



# DEPARTMENT OF HEALTH

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANSEN

## BUDGET BRIEF

### SUMMARY

The Department of Health includes the following entities and funding line items for its \$2,357,095,100 FY 2014 base budget:

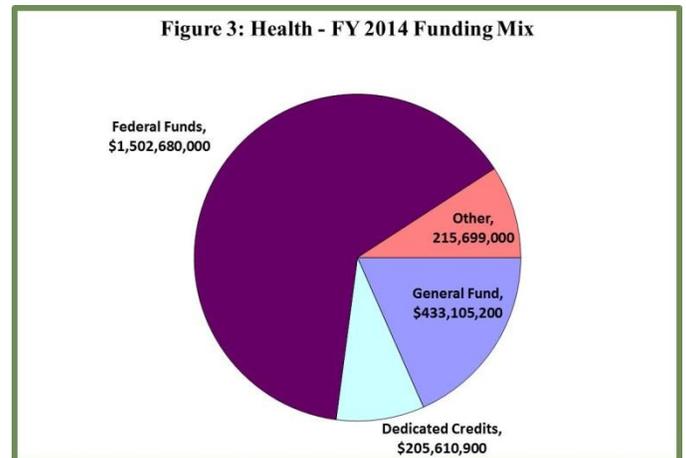
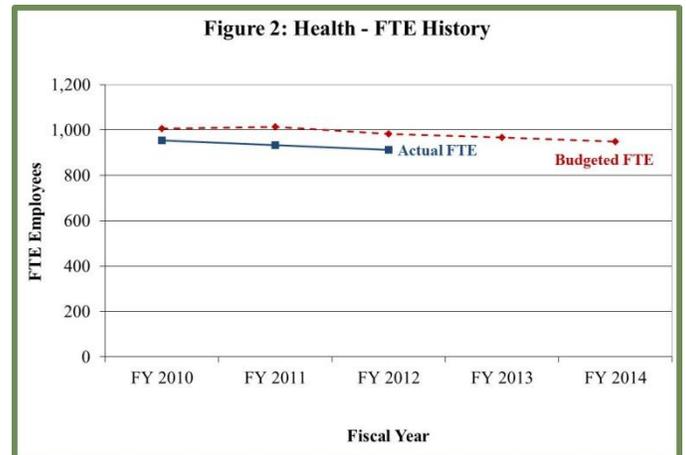
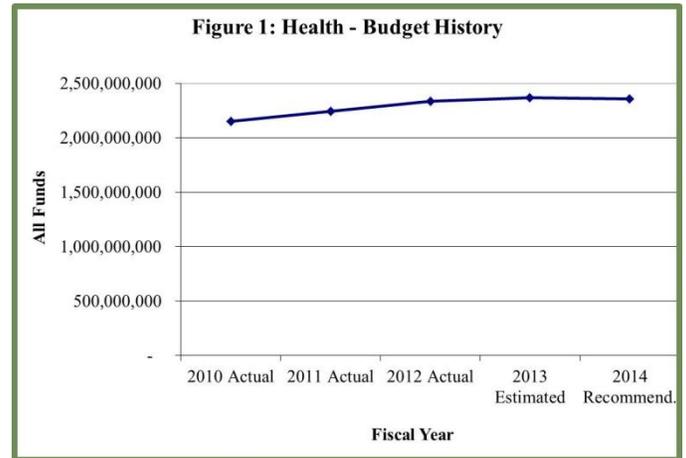
1. Executive Director's Operations
2. Family Health and Preparedness
3. Disease Control and Prevention
4. Local Health Departments
5. Workforce Financial Assistance Program
6. Medicaid and Health Financing
7. Medicaid Management Information System Replacement
8. Medicaid Sanctions
9. Children's Health Insurance Program
10. Medicaid Mandatory Services
11. Medicaid Optional Services

The Subcommittee will receive one budget brief for each item listed above with base budgets and intent language statements for possible changes and approval. This brief is for informational purposes only and requires no Legislative action.

### OVERVIEW

The Utah Department of Health lists the following objectives as three of its major goals:

1. To be among the healthiest of all state populations by promoting healthy communities, healthy behaviors, and an improved health care system.
2. Assure that health care reform improves health and reduces health care costs, by focusing on prevention as well as improving access to care, quality of care, and cost of care.
3. Transform Medicaid to improve health outcomes and reduce cost by aligning provider payment incentives with the desired outcomes of improved health and reduced costs, while preserving access to care.



The Mission of the Utah Department of Health is to protect the public's health by preventing avoidable illness, injury, disability, and premature death; assuring access to affordable, quality health care; and promoting healthy lifestyles. For more detailed information, please visit the online Compendium of Budget Information for the 2013 General Session at [http://le.utah.gov/lfa/reports/cobi2013/agcy\\_270.htm](http://le.utah.gov/lfa/reports/cobi2013/agcy_270.htm). Many of the reports produced by the Department of Health and required by statute can be found at <http://health.utah.gov/legislativereports/index.html>.

### **ISSUES AND RECOMMENDATIONS**

Recommendations for Legislative action are included in a budget brief with the same name as each of the Department's 11 budget line items as listed above. Please visit each of those budget briefs for additional information.

### ***Building Block Summary - Governor's Budget Recommendations vs Agency Requests***

The Governor's Budget recommended increases of \$31,722,900 General Fund (\$24,807,300 ongoing) for 10 purposes in the Department of Health. The Governor's Budget recommendations represent 65% of the \$49,045,400 General Fund (\$44,451,800 ongoing) for 13 purposes requested by the Department of Health for funding increases. Each agency request and recommendation in the Governor's Budget is discussed in more detail in each line item's budget brief.

### **ACCOUNTABILITY DETAIL**

#### ***Why \$34.1 Million in Unspent General Fund for the Department of Health in FY 2012?***

The Department of Health did not spend \$34.1 million or 8% of its General Fund for FY 2012. The Legislature allowed the Department to retain all but \$7,000 of the unexpended balance in nonlapsing funds. Of this \$34.1 million, \$29.2 million came from Medicaid and \$4.9 million from the rest of the Department's budget. The \$29.2 million unspent in Medicaid represents 7% of all FY 2012 General Fund for Medicaid. The Department of Health explains this unspent balance in Medicaid with a lower than projected enrollment and utilization of medical services. The \$29.2 million General Fund in Medicaid stays in that program for FY 2013 from HB 272 from the 2012 General Session and other intent language. Previously, the Legislature used the unspent General Fund in Medicaid from FY 2011 to reduce the appropriation provided for supplemental Medicaid growth.

The \$4.9 million from the non-Medicaid portion of the Department of Health represents 12% of all non-Medicaid General Fund provided to the Department of Health. The savings for Health primarily come from lower than anticipated CHIP enrollment, saving for laboratory equipment, and unspent primary care and workforce assistance grants.

#### ***From Where Does Health Receive its \$2.4 Billion in Funding?***

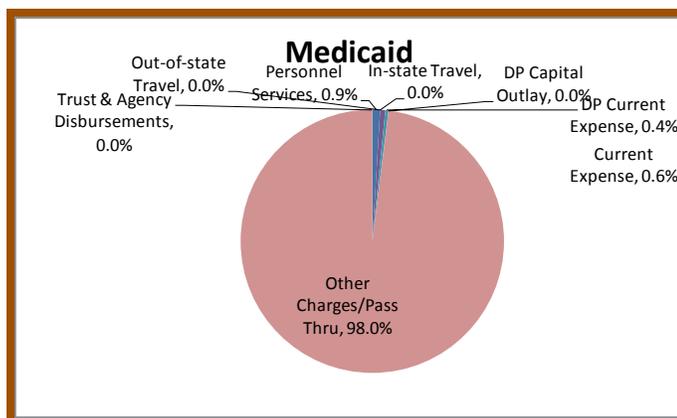
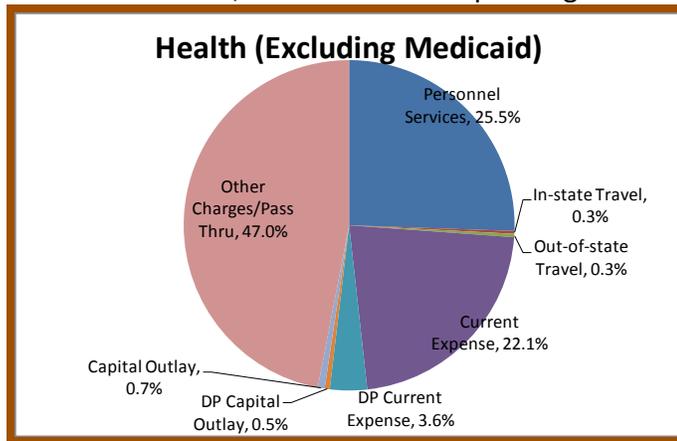
The Department of Health received \$2,359,753,300 in new funding in FY 2012. About 2 of every 3 dollars for the Department of Health came from federal funds. At least 3% of the funding was for one-time projects, with \$45 million one-time General Fund and \$18 million from ARRA. The table below shows the sources of this \$2.4 billion in funding:

<b>Category</b>	<b>FY 2012</b>	
Federal Funds	\$ 1,512,123,300	64%
General Fund	\$ 422,378,700	18%
Dedicated Credits Revenue	\$ 206,073,600	9%
Transfers	\$ 120,172,500	5%
Restricted Funds	\$ 81,161,300	3%
ARRA	\$ 17,843,900	1%
<b>Total New Funds</b>	<b>\$ 2,359,753,300</b>	<b>100%</b>

1. Federal Funds of \$1,512,123,300
2. General Fund of \$422,378,700 - \$44,919,600 or 11% was for one-time projects.
3. Dedicated Credits Revenue of \$206,073,600 – the Department of Health estimates that about \$18.5M or 9% comes from fees with the rest from pharmacy rebates, Medicaid seed match agreements, and WIC formula rebates.
4. Transfers of \$120,172,500 – this is mostly money from other state agencies for their participation in the Medicaid program. Other significant projects above \$1 million include the \$7 million internal transfers, which includes \$3.3 million for child foster care, \$1.7 million for child health care case management, and \$1.0 million for tobacco cessation media campaign.
5. Restricted Funds of \$81,161,300 – money that the Legislature has put into accounts with certain restrictions. About \$40 million of the total requires an appropriation by the Legislature each year.
6. ARRA of \$17,843,900 – federal stimulus money for temporary projects.

**Where Did Health Spend its \$2.4 Billion in Funding?**

Outside of Medicaid, the Department of Health contracted out about one-half of all services provided. Within Medicaid, the Department of Health contracted out about 98% of the services provided. The amount of services contracted out by the Department of Health can be seen in the “Other Charges/Pass Thru” categories in the graphs below. The charts also show the percentage of funds spent in other categories. Even though some of the categories in the Medicaid chart show 0.0%, there was some spending in those categories.



**BUDGET DETAIL**

The budget listed in the table below details the allocations in the base budget bill.

Sources of Finance	Health			FY 2013 Revised	FY 2013 Changes	FY 2014* Recommended
	FY 2012 Actual	FY 2013 Appropriated	Changes			
General Fund	377,459,100	454,564,600	0	454,564,600	(21,459,400)	433,105,200
General Fund, One-time	45,119,600	7,225,000	(44,661,000)	(37,436,000)	37,436,000	0
Federal Funds	1,512,123,300	1,587,951,700	(108,492,000)	1,479,459,700	23,220,300	1,502,680,000
American Recovery and Reinvestment Act	17,843,900	75,721,200	(58,000,000)	17,721,200	(17,721,200)	0
Dedicated Credits Revenue	206,102,000	158,877,700	46,470,100	205,347,800	263,100	205,610,900
GFR - Autism Treatment Account	0	1,050,000	0	1,050,000	(1,000,000)	50,000
GFR - Cancer Research Restricted Account	0	20,000	0	20,000	0	20,000
GFR - Cigarette Tax	3,150,000	3,150,000	0	3,150,000	0	3,150,000
GFR - Children's Organ Transplant	59,800	100,600	0	100,600	0	100,600
GFR - Nursing Care Facilities Account	21,296,400	23,370,700	0	23,370,700	0	23,370,700
GFR - Prostate Cancer Support	200	26,600	0	26,600	0	26,600
GFR - State Lab Drug Testing Account	322,800	432,200	0	432,200	0	432,200
GFR - Tobacco Settlement	14,650,900	15,370,200	0	15,370,200	0	15,370,200
Dept. of Public Safety Rest. Acct.	100,000	100,000	0	100,000	0	100,000
Hospital Provider Assessment	41,500,000	41,500,000	0	41,500,000	0	41,500,000
Organ Donation Contribution Fund	81,200	113,000	0	113,000	0	113,000
Transfers	0	131,900	(131,900)	0	0	0
Transfers - Fed Pass-thru	0	3,330,100	(3,330,100)	0	0	0
Transfers - Governor's Office Administration	0	93,000	(93,000)	0	0	0
Transfers - Human Services	818,200	1,022,400	(2,400)	1,020,000	0	1,020,000
Transfers - Intergovernmental	23,700	16,922,600	(16,922,600)	0	0	0
Transfers - Medicaid	5,423,400	5,344,200	829,600	6,173,800	0	6,173,800
Transfers - Medicaid - DHS	78,332,700	84,766,500	3,204,100	87,970,600	(2,915,400)	85,055,200
Transfers - Medicaid - DWS	18,557,500	18,082,800	248,200	18,331,000	(183,200)	18,147,800
Transfers - Medicaid - JJS	39,900	0	41,900	41,900	0	41,900
Transfers - Medicaid - GOPB	857,800	994,900	281,700	1,276,600	30,900	1,307,500
Transfers - Medicaid - Internal DOH	1,828,700	4,655,700	(2,638,700)	2,017,000	0	2,017,000
Transfers - Medicaid - UDC	0	625,000	(25,000)	600,000	0	600,000
Transfers - Medicaid - USDB	334,200	310,000	26,000	336,000	0	336,000
Transfers - Other Agencies	231,100	0	294,700	294,700	0	294,700
Transfers - Public Safety	303,500	168,900	33,800	202,700	(16,000)	186,700
Transfers - State Office of Education	17,000	17,000	0	17,000	0	17,000
Transfers - State Office of Rehabilitation	0	0	166,900	166,900	0	166,900
Transfers - Within Agency	7,080,400	5,159,100	2,563,700	7,722,800	0	7,722,800
Transfers - Workforce Services	5,041,000	4,655,800	826,700	5,482,500	(377,100)	5,105,400
Transfers - Youth Corrections	1,636,000	0	1,653,800	1,653,800	(76,800)	1,577,000
Pass-through	(352,600)	(686,400)	(547,600)	(1,234,000)	430,000	(804,000)
Beginning Nonlapsing	13,662,500	6,204,300	33,534,600	39,738,900	(36,406,000)	3,332,900
Beginning Nonlapsing - Medicaid Sanctions	0	0	100,000	100,000	(100,000)	0
Closing Nonlapsing	(39,838,900)	(1,188,200)	(2,044,700)	(3,232,900)	2,400,000	(832,900)
Lapsing Balance	(7,100)	0	(3,732,900)	(3,732,900)	3,732,900	0
Beginning Fund Balance	30,700	0	242,200	242,200	0	242,200
Ending Fund Balance	(242,200)	0	(242,200)	(242,200)	0	(242,200)
<b>Total</b>	<b>\$2,333,586,700</b>	<b>\$2,520,183,100</b>	<b>(\$150,346,100)</b>	<b>\$2,369,837,000</b>	<b>(\$12,741,900)</b>	<b>\$2,357,095,100</b>
<b>Line Items</b>						
Executive Director's Operations	14,589,800	13,229,600	71,500	13,301,100	(821,700)	12,479,400
Family Health and Preparedness	119,100,600	123,282,500	527,900	123,810,400	(7,184,400)	116,626,000
Disease Control and Prevention	56,330,300	57,778,300	5,365,800	63,144,100	(1,186,100)	61,958,000
Local Health Departments	2,122,400	2,122,400	0	2,122,400	0	2,122,400
Workforce Financial Assistance	164,300	40,300	7,700	48,000	(48,000)	0
Medicaid and Health Financing	96,075,100	106,121,400	(630,200)	105,491,200	(4,186,200)	101,305,000
Medicaid Management Information System Rep	2,273,600	19,473,800	(5,228,700)	14,245,100	(14,245,100)	0
Medicaid Sanctions	0	100,000	0	100,000	150,000	250,000
Children's Health Insurance Program	73,510,600	86,737,300	(7,980,900)	78,756,400	6,275,000	85,031,400
Medicaid Mandatory Services	1,055,908,200	1,163,562,200	(145,716,400)	1,017,845,800	33,401,300	1,051,247,100
Medicaid Optional Services	913,494,900	947,635,300	3,237,200	950,872,500	(24,796,700)	926,075,800
Traumatic Brain Injury Fund	16,900	100,000	0	100,000	(100,000)	0
Traumatic Head and Spinal Cord Injury Rehabil	0	0	0	0	0	0
<b>Total</b>	<b>\$2,333,586,700</b>	<b>\$2,520,183,100</b>	<b>(\$150,346,100)</b>	<b>\$2,369,837,000</b>	<b>(\$12,741,900)</b>	<b>\$2,357,095,100</b>
<b>Categories of Expenditure</b>						
Personnel Services	69,444,100	73,500,200	888,200	74,388,400	(1,974,500)	72,413,900
In-state Travel	586,500	669,300	(38,900)	630,400	(22,400)	608,000
Out-of-state Travel	706,300	572,200	153,200	725,400	(62,800)	662,600
Current Expense	55,910,200	66,565,900	(3,386,400)	63,179,500	(7,142,000)	56,037,500
DP Current Expense	15,304,200	16,007,400	12,987,200	28,994,600	(14,879,600)	14,115,000
DP Capital Outlay	1,344,900	649,900	(599,900)	50,000	(50,000)	0
Capital Outlay	1,271,700	0	259,800	259,800	(259,800)	0
Other Charges/Pass Thru	2,189,018,800	2,362,118,200	(160,609,300)	2,201,508,900	11,749,200	2,213,258,100
Transfers	0	100,000	0	100,000	(100,000)	0
<b>Total</b>	<b>\$2,333,586,700</b>	<b>\$2,520,183,100</b>	<b>(\$150,346,100)</b>	<b>\$2,369,837,000</b>	<b>(\$12,741,900)</b>	<b>\$2,357,095,100</b>
<b>Other Data</b>						
Budgeted FTE	983	998	(30)	968	(19)	949
Actual FTE	914	0	0	0	0	0
Vehicles	56	58	(2)	56	0	56

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