



# DEPARTMENT OF HEALTH

HEALTH AND HUMAN SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANZSEN

## BUDGET BRIEF

### SUMMARY

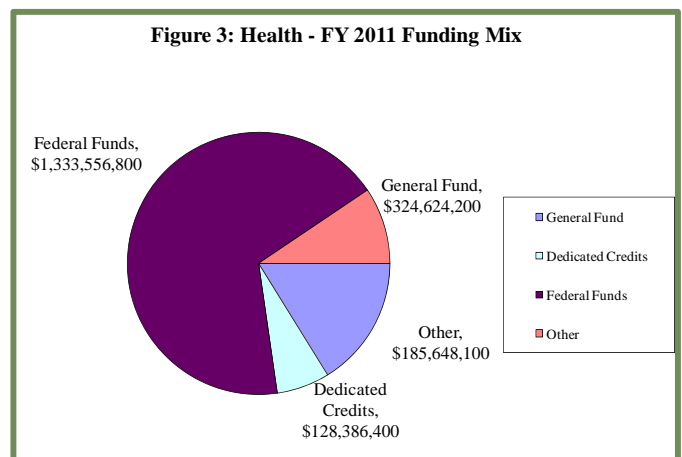
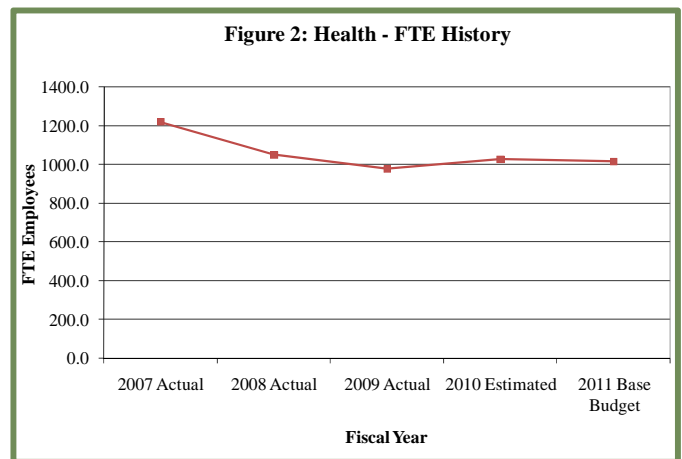
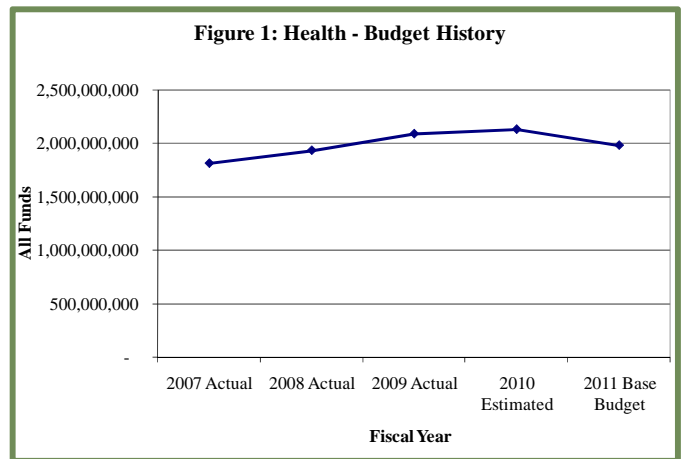
The Mission of the Utah Department of Health (DOH) is to protect the public’s health by preventing avoidable disease, injury, disability, and premature death; assuring access to affordable, quality health care; promoting healthy lifestyles; documenting health events; and monitoring and analyzing health trends. For more detailed information please visit the online Compendium of Budget Information for the 2010 General Session at [http://le.utah.gov/lfa/reports/cobi2010/agcy\\_270.htm](http://le.utah.gov/lfa/reports/cobi2010/agcy_270.htm).

DOH includes the following entities and funding line items for its FY 2011 base budget of \$1,965,723,100:

1. Executive Director's Operations
2. Health Systems Improvement
3. Workforce Financial Assistance Program
4. Epidemiology and Laboratory Services
5. Community and Family Health Services
6. Health Care Financing
7. Medicaid Mandatory Services
8. Medicaid Optional Services
9. Children's Health Insurance Program
10. Local Health Departments

The Utah Department of Health lists the following objectives as five of its major goals (as listed in the Department of Health’s FY 2009 Appropriation Request):

1. Expand public health coverage for children through Medicaid and the Children’s Health Insurance Program
2. Work towards health insurance coverage for all Utah citizens as a long-term public health goal
3. Improve capacity to respond to intentional and natural public health threats at state and local levels



4. Establish prevention of childhood obesity as a public health priority
5. Provide public health facilities and health plans with quality and performance data that are consistent, reliable, and understandable to consumers

### **ISSUES AND RECOMMENDATIONS**

Recommendations for Legislative action are included in a budget brief with the same name as each of the Department's 10 budget line items as listed above. Please visit each of those budget briefs for additional information.

### **Internal Reorganization**

The Department of Health has completed some internal reconfiguration of its Divisions. The Department took three of existing Divisions (Health Systems Improvement, Epidemiology and Laboratory Services, and Community and Family Health Services) and changed them into two Divisions (Disease Control and Prevention and Family Health and Preparedness). The Department estimates that this reorganization as well as funding reductions resulted in a reduction of 42 FTEs from FY 2009 to FY 2011.

### **BUDGET DETAIL**

The budget listed in the table below details the budget allocations in the base budget bill. Below is a discussion of some of the trends seen from FY 2009 to FY 2011:

1. **Federal Funds** – The Department of Health is requesting an increase in its federal funds in FY 2010 of 14% or \$173 million. The Department has received an increase of \$5.7 million for flu preparedness grants and \$3 million in other public health grants. Most of the rest of the increase comes from an update to the estimated federal match within the Medicaid program. For FY 2011 federal funds are anticipated to decrease 7% or \$105 million. The Department indicates that these decreases are primarily from reductions in the Medicaid program and the loss of other public health grants. For more detailed information showing all the sources of the federal funds for FY 2010 and FY 2011 please see the Issue Brief entitled "*Federal Funds in the Department of Health.*"
2. **American Recovery and Reinvestment Act** – The table shows American Recovery and Reinvestment Act (ARRA or federal stimulus) funds going to \$0 in FY 2011. This is because the Legislature will have an opportunity to specifically consider approving all ARRA funds in FY 2011 and any increases FY 2010 separately. Please see the Issue Brief entitled: "*ARRA Funds Approval.*"
3. **Dedicated Credits** – The Department of Health is requesting an increase in its dedicated credits in FY 2010 of 6% or \$7 million. The Department indicates that these increases are primarily in pharmacy rebates within the Medicaid program, which is estimated to increase by \$6.5 million. For FY 2011 dedicated credits are anticipated to increase 2% or \$2 million. The Department indicates that these increases also are primarily in pharmacy rebates, newborn screening, and cremation authorizations. For more detailed information to show the contribution of fees to the Department's revenue for FY 2010 and FY 2011 please see the Issue Brief entitled "*Health Department Fees.*"
4. **Beginning Nonlapsing Balances** – Beginning Nonlapsing as requested by the Department of Health would go from \$2.6 million to \$11.6 million in FY 2010 and then back down to \$1.7 million in FY 2011. This increase is largely due to one of the requirements of the federal stimulus package for Medicaid that all appropriated funds must stay with Medicaid. The Legislature met this requirement by passing HB 446 in the 2009 General Session to give nonlapsing authority to the Medicaid program for FY 2009 through FY 2011. Of the total \$11.6 million FY 2010 non-lapsing balance, \$7 million is for Medicaid and \$1.4 million for the Children's Health Insurance Program. The Department indicates that the other increases

are in the Emergency Medical Services program. For more detailed information showing all the sources of non-lapsing balances in FY 2009 please see the Issue Brief entitled “*Non-lapsing Balances.*”

5. **Transfers – Human Services** – The funds coming to the Department of Health from the Department of Human Services in FY 2011 is estimated to be 5% or \$3 million lower than the FY 2009 actuals. The Department anticipates receiving \$60 million in FY 2010 and \$67 million in FY 2011. The Department received \$70 million in FY 2009. This money is used for the Community Supports Waiver, Aging Waiver, Utah State Development Center and the Utah State Hospital. The increases between FY 2010 and FY 2011 are due to changes in the amount of estimated ARRA funding.
6. **Transfers – Intergovernmental** – The Department of Health received \$70 million from non-State governmental entities in FY 2009. The agency estimates this will decrease to \$27 million in FY 2011. The decreases are due to changes in estimates for ARRA funding and a payback to the Federal government for Indirect Medical Education. For more detailed information showing all the recent paybacks to the Federal government in the Medicaid program please see the Issue Brief entitled “*Federal Disallowances.*”
7. **In-state Travel** – The Department of Health anticipates spending 7% more on in-state travel in FY 2011 than it did in FY 2009. The Department explains that in-state travel was cut further in FY 2009 than it will be in FY 2011. During budget reductions, this category is one of the first choices of the Health Department to reduce spending and remain within its budget.
8. **Data Processing Current Expense** – The Department of Health is anticipating increases in its spending on data processing in FY 2010 of 10% or \$1 million. The Department indicates that these increases are primarily from ARRA (federal stimulus) and federally-funded projects in the Baby Watch Early Intervention, Newborn Screening programs, and Women, Infants, and Children Program.

In addition to the briefs already mentioned above, the following briefs will be presented to the subcommittee for its consideration:

1. *Medicaid Review* – A brief overview of Medicaid in the State of Utah with recommendations for improvements.
2. *Buildings* – A discussion of expenditures on buildings.
3. *Intent Language Follow-up from Prior Year* – The Department’s response to each piece of intent language passed. This year’s report includes three reports regarding Medicaid.
4. *Medicaid Providers A Snapshot* – An overview of how many medical and dental providers participated in the Medicaid program in FY 2008, FY 2009, and FY 2010 (through December 1, 2009).
5. *Required Annual Reports* – a list of annual reports required by statute and a discussion of some other reports that may be of interest to the subcommittee.
6. *SB 87 Follow up* – a discussion of actual vs estimated savings for the Preferred Drug List program.
7. *Social Services Related Revenue Options* – an overview of funding sources that may help provide one-time or ongoing funding.
8. Other briefs at the request of the subcommittee or generated by the Fiscal Analyst.

Health						
Sources of Finance	FY 2009 Actual	FY 2010 Appropriated	Changes	FY 2010 Revised	Changes	FY 2011* Base Budget
General Fund	353,377,000	324,624,200	0	324,624,200	(6,492,400)	318,131,800
General Fund, One-time	(46,639,600)	(50,053,900)	0	(50,053,900)	50,053,900	0
Federal Funds	1,352,662,700	1,265,510,800	173,498,400	1,439,009,200	(105,452,400)	1,333,556,800
American Recovery and Reinvestment Act	74,154,500	105,875,100	(5,270,900)	100,604,200	(100,604,200)	0
Dedicated Credits Revenue	120,212,100	119,785,500	6,685,000	126,470,500	1,915,900	128,386,400
GFR - Cat & Dog Spay & Neuter	66,200	80,000	0	80,000	0	80,000
GFR - Cigarette Tax Rest	3,131,700	3,131,700	0	3,131,700	0	3,131,700
GFR - Children's Organ Transplant Trust	100,000	100,000	0	100,000	0	100,000
GFR - Medicaid Restricted	8,790,900	4,613,500	0	4,613,500	(4,613,500)	0
GFR - Nursing Care Facilities Account	15,716,200	18,240,300	0	18,240,300	0	18,240,300
GFR - State Lab Drug Testing Account	418,000	418,800	0	418,800	0	418,800
GFR - Tobacco Settlement	16,768,000	20,373,600	0	20,373,600	0	20,373,600
TFR - Dept. of Public Safety Rest. Acct.	0	100,000	210,000	310,000	(210,000)	100,000
Organ Donation Contribution Fund	113,000	113,000	0	113,000	0	113,000
Transfers	1,290,800	56,133,700	(53,755,000)	2,378,700	(1,474,200)	904,500
Transfers - Environmental Quality	6,500	200	(200)	0	0	0
Transfers - Governor's Office Administration	185,900	0	208,900	208,900	(208,900)	0
Transfers - Human Services	70,268,700	57,741,500	2,101,870	59,843,370	7,369,630	67,213,000
Transfers - Intergovernmental	70,310,000	(273,300)	25,693,630	25,420,330	1,834,670	27,255,000
Transfers - Medicaid	0	2,010,800	(2,010,800)	0	0	0
Transfers - Other Agencies	2,400	7,233,600	(7,233,600)	0	0	0
Transfers - Public Safety	545,900	380,200	112,600	492,800	(137,800)	355,000
Transfers - Within Agency	16,049,000	42,333,500	(28,261,400)	14,072,100	1,963,100	16,035,200
Transfers - Workforce Services	28,325,700	2,883,800	24,317,300	27,201,100	139,500	27,340,600
Transfers - Youth Corrections	5,926,800	0	3,398,000	3,398,000	154,900	3,552,900
Rural Health Care Facilities Fund	277,500	0	0	0	0	0
Pass-through	2,611,100	0	(260,400)	(260,400)	287,500	27,100
Beginning Nonlapsing	6,892,600	2,578,700	9,014,400	11,593,100	(9,893,200)	1,699,900
Closing Nonlapsing	(11,593,100)	(1,568,900)	(131,000)	(1,699,900)	407,400	(1,292,500)
Lapsing Balance	(1,546,300)	0	0	0	0	0
<b>Total</b>	<b>\$2,088,424,200</b>	<b>\$1,982,366,400</b>	<b>\$148,316,800</b>	<b>\$2,130,683,200</b>	<b>(\$164,960,100)</b>	<b>\$1,965,723,100</b>
<b>Line Items</b>						
Executive Director's Operations	27,171,200	25,902,200	5,930,200	31,832,400	(5,954,900)	25,877,500
Health Systems Improvement	15,727,100	15,375,300	126,500	15,501,800	(435,500)	15,066,300
Workforce Financial Assistance	560,000	0	422,800	422,800	(252,800)	170,000
Epidemiology and Laboratory Services	23,055,900	21,102,400	1,736,600	22,839,000	3,987,700	26,826,700
Community and Family Health Services	111,099,000	121,975,700	(743,600)	121,232,100	(6,786,500)	114,445,600
Health Care Financing	114,719,500	115,664,200	(1,519,400)	114,144,800	1,335,200	115,480,000
Medicaid Mandatory Services	898,735,200	810,761,100	103,822,100	914,583,200	(118,856,800)	795,726,400
Medicaid Optional Services	824,560,100	792,826,300	29,726,800	822,553,100	(31,153,500)	791,399,600
Local Health Departments	2,497,000	2,309,700	0	2,309,700	(229,700)	2,080,000
Children's Health Insurance Program	70,299,200	76,449,500	8,814,800	85,264,300	(6,613,300)	78,651,000
<b>Total</b>	<b>\$2,088,424,200</b>	<b>\$1,982,366,400</b>	<b>\$148,316,800</b>	<b>\$2,130,683,200</b>	<b>(\$164,960,100)</b>	<b>\$1,965,723,100</b>
<b>Categories of Expenditure</b>						
Personnel Services	74,126,100	73,812,200	34,400	73,846,600	(1,623,600)	72,223,000
In-state Travel	688,600	878,400	(163,600)	714,800	27,100	741,900
Out-of-state Travel	528,500	662,200	(146,600)	515,600	3,100	518,700
Current Expense	52,036,200	43,492,200	12,390,800	55,883,000	(1,264,400)	54,618,600
DP Current Expense	14,211,500	13,624,000	1,419,500	15,043,500	(455,900)	14,587,600
DP Capital Outlay	106,500	0	8,200	8,200	0	8,200
Capital Outlay	614,900	80,700	697,300	778,000	(678,000)	100,000
Other Charges/Pass Thru	1,946,111,900	1,849,816,700	134,076,800	1,983,893,500	(160,968,400)	1,822,925,100
<b>Total</b>	<b>\$2,088,424,200</b>	<b>\$1,982,366,400</b>	<b>\$148,316,800</b>	<b>\$2,130,683,200</b>	<b>(\$164,960,100)</b>	<b>\$1,965,723,100</b>
<b>Other Data</b>						
Budgeted FTE	978.4	1004.0	22.7	1026.7	(11.5)	1015.2
Vehicles	64.0	67.0	(3.0)	64.0	0.0	64.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.