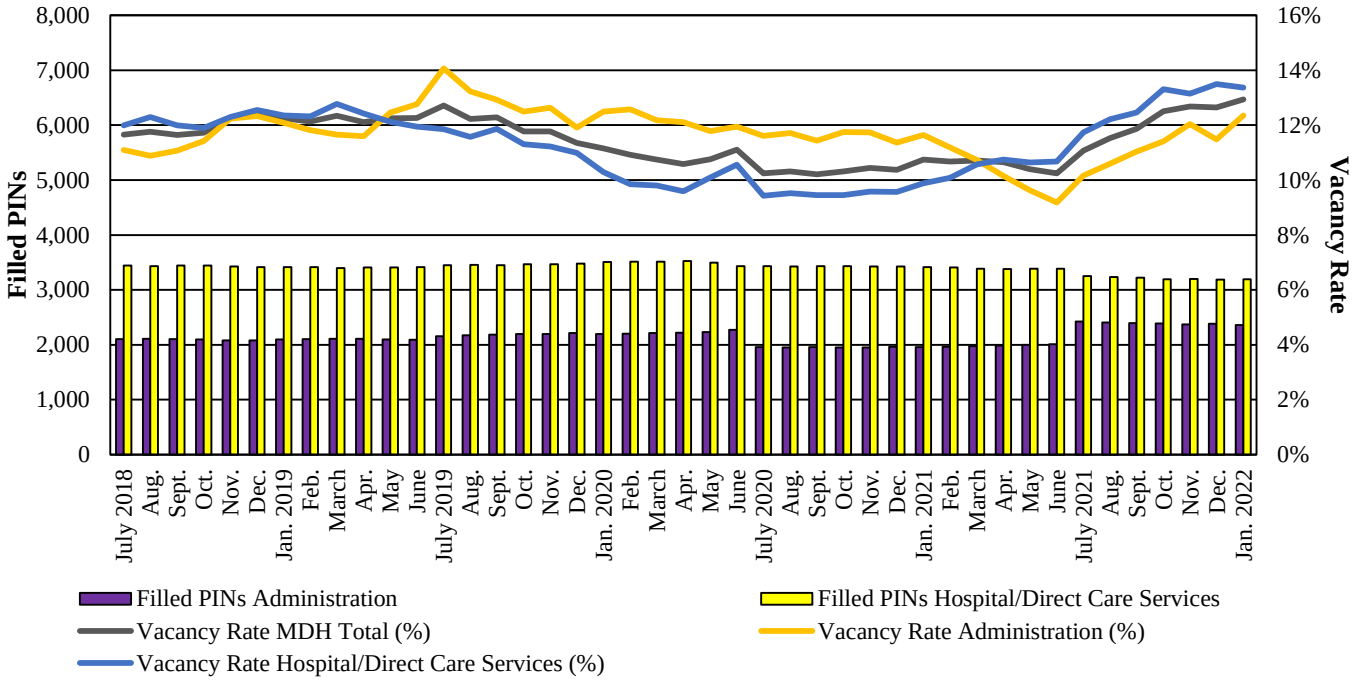
Employee Classification by Nature of Work	Individuals From 2020 Cohort No Longer at MDH	% of Individuals From 2020 Cohort No Longer at MDH
Administrative or Regulatory	243	10.73%
Hospital/Direct Care Services	376	11.32%
Public Health Workforce	476	19.43%

Source: Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

As shown in Exhibit 2, the individuals directly engaged in public health work (*i.e.* State employees at LHDs) had the highest rate of leaving MDH employ over the period analyzed. It is also important to note that while much of the LHD workforce is classified as State employees, there are only nine active State employees at the Prince George's County LHD, and only the chief health officers in Baltimore City, Baltimore County, and Montgomery County are considered State employees. All other LHD employees in those jurisdictions are employed by the local jurisdiction and would not be captured in Exhibit 2.

MDH specifically has regularly experienced challenges addressing its high vacancy rates and filling positions, even outside of the COVID-19 pandemic. As shown in **Exhibit 3**, the departmentwide vacancy rate has been above 10% every month since the beginning of fiscal 2018.

Exhibit 3
Monthly MDH Vacancy Rates and Filled Positions
July 2018 to January 2022



MDH: Maryland Department of Health
PIN: position identification number

Source: Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

While historically State hospitals have actually experienced a lower vacancy rate than the rest of the department, since the onset of the pandemic, vacancy rates have increased in those programs with a particular acceleration in summer 2021. This suggests more individuals who are in those roles are leaving State service or transferring out of the department. Exhibit 3 also reflects the number of individuals in filled positions for each month reported, and the direct care workforce make up roughly 60% of MDH's total workforce. Therefore, any challenges in retaining or filling these positions have a disproportionate impact on departmentwide vacancy rates.

Governor Hogan has announced salary enhancements and certain bonuses for State employees resulting from negotiations with bargaining units, including additional increases for registered nurses, many of whom are health department employees. DLS remains interested in the impact that salary enhancements will have on the recruitment and retention of the State's health workforce, which will also be discussed at a greater length in the MDH Administration analysis.

Additional information on regular position changes by program and contractual personnel by program from fiscal 2021 to 2023 are shown in **Appendix 6** and **Appendix 7**.

Issues

1. New Federal and State Funding Supports HCBS Waiver Expansion

In partnership with CMS, MDH implements multiple HCBS waivers that allow older adults, people with disabilities, and children with chronic illnesses who would not otherwise qualify for Medicaid to receive long-term care services to help them live at home or in an assisted living facility rather than in a nursing facility or State health facility. Case management, residential services, nursing, and transportation, in addition to many other service types are funded through these programs. The Developmental Disabilities Administration (DDA) administers the following HCBS waiver programs:

- the Community Pathways Waiver;
- Community Supports Waiver; and
- Family Supports Waiver.

HCBS waivers and programs administered by the Medical Care Programs Administration (Medicaid) include:

- the Home- and Community-based Options Waiver (Community Options Waiver);
- Community First Choice Program;
- Program of All-inclusive Care for the Elderly (PACE) program; and
- Medical Day Care Services Waiver, among other programs.

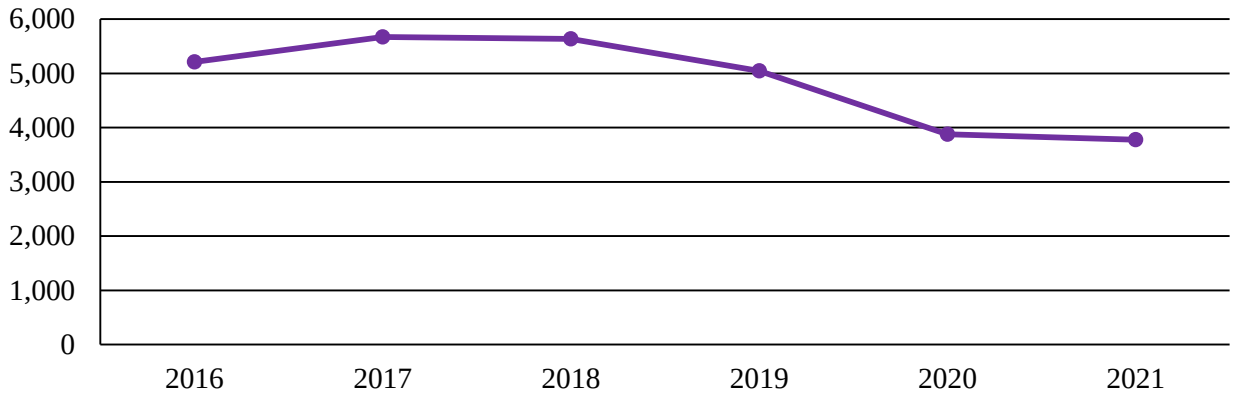
The Maryland State Department of Education (MSDE) also provides HCBS through the Waiver for Children with Autism Spectrum Disorder (Autism Waiver).

HCBS Waiver Waiting Lists

The number of individuals applying for HCBS waivers has outpaced the number of slots approved by CMS for certain waiver programs, leading to significant waiting lists and registries. For example, as shown in **Exhibit 4**, although the DDA Community Services waiting list has declined substantially since the end of fiscal 2017 when 5,668 individuals were counted, the waiting list remained above 3,750 individuals as of June 30, 2021. The reduction in waiting list counts from the end of fiscal 2018 to the end of fiscal 2020 coincides with DDA implementing two new waiver programs (authorized for 400 slots each initially) and receiving funding for expansion to allow more new placements. DDA is authorized to fill a total of 18,150 slots across its three waiver programs in fiscal 2022 and recorded 17,412 filled slots as of December 8, 2021. Some slots are reserved for certain groups and risk categories, including transitioning youth who are aging out of MSDE or Department

of Human Services programs and emergency placements for individuals who are at risk for harm or homelessness without services.

Exhibit 4
Point-in-time DDA Community Services Waiting List Counts
July 1, 2016 to June 30, 2021



DDA: Developmental Disabilities Administration

Note: DDA also tracks individuals on the community services waiting list who do not meet the statutory definition for having a developmental disability. These individuals are considered supports only and are not included in the waiting list counts shown.

Source: Maryland Department of Health; Department of Legislative Services

Medicaid similarly keeps a registry of individuals who request to be served in the Community Options Waiver. In a response submitted on May 13, 2021, to the 2020 *Joint Chairmen's Report* (JCR), the Hilltop Institute at the University of Maryland Baltimore County conducted an analysis of the registry and found that:

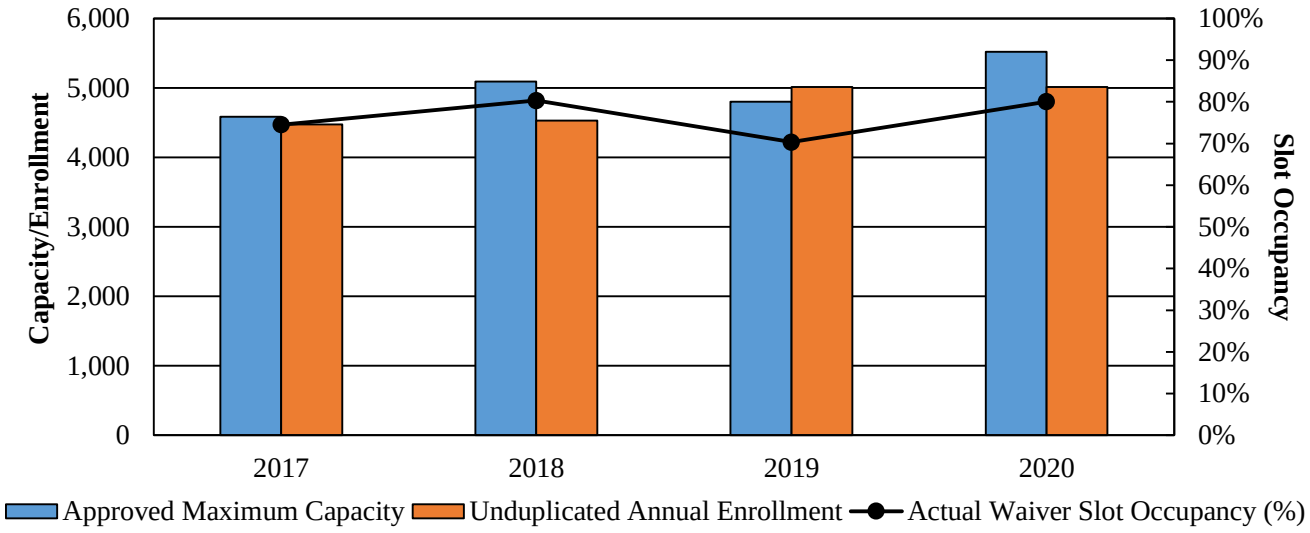
- As of September 20, 2020, there were 19,804 individuals on the Community Options Waiver registry. However, Hilltop estimated that only 3,088, or 15.6%, would meet nursing facility level of care and financial eligibility requirements to qualify for a slot if offered;

- 47.6% of all registrants had been on the registry for three years or longer, and 9% had been on the registry since calendar 2014; and

- 9,182 registrants, or 46.4%, are Medicaid-eligible, and 3,213 of these individuals, or 16.2% of the registry, already receive Medicaid HCBS. These registrants remain on the waiver registry to access HCBS not available in the regular Medicaid program.

MDH indicated that there were 21,238 people on the Community Options Waiver registry as of November 5, 2021, and that over 3,000 individuals join the registry each year. Despite having a substantial registry, the Community Options Waiver program recorded varied utilization (measured as the total number of unduplicated individuals that used waiver services in a given fiscal year) compared to the maximum slot capacity. Hilltop noted that this utilization measure does not reflect the extent to which individuals are on the waiver for a short period, and their slot is replaced within the fiscal year, referred to as "churn." Therefore, the occupancy rate (defined as the percentage of approved person-month waiver slots that are actually filled) is also used to measure waiver utilization as it accounts for time on the waiver. Since fiscal 2017, slot occupancy has ranged from 70.4% to 80.3%, as shown in **Exhibit 5**.

Exhibit 5
Community Options Waiver Approved Capacity and Slot Occupancy
Fiscal 2017-2020



Source: Hilltop Institute

MDH has offered multiple reasons for not utilizing its maximum approved slots, including:

- keeping the approved maximum capacity higher than recent slot occupancy experience to allow for flexibility to make new placements and to avoid having to submit an application to CMS when more slots are needed;

- limited capacity of the provider network that serves entitlement and waiver populations (personal assistance agency providers, case management, *etc.*), with available capacity used by the entitlement programs; and

- outdated and ineffective methods for pulling people off the waiver registry. MDH has looked to improve registry operation by shifting from a first-come first-served methodology to prioritizing people most in need for services (nursing home residents and individuals in the community based on risk of institutionalization).

HCBS Expansion Efforts

The 2020 JCR requested that Hilltop provide a cost-benefit analysis of expanding access to long-term care services through HCBS waivers, and in its analysis, Hilltop confirmed that expanding slots will increase total Medicaid spending by approximately $20,000 to $25,000 per additional slot. However, the analysis also acknowledged the nonquantifiable benefits from HCBS, such as improved quality of life for waiver enrollees and reduced family stress. The COVID-19 public health emergency and resulting impact on nursing facilities and health care service delivery has emphasized these benefits. There have been multiple efforts at the national and State levels, both before the pandemic and since the onset of the pandemic, to expand HCBS capacity and generally rebalance long-term services and supports from nursing facilities to HCBS. Certain fiscal 2022 appropriations particularly expand HCBS capacity through the following appropriations:

- $10.6 million for 400 additional slots and 6 new regular positions under the Community Options Waiver;

- $2.0 million for 100 additional slots under the Autism Waiver; and

- $1.8 million to establish new PACE sites. MDH issued a solicitation in September 2021 for three new PACE sites that would serve Baltimore City, Montgomery Prince George's counties, and potentially a fourth site located in a rural area.

The fiscal 2023 allowance would further expand HCBS by adding:

- $30.2 million to DDA's budget for new placements and services under its three HCBS waivers;

- $12.6 million for 400 additional slots under the Community Options Waiver and 6 transferred regular positions from elsewhere in the department; and

- $2.8 million to fill 100 slots under the Autism Waiver.

HCBS waiver spending in Maryland has also grown as a result of annual 4.0% provider rate increases in accordance with Chapters 10 and 11 of 2019 and expansion funding to serve more people off of HCBS waiting lists and provide more services to people already in the programs.

Enhanced Federal Funding for HCBS Expansion

Some of Maryland's rebalancing efforts have been underwritten by the availability of enhanced federal funding in the Affordable Care Act. Maryland Medicaid has taken advantage of various federal initiatives, including the Money Follows the Person program for people transitioning from an institution and the Community First Choice Option that allows States to offer home- and community-based attendant services to eligible Medicaid enrollees.

A provision in the ARPA provides a significant amount of funding for HCBS expansion efforts by authorizing an enhanced FMAP of 10 percentage points on qualifying HCBS expenses from April 1, 2021, through March 31, 2022. CMS issued guidance in May 2021, requiring that State fund savings resulting from the enhanced FMAP be reinvested to enhance, expand, or strengthen HCBS under the Medicaid program by March 31, 2024.

One-time HCBS Provider Rate Increases

Particularly for DDA and Medicaid, the legislature added language in the fiscal 2022 Budget Bill (Chapter 357 of 2021) further specifying the use of this funding by requiring that at least 75% of the enhanced FMAP funding be used on a one-time provider rate increase. Although not required by budget language, MDH indicated that it is also reinvesting 75% of enhanced FMAP funding generated by the Behavioral Health Administration (BHA) for a one-time provider rate increase. On November 2, 2021, MDH announced that the enhanced funding would support the following rate increases for most eligible HCBS providers:

- 5.5% for developmental disability providers (estimated at $168.0 million, according to an October 2021 JCR report submitted by MDH);

- 5.4% for behavioral health and Applied Behavior Analysis providers (estimated at $112.7 million); and

- 5.2% for community-based long-term services and support providers (estimated at $122.2 million).

Overall, MDH estimated that it would spend $402.9 million in enhanced FMAP funding and secondary matching funds for these provider rate increases. A fiscal 2022 budget amendment added a total of $211.0 million in federal funds to the Medicaid and BHA budgets to reflect the one-time rate increase. Additionally, the Governor's budget plan would supplement this funding by allocating $37.8 million in Medicaid and $67.5 million in BHA through proposed fiscal 2022 deficiencies. As of January 16, 2022, there has not been a budget amendment processed or fiscal 2022 deficiency introduced to allocate federal funds for the one-time rate increase in DDA.

MDH should provide its latest estimate of the federal matching funds it expects DDA to generate through the enhanced 10% FMAP on HCBS, both in initial claims and secondary claims on funds that it reinvests. Further, the department should clarify whether the funding is reflected

in DDA's fiscal 2022 working appropriation and fiscal 2023 allowance and, if not, provide a timeline for allocating the funds.

DDA Grants to Providers and Nonprofit Organizations

DDA's budget language regarding the 10% enhanced FMAP provided additional requirements for how the funds should be reinvested by limiting the portion that can be used for administrative costs to no more than 5% and specifying that all remaining funds be used for grants to community providers and nonprofit organizations. These grants will generally be distributed for the development of resources and infrastructure to enhance independence and inclusive opportunities, although MDH reported that it was also working with stakeholders to further develop grant options. In its initial spending plan submitted to CMS, MDH described the following DDA grant uses:

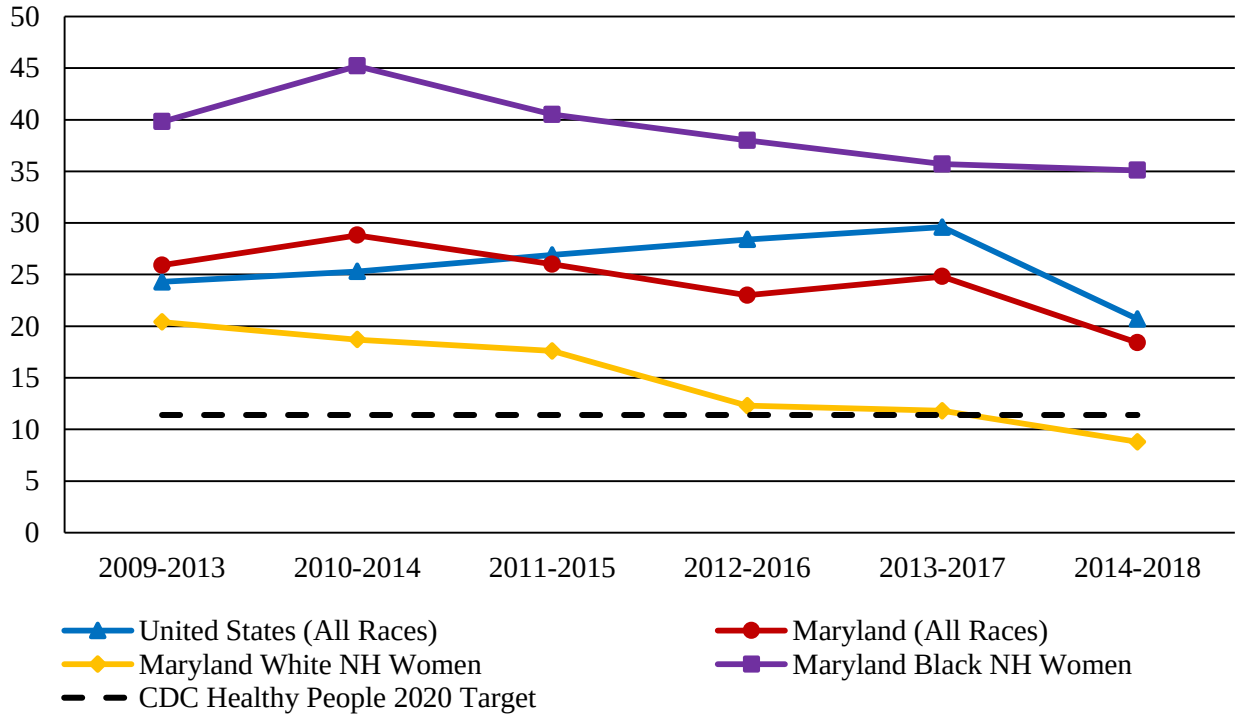
- development of models to provide independent affordable housing, expanded use of technology, and technical assistance;
- staffing, including direct support professional salary increases, retention, and sign-on bonuses;
- one-time financial assistance for additional resources to support the DDA community's transition to the Long Term Supports and Services Tracking System (LTSS);
- other LTSS-related activities, such as infrastructure and fee-for-service transition costs; and
- support to nonprofit organizations contracted by DDA, such as the Special Olympics.

MDH did not provide any other information in its October 2021 report for how it would reinvest the remaining 25% of enhanced FMAP funding in Medicaid or BHA. **The department should comment on its timeline for reinvesting enhanced FMAP funding in Medicaid and BHA through fiscal 2024 and explain how the remaining 25% of funds will be spent to enhance and strengthen HCBS in the State.**

2. Maryland Implements New Programs to Improve Health Equity as Maternal Mortality Rates Show Worsening Disparities Based on Race

Measures of health outcomes and healthcare access consistently show ongoing and, in some cases, growing health disparities based on race and ethnicity in Maryland. This is especially true regarding maternal mortality as the *Maryland Maternal Mortality Review* 2020 Annual Report published on November 16, 2021, found that non-Hispanic Black people in Maryland experienced significantly higher MMRs compared to non-Hispanic White people over the entire six-year period, as shown in **Exhibit 6**. MMRs are depicted as five-year averages to stabilize the measure as maternal deaths vary greatly from year to year.

Exhibit 6
Five-year Average Maternal Mortality Rates
Maternal Deaths Per 100,000 Live Births
Calendar 2009-2013 to Calendar 2014-2018



CDC: U.S. Centers for Disease Control and Prevention
NH: non-Hispanic

Source: *Maryland Maternal Mortality Review* 2020 Annual Report; U.S. Centers for Disease Control and Prevention; Department of Legislative Services

While non-Hispanic White people's MMR decreased by 3 percentage points in 2014 to 2018 compared to 2013 to 2017 and fell below the U.S. Centers for Disease Control and Prevention's (CDC) Healthy People 2020 Target of 11.4%, non-Hispanic Black people's MMR decreased by only 0.6 percentage points and remains 23.7 percentage points above the CDC Healthy People 2020 Target. In the first year shown, non-Hispanic Black people in Maryland experienced MMRs about 2.0 times higher than non-Hispanic White people, and this disparity has doubled to 4.0 times higher in 2014 to 2018.

The MMR only accounts for certain pregnancy-related causes or maternal death occurring during pregnancy or within 42 days of pregnancy conclusion, although the Maryland's Maternal Mortality Review Committee investigates both pregnancy-related and nonpregnancy-related maternal deaths occurring up to 365 days after pregnancy.

Significant racial disparities in pregnancy-related deaths underscore other disparities in health care outcomes and health conditions as non-Hispanic Black women accounted for 54.0% of all pregnancy-related maternal deaths from 2010 to 2018 compared to their approximate share of the State's population (30%). The leading causes of pregnancy-related maternal death between 2010 and 2018 were hemorrhage and homicide deaths. According to the *Maryland Maternal Mortality Review* 2020 Annual Report, the number of homicide deaths among non-Hispanic Black women was 2.2 times higher compared to homicide deaths among non-Hispanic White women. These findings emphasize the importance of considering social determinants of health, including health care access and quality and neighborhood crime and environment, that play significant roles in determining future health outcomes.

The COVID-19 Pandemic Potentially Has Disproportionate Impacts on Maternal Mortality

The pandemic is expected to further worsen maternal mortality as pregnant people are at increased risk of pregnancy complications, severe illness, and death from COVID-19. On September 29, 2021, CDC issued a health advisory encouraging COVID-19 vaccination before or during pregnancy to mitigate this risk, especially as vaccination rates among pregnant people remained lower than nonpregnant people.

Vaccination rates among pregnant people also showed underlying disparities by race and ethnicity, with only 18.8% of non-Hispanic Black pregnant people and 29.7% of Hispanic pregnant people being fully vaccinated compared to 36.1% of non-Hispanic White pregnant people and 49.2% of non-Hispanic Asian pregnant people. In combination, the increased risk of severe outcomes from COVID-19, lower vaccination rates, and uneven vaccination rates by race and ethnicity are likely to exacerbate MMRs, especially among minority communities.

State Legislation to Address Maternal Mortality

The following legislation enacted during the 2021 session relates to maternal and child health (MCH) services in the State and plays a role in reducing maternal mortality. This list does not include other bills passed in the 2021 session, such as Chapters 741 and 742 of 2021 (Maryland Health Equity Resource Act) and Chapters 749 and 750 of 2021 (Public Health – Maryland Commission on Health Equity (The Shirley Nathan – Pulliam Health Equity Act of 2021)), that also respond to many dimensions of health equity and social determinants of health.

- ***Licensure of Certified Midwives:*** Chapters 462 and 463 of 2021 establish a licensing and regulatory system for certified midwives to expand the number of midwives practicing in Maryland.

- ***Postpartum Medicaid Eligibility***: Chapter 470 of 2021 requires Medicaid to extend medical and dental coverage for pregnant people with family incomes up to 250% of the federal poverty level for one year postpartum. The federal ARPA of 2021 also gave states the option to extend postpartum coverage from 60 days to one year through a State Plan Amendment, beginning

April 1, 2022. The fiscal 2022 working appropriation includes $8.3 million budgeted to expand postpartum coverage and MDH plans to seek a State Plan Amendment approving this change in April 2022.

- ***Maryland Prenatal and Infant Care Grant Program Fund:*** Chapters 494 and 495 of 2021 rename the Maryland Prenatal and Infant Care Coordination Services Grant Program Fund as the Maryland Prenatal and Infant Care Grant Program Fund and expand the fund's purpose to include grants to federally qualified health centers, hospitals, and other providers to increase access to prenatal care. The Acts also increase the amount of funding that the Governor must appropriate to the fund to $1.1 million in fiscal 2023. However, the fiscal 2023 allowance budgeted only $1.0 million for this fund, and a supplemental appropriation or budget amendment would be required to meet the mandated funding level.

Regional Partnership Catalyst Program

On March 17, 2021, CMS approved Maryland's proposed Statewide Integrated Health Improvement Strategy that includes MCH as one of three population health priorities. By prioritizing MCH outcomes, MDH and HSCRC can align statewide efforts and incentivize the State's health care delivery system to reduce the severe maternal morbidity (illness) rate and asthma-related emergency department visits.

HSCRC reserved funds from the Regional Partnership Catalyst Program for MCH and will transfer $8 million of this funding to Medicaid and $2 million to MDH's Prevention and Health Promotion Administration (PHPA) annually over four years. Ultimately, this funding will total $72 million after accounting for 50% federal matching funds claimed for Medicaid expenditures. In partnership with managed care organizations, Medicaid will use its annual allocation as follows:

- ***Home Visiting Services Pilot Expansion*:** This pilot program has operated since 2017 to offer evidence-based home visiting services to Medicaid-eligible, high-risk pregnant people and children up to age two. Funding will be used to allow more high-risk pregnant people to access health and social support.

- ***Medicaid Coverage of Doula Services*:** Birth and postpartum doulas offer physical support, emotional support, and evidence-based information and advocacy to mothers and families. Medicaid will begin reimbursing doula services for Medicaid enrollees effective January 1, 2022, to improve birth outcomes.

- ***CenteringPregnancy*:** This program supports a clinic-based, group prenatal care model for low-risk pregnancies in which facilitators guide participants through a curriculum of interactive prenatal care visits.

- ***HealthySteps*:** This clinic-based, pediatric primary care model screens children up to age three and their families and places them into risk-stratified supports. Services include care coordination and onsite intervention (there are two existing locations in Baltimore City).

- ***MOM Model Expansion*:** Expansion will allow more pregnant people with opioid-use disorder to receive enhanced care coordination and case management. Medicaid also plans to provide intensive case management for high-risk pregnancies not eligible for the model.

PHPA planned to use its fiscal 2021 allocation to support $1.25 million for the Asthma Home Visiting Program, which serves children enrolled in or eligible for Medicaid and the Maryland Children's Health Program based on a diagnosis of asthma or lead poisoning, and $750,000 to develop an Eliminating Disparities in Maternal Health Initiative to provide funding to jurisdictions with elevated severe MMR.

Updates

1. CRF – Sales Year 2004 Multistate Litigation Decided in Maryland's Favor

The CRF was established by Chapters 172 and 173 of 1999 and is supported by payments made under the Master Settlement Agreement (MSA). Through the MSA, the settling manufacturers pay the litigating parties substantial annual payments in perpetuity and conform to a number of restrictions on marketing to youth and the general public. Litigating parties include 46 states (Florida, Minnesota, Mississippi, and Texas had previously settled litigation), 5 territories, and the District of Columbia. The distribution of MSA funds among the states is determined by formula, with Maryland receiving 2.26% of MSA payments, which are adjusted upward for inflation and downward for volume and prior settlements.

The Nonparticipating Manufacturer Adjustment

One of the conditions of the MSA was that the states take steps toward creating a more "level-playing field" between participating manufacturers (PM) to the MSA (and thus subject to annual payments and other restrictions) and nonparticipating manufacturers (NPM) to the agreement. This condition is enforced through an additional adjustment to the states' annual payments, the NPM adjustment. PMs have long contended that NPMs have avoided or exploited loopholes in state laws that give them a competitive advantage in the pricing of their products. If certain conditions are met, the MSA provides a downward adjustment to PMs' contribution. For the NPM adjustment to be applied, PMs must show that they experienced a demonstrable market share loss of over approximately 2%, that the MSA was a significant factor in that loss, and that a state was not diligently enforcing its qualifying statute (Chapter 169 of 1999 with subsequent revisions in the 2001 and 2004 sessions). The agreement allows PMs to pursue this adjustment on an annual basis.

Sales Year 2003 and 2004 Arbitration Findings and Budgetary Impact

Litigation regarding the NPM adjustment started in 2005, beginning with the NPM adjustment for sales year 2003. Arbitration regarding the "diligent enforcement" issue for 2003 commenced in July 2010. Maryland was 1 of 15 states that did not settle with PMs during the arbitration process and was 1 of 6 states that were found to not have diligently enforced their qualifying statute. The arbitration panel found that Maryland lacked dedicated and trained personnel to conduct enforcement efforts and that the Comptroller's office in particular failed to meaningfully participate in enforcement efforts.

Based on the arbitration panel's finding, Maryland not only forfeited approximately $16 million that PMs placed in escrow for the 2003 sales year but, under the MSA arbitration framework, also saw its fiscal 2014 payment reduced by $67 million based on the panel's assessment that those states that settled before arbitration could not be found as nondiligent. Subsequent litigation reduced Maryland's fiscal 2014 payment loss to $13 million. States that settled with PMs realized a one-time cash windfall with the release of funds from disputed payment escrow accounts for sales years 2003 through 2012. However, under the terms of the settlement, PMs were given credit for future payments from those

states (*i.e.*, reducing the payments to those states). Those states also had to enact new legislation and are now held to an enhanced standard in NPM adjustment disputes.

PMs sought a multistate arbitration related to sales year 2004 for Maryland and the other states that did not settle the 2003 sales year litigation. Arbitration on sales year 2004 began in fall 2018 with eight states involved, and New Mexico later joined as a ninth state in the arbitration. On September 1, 2021, the Office of the Attorney General announced that a panel of three arbitrators decided in favor of Maryland that it diligently enforced the qualifying statute. As a result, the Governor's fiscal 2023 budget plan reflects $16 million released from escrow as CRF revenue in fiscal 2022 that will be carried over to fiscal 2023. Chapters 41 and 42 require payments received by the State as a result of litigation related to the State's enforcement of State law regarding the MSA to go into a separate account that may only be used to supplant the general fund appropriation for settlement payments to HBCUs. The fiscal 2023 allowance budgets $16 million from the separate CRF account for the HBCU settlement.

Sales Year 2005 through 2007 Ongoing Litigation

The next round of arbitration has already begun for Maryland and nine other states. This arbitration will determine settlements for sales year 2005 through 2007 at once. If Maryland is found to have diligently enforced the qualifying statute, the State will receive approximately $25 million released from escrow.

It should be noted that for each disputed year since 2004, with some exceptions, an amount of Maryland's payments has been withheld and deposited into a disputed payments account. As of January 2021, there was approximately $245.3 million attributed to principal held on behalf of Maryland in this account. If the State were found to have diligently enforced the statute beginning in sales year 2005 and in the following years, at least this amount could be realized in revenue. Alternatively, Maryland could forfeit these funds and see its payment adjusted downward in certain fiscal years if the State were found to be nondiligent, as was seen in fiscal 2014 for sales year 2003.

Fiscal 2021 to 2023 CRF Programmatic Support

Exhibit 7 provides CRF revenue and expenditure detail for fiscal 2021 to 2023. Settlement payments declined by 0.9% over the period shown, primarily as a result of the downward adjustment for volume reduction being slightly greater than the upward adjustment for inflation, which is projected to rise by 6.1% in fiscal 2022 and 6.3% in fiscal 2023. The volume of cigarettes sold is projected to continue declining in Maryland in line with national trends of declining cigarette consumption overall in recent years.

Exhibit 7
Cigarette Restitution Fund Budget
Fiscal 2021-2023
($ in Millions)

	2021 Actual	2022 Working	2023 Allowance
Beginning Fund Balance	$0.2	$3.4	$43.5
Settlement Payments	162.4	162.0	160.9
NPM and Other Shortfalls in Payments[1]	-24.9	-24.9	-24.9
Awards from Disputed Account	0.0	0.0	0.0
Other Adjustments	5.3	5.3	0.0
Tobacco Laws Enforcement Arbitration	0.0	16.0	0.0
Subtotal	***$142.9***	***$161.8***	***$179.5***
Prior Year Recoveries	$3.8	$2.5	$2.5
Total Available Revenue	**$146.7**	**$164.3**	**$182.0**
Health			
Tobacco Enforcement, Prevention and Cessation	$8.2	$11.0	$11.1
Cancer	25.3	27.0	27.0
Substance Abuse	25.1	14.9	26.0
Breast and Cervical Cancer	14.6	13.2	13.2
Medicaid	54.4	36.0	68.0
Subtotal	***$127.6***	***$102.2***	***$145.3***
Other			
Aid to Nonpublic Schools	$13.9	$16.3	$16.3
Historically Black Colleges and Universities Settlement Payment	0.0	0.0	16.0
Crop Conversion	0.7	0.9	0.9
Attorney General	1.1	1.5	1.5
Subtotal	***$15.7***	***$18.7***	***$34.7***
Total Expenses	**$143.3**	**$120.8**	**$180.0**
Ending Fund Balance	**$3.4**	**$43.5**	**$2.0**

NPM: nonparticipating manufacturer

[1] The NPM adjustment represents the bulk of this total adjustment.

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

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

CRF uses are restricted by statute. For example, at least 30% of the annual appropriation must be used for Medicaid. This requirement is met in fiscal 2022 and 2023 with $36.0 million and

$68.0 million budgeted, respectively. Historically, any shortfalls in anticipated revenue are accounted for in Medicaid support. Other activities funded with the CRF in fiscal 2023 include:

- the Tobacco Use Prevention and Cessation Program;
- the Cancer Prevention, Education, Screening, and Treatment Program;
- the Breast and Cervical Cancer Program;
- alcohol and substance abuse treatment and prevention programs;
- nonpublic school support, including $10 million budgeted in fiscal 2022 and 2023 for the Broadening Options and Opportunities for Students Today Program;
- HBCU settlement payments; and
- tobacco production alternatives.

Appendix 1
Budget Overview
Fiscal 2019-2023
($ in Millions)

	2019 Actual	2020 Actual	2021 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
General Funds	**$4,946.7**	**$5,118.0**	**$5,126.0**	**$5,830.3**	**$6,569.0**		
Fiscal 2022 Deficiencies and Targeted Reversions				$87.2			
Adjusted General Funds	**$4,946.7**	**$5,118.0**	**$5,126.0**	**$5,917.5**	**$6,569.0**	**$651.5**	**11.0%**
Special Funds	**$1,289.4**	**$1,370.8**	**$2,181.5**	**$1,167.1**	**$1,367.1**		
Fiscal 2022 Deficiencies				-$8.3			
Adjusted Special Funds	**$1,289.4**	**$1,370.8**	**$2,181.5**	**$1,158.8**	**$1,367.1**	**$208.4**	**18.0%**
Federal Funds	**$7,891.3**	**$8,860.6**	**$10,259.8**	**$10,901.4**	**$9,852.1**		
Fiscal 2022 Deficiencies				$442.9			
Adjusted Federal Funds	**$7,891.3**	**$8,860.6**	**$10,259.8**	**$11,344.3**	**$9,852.1**	**-$1,492.2**	**-13.2%**
Reimbursable Funds	**$112.2**	**$681.2**	**$279.2**	**$97.1**	**$107.4**		
Fiscal 2022 Deficiencies				$2.6			
Adjusted Reimbursable Funds	**$112.2**	**$681.2**	**$279.2**	**$99.7**	**$107.4**	**$7.7**	**7.8%**
Adjusted Total	**$14,239.6**	**$16,030.7**	**$17,846.4**	**$18,520.2**	**$17,895.7**	**-$624.6**	**-3.4%**
Annual Percent Change from Prior Year	**4.4%**	**12.6%**	**11.3%**	**3.8%**	**-3.4%**		

Note: The fiscal 2022 working appropriation includes deficiency appropriations and target reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Department of Budget and Management; Department of Legislative Services

Appendix 2
Budget Overview: All Fund Sources
Fiscal 2021-2023 Allowance
($ in Millions)

	2021 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
Medical Programs/Medicaid	**$10,808.0**	**$11,813.3**	**$12,018.5**	**$205.2**	**1.7%**
Provider Reimbursements	10,351.1	11,275.4	11,447.3	171.9	1.5%
Maryland Children's Health Program	291.2	314.3	295.5	-18.8	-6.0%
Other	165.7	223.6	275.8	52.2	23.3%
Behavioral Health	**$2,166.2**	**$3,001.6**	**$2,582.4**	**-$419.1**	**-14.0%**
Program Direction	118.1	853.3	70.5	17.2	2.0%
Community Services	2,048.0	2,148.2	1,711.9	-436.3	-20.3%
Developmental Disabilities	**$1,477.3**	**$1,545.7**	**$1,548.5**	**$2.8**	**0.2%**
Program Direction	10.0	9.6	10.3	0.7	7.7%
Community Services	1,466.2	1,535.2	1,537.5	2.3	0.1%
MDH Administration	**$558.5**	**$570.8**	**$568.7**	**-$2.2**	**-0.4%**
Chronic Disease Hospitals	50.5	47.1	47.5	0.4	0.8%
Developmental Disabilities Administration Facilities	46.7	44.3	51.0	6.7	15.1%
State Psychiatric Hospitals	355.4	329.3	368.7	39.4	12.0%
Other	105.9	150.1	101.5	-48.6	-32.4%
Public Health Administration	**$1,863.4**	**$233.9**	**$216.9**	**-$17.0**	**-7.3%**
COVID-19 Federal Funds under OPR	561.7	32.3	33.3	1.0	3.0%
Targeted Local Health	69.0	73.9	74.9	1.0	1.4%
Other	1,232.7	101.5	102.8	1.3	1.3%
Prevention and Health Promotion Administration	**$736.9**	**$1,123.8**	**$618.1**	**-$505.8**	**-45.0%**
WIC Program	70.4	104.9	102.9	-2.0	-1.9%
CRF Tobacco and Cancer Programs	32.8	34.8	44.4	9.6	27.7%
Maryland AIDS Drug Assistance Program (Including MOE)	46.6	69.0	21.7	-47.3	-68.5%
ELC for Infectious Diseases; Including Funds for School Testing	254.9	625.1	141.5	-483.6	-77.4%

	2021 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
COVID-19 Spending	162.7	255.9	0.0	-255.9	-100.0%
Other	169.6	34.2	307.6	273.4	800.3%
Other Budget Areas	**$236.2**	**$264.2**	**$342.6**	**$78.4**	**29.7%**
Office of Health Care Quality	25.9	25.3	29.4	4.1	16.1%
Health Occupations Boards	42.9	45.8	50.9	5.1	11.2%
Health Regulatory Commissions	167.3	193.1	262.2	69.2	35.8%
Departmentwide Actions		**-$33.1**		**$33.1**	
Total Funding	**$17,846.4**	**$18,520.2**	**$17,895.7**	**-$624.6**	**-3.4%**

CRF: Cigarette Restitution Fund
ELC: Epidemiology and Laboratory Capacity
MDH: Maryland Department of Health
MOE: maintenance of effort
OPR: Office of Preparedness and Response
WIC: Special Supplemental Nutrition Program for Women, Infants, and Children

Note: The fiscal 2022 working appropriation includes deficiency appropriations and target reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Budget and Management; Department of Legislative Services

Appendix 3
Budget Overview: General Fund Sources
Fiscal 2021-2023 Allowance
($ in Millions)

	2020 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
Medical Programs/Medicaid	**$2,604.9**	**$3,409.6**	**$3,945.4**	**$535.8**	**15.7%**
Provider Reimbursements	2,497.1	3,278.2	3,817.5	539.3	16.5%
Maryland Children's Health Program	79.4	100.6	98.8	-1.7	-1.7%
Other	28.5	30.8	29.1	-1.7	-5.6%
Behavioral Health	**$848.7**	**$1,055.9**	**$999.2**	**-$56.7**	**-5.4%**
Community Services	735.5	948.9	889.6	-59.3	-6.2%
Program Direction	12.7	11.5	12.3	0.9	7.4%
Other	100.5	95.6	97.3	1.7	1.8%
Developmental Disabilities	**$667.2**	**$727.3**	**$845.5**	**$118.1**	**16.2%**
Community Services	661.4	721.9	839.3	117.4	16.3%
Program Direction	5.8	5.4	6.2	0.7	13.2%
MDH Administration	**$482.9**	**$509.0**	**$527.4**	**$18.4**	**3.6%**
State Psychiatric Hospitals	337.3	330.3	361.2	30.8	9.3%
Chronic Disease Hospitals	44.3	43.4	43.5	0.0	0.1%
Developmental Disabilities Administration Facilities	44.0	44.5	50.1	5.6	12.5%
Executive Direction	22.4	57.9	30.9	-27.0	-46.6%
Other	35.0	32.8	41.7	8.9	27.2%
Public Health Administration	**$440.3**	**$126.1**	**$145.5**	**$19.4**	**15.4%**
COVID-19 Spending under OPR	341.5	2.6	3.9	1.3	48.8%
Laboratories Administration	36.2	34.7	35.2	0.5	1.3%
Core Public Health Services	35.0	60.4	74.9	14.5	24.0%
Other	27.5	28.4	31.6	3.1	11.1%
Prevention and Health Promotion Administration	**$64.2**	**$62.6**	**$75.0**	**$12.3**	**19.7%**
Maternal and Child Health Bureau; Including Transfer of School-based Health Center Funding in Fiscal 2023	13.7	16.7	18.1	1.4	8.3%

	2020 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
Capital Region Medical Center Grant	15.0	10.0	10.0	0.0	0.0%
Other	21.8	23.6	24.9	1.3	5.4%
Kidney Disease Program	9.7	9.5	9.5	0.0	-0.1%
Executive Direction	2.9	2.9	2.9	0.0	0.4%
Tobacco Prevention and Enforcement Programs	1.2	0.0	9.7	9.7	85477.2%
Other Budget Areas	**$17.8**	**$26.9**	**$31.1**	**$4.2**	**15.6%**
Office of Health Care Quality	17.0	17.4	20.1	2.7	15.3%
Health Occupations Boards	0.8	0.6	0.8	0.2	38.5%
Health Regulatory Commissions	0.0	8.9	10.2	1.3	n/a
Total Funding	**$5,126.0**	**$5,917.5**	**$6,569.0**	**$651.5**	**11.0%**

MDH: Maryland Department of Health
OPR: Office of Preparedness and Response

Note: The fiscal 2022 working appropriation includes deficiency appropriations and target reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Budget and Management; Department of Legislative Services

Appendix 4
Proposed Fiscal 2022 Deficiencies
($ in Millions)

Program	General Funds	Special Funds	Federal Funds	Reimb. Funds	Total Funds
Deficiencies Related to the COVID-19 Pandemic Response					
Core Public Health Services					
Funding to support fee-for-service clinics administered by Local Health Departments that experienced deficits due to the pandemic.	$9.4				$9.4
Medical Care Programs Administration (Medicaid)					
Funding for the Managed Care Organizations Vaccine Incentive program.	7.5		7.5		15.0
State Psychiatric Hospitals					
Funding for facility personnel overtime expenses.	7.3				7.3
Office of Preparedness and Response					
Funding for personal protective equipment storage at the Curtis Bay warehouse.	1.3				1.3
Developmental Disabilities Administration (DDA) Facilities					
Funding for facility personnel overtime expenses.	1.0				1.0
Chronic Hospitals					
Funding for facility personnel overtime expenses.	0.4				0.4
Office of the Chief Medical Examiner					
Funding for anticipated overtime expenses.	0.1				0.1
Medicaid					
Funding for overtime expenses in the Office of Enterprise Technology, Benefits Management, and Eligibility Services.	0.0				0.0
6.2% enhanced federal matching funds in the third quarter of fiscal 2022 due to the extension of the public health emergency (traditional Medicaid and the Maryland Children's Health Program (MCHP)).	-113.9		113.9		0.0
Behavioral Health Administration (BHA)					
6.2% enhanced federal matching funds in the third quarter of fiscal 2022 due to the extension of the public health emergency.			21.5		21.5
Subtotal	***-$86.8***	***$0.0***	***$142.8***	***$0.0***	***$56.1***
Provider Rate Deficiencies					
BHA					
Funding for a home- and community-based services (HCBS) provider rate increase.			$67.5		$67.5

Program	General Funds	Special Funds	Federal Funds	Reimb. Funds	Total Funds
Medicaid					
Funding for a HCBS provider rate increase.			37.8		37.8
Subtotal	***$0.0***	***$0.0***	***$105.3***	***$0.0***	***$105.3***
Other Deficiencies					
BHA					
Funding for service year 2021 medical provider reimbursements.	$111.7		$227.1		$338.8
Medicaid					
Funding that adjusts enrollment, utilization, and rate projections for traditional Medicaid enrollees and Affordable Care Act expansion.	54.4	-4.5	-47.2	2.6	5.3
Funding that adjusts enrollment, utilization, and rate projections for MCHP.	13.1	-3.9	14.8		24.0
BHA					
Funding for issues related to the Administrative Services Organization.	13.0				13.0
Health Services Cost Review Commission					
Funding for the Chesapeake Regional Information System for Our Patients program.	4.9				4.9
Maryland Health Care Commission					
Funding for the Maryland Trauma Physician Services Fund.	4.0				4.0
Medicaid					
Funding for the Long-term Supports and Services Tracking System major information technology project.	3.1				3.1
State Psychiatric Hospitals					
Funding for hospital waitlist mitigation at Springfield Hospital Center.	1.8				1.8
Funding for operational costs at Crownsville Hospital Center.	0.5	0.1			0.7
BHA					
Funding for the Easterseals Military Family Clinic.	0.5				0.5
Subtotal	***$207.0***	***-$8.3***	***$194.7***	***$2.6***	***$396.1***
Fiscal 2022 Deficiencies Total	**$120.3**	**-$8.3**	**$442.9**	**$2.6**	**$557.4**
Fiscal 2022 Targeted Reversions					
Medicaid	-$13.1				-$13.1
DDA	-20.0				-20.0
Fiscal 2022 Targeted Reversions Total	**-$33.1**				**-$33.1**

Source: Governor's Fiscal 2023 Budget Books

Appendix 5
Selected Caseload Estimates Used in Fiscal 2023 Budget Plan
Fiscal 2019-2023 Estimated

	2019	2020	2021	Estimated 2022	Estimated 2023	$ Change 2022-2023	% Change 2022-2023
Medical Care Programs/Medicaid							
Medicaid Enrollees	908,819	939,251	1,017,671	989,424	963,600	-25,824	-2.6%
Maryland Children's Healthcare Program	154,321	143,031	143,387	156,380	149,330	-7,050	-4.5%
Affordable Care Act Medicaid Expansion	309,330	316,313	367,288	419,105	404,232	-14,873	-3.5%
Total	**1,372,470**	**1,398,595**	**1,528,346**	**1,564,909**	**1,517,162**	**-47,747**	**-3.1%**
Developmental Disabilities Administration (DDA)[1]							
Residential Services	6,560	6,604	6,590	6,658	6,720	62	0.9%
Day Services	13,732	13,617	13,197	13,068	12,971	-97	-0.7%
Support Services	4,787	4,697	6,343	8,313	8,266	-47	-0.6%
Self-directed Services	983	1,121	1,574	1,661	2,072	411	24.7%
Total Services	**26,062**	**26,039**	**27,704**	**29,700**	**30,029**	**329**	**1.1%**
Targeted Case Management	23,012	23,445	27,723	27,723	28,912	1,189	4.3%
Unduplicated Count of Individuals Receiving Community-based Services	16,868	17,296	17,995	17,995	18,355	360	2.0%

[1] The service components show a duplicated count as individuals can be counted in multiple service types. Targeted case management is provided to individuals on the waiting list as well as individuals receiving community services. Residential services include individual family care. Day services include supported employment and summer programs. Support services include individual, family, and personal support services.

Source: Maryland Department of Health; Department of Budget and Management; Department of Legislative Services

Appendix 6
Regular Personnel – Authorized Positions by Program
Fiscal 2021-2023

	2021 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
MDH Administration	**3,949.2**	**3,937.3**	**3,883.8**	**-53.5**	**-1.4%**
State Psychiatric Hospitals	2,647.6	2,619.2	2,611.1	-8.1	-0.3%
Chronic Disease Hospitals	421.5	413.1	409.2	-3.9	-0.9%
DDA Facilities	452.1	464.0	462.5	-1.5	-0.3%
Administration	428.0	441.0	401.0	-40.0	-9.1%
Office of Health Care Quality	**221.0**	**230.0**	**240.0**	**10.0**	**4.3%**
Health Occupations Boards	**280.5**	**282.5**	**285.5**	**3.0**	**1.1%**
Public Health Administration	**417.0**	**420.8**	**436.8**	**16.0**	**3.8%**
Prevention and Health Promotion Administration	**461.4**	**460.4**	**458.4**	**-2.0**	**-0.4%**
Behavioral Health Administration	**134.8**	**134.8**	**132.8**	**-2.0**	**-1.5%**
DDA	**174.5**	**176.5**	**174.0**	**-2.5**	**-1.4%**
Medical Care Programs Administration	**608.9**	**615.0**	**611.0**	**-4.0**	**-0.7%**
Health Regulatory Commissions	**108.9**	**112.9**	**112.9**	**0.0**	**0.0%**
Total Regular Positions	**6,356.2**	**6,370.2**	**6,335.2**	**-35.0**	**-0.5%**

DDA: Developmental Disabilities Administration
MDH: Maryland Department of Health

Source: Governor's Fiscal 2023 Budget Books

Appendix 7
Contractual Personnel – Authorized FTE Positions by Program
Fiscal 2021-2023

	2021 Actual	2022 Working	2023 Allowance	2022-2023 $ Change	2022-2023 % Change
MDH Administration	**200.6**	**224.5**	**233.5**	**9.0**	**4.0%**
State Psychiatric Hospitals	149.4	164.8	167.6	2.9	1.7%
Chronic Disease Hospitals	21.8	25.8	22.7	-3.1	-12.0%
DDA Facilities	11.9	14.6	12.4	-2.2	-15.1%
Administration	17.4	19.4	30.8	11.4	58.9%
Office of Health Care Quality	**9.8**	**12.5**	**13.5**	**1.0**	**8.0%**
Health Occupations Boards	**58.3**	**84.8**	**94.9**	**10.1**	**11.9%**
Public Health Administration	**82.9**	**94.9**	**82.2**	**-12.7**	**-13.4%**
Prevention and Health Promotion Administration	**61.9**	**80.3**	**96.5**	**16.2**	**20.2%**
Behavioral Health Administration	**40.1**	**66.1**	**58.6**	**-7.5**	**-11.3%**
DDA	**17.9**	**33.3**	**22.1**	**-11.2**	**-33.6%**
Medical Care Programs Administration	**72.0**	**111.4**	**114.8**	**3.4**	**3.1%**
Health Regulatory Commissions	**7.7**	**9.6**	**11.3**	**1.7**	**17.6%**
Total Contractual Positions	**551.2**	**717.3**	**727.4**	**10.1**	**1.4%**

DDA: Developmental Disabilities Administration
FTE: full-time equivalent
MDH: Maryland Department of Health

Source: Governor's Fiscal 2023 Budget Books