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**Department of Health and  
Mental Hygiene  
Fiscal 2011 Budget Overview**

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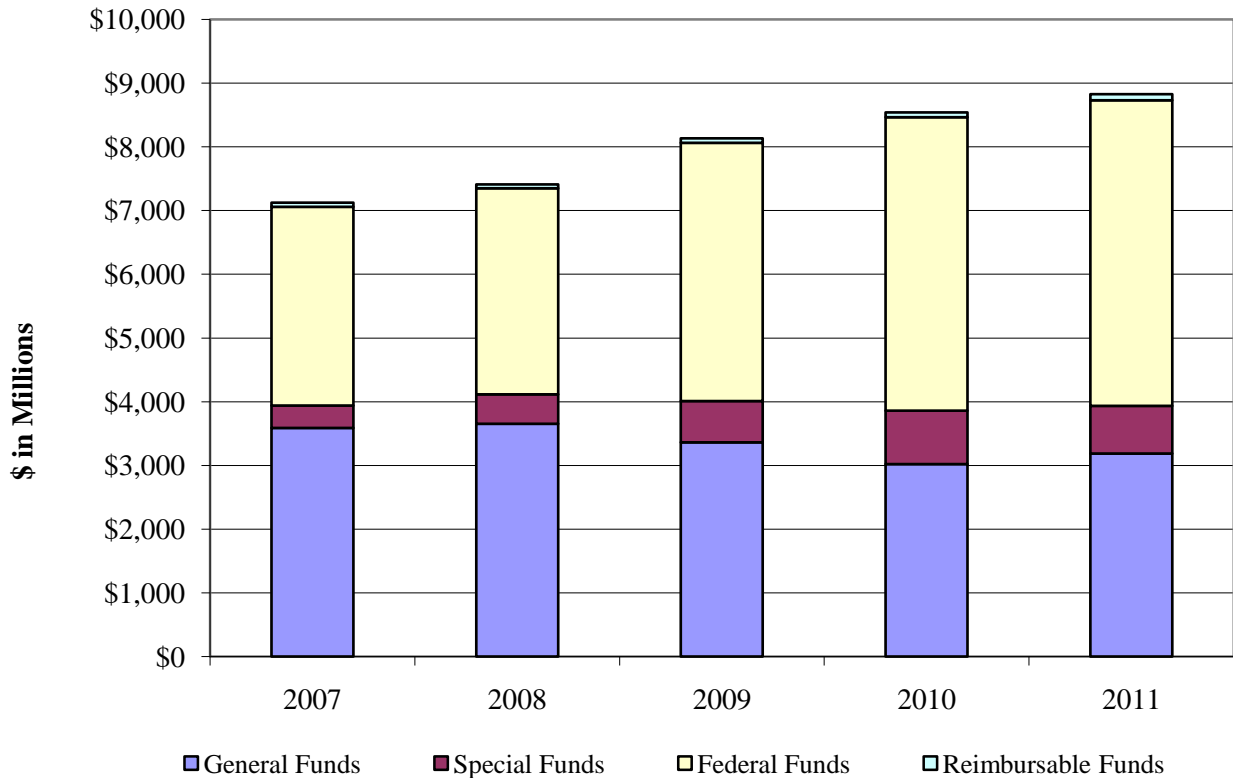
**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**January 2010**

*M00 – DHMH – Fiscal 2011 Budget Overview*

**M00**  
**Department of Health and Mental Hygiene**  
**Fiscal 2011 Budget Overview**

**Department of Health and Mental Hygiene**  
**Five-year Funding Trends**  
**Fiscal 2007-2011**



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

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Budget Overview: Expenditure Growth Tightened Further  
Fiscal 2007-2011  
(\$ in Millions)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Change 2010-11</u>
<b>General Funds</b>	\$3,588	\$3,651	\$3,363	\$2,885	\$3,231	\$346
Fiscal 2010 Deficiencies				\$141		
Contingent, Planned, and Back of Bill Reductions				-4	-47	
<b>Adjusted General Funds</b>	<b>\$3,588</b>	<b>\$3,651</b>	<b>\$3,363</b>	<b>\$3,022</b>	<b>\$3,184</b>	<b>\$162</b>
<b>Special Funds</b>	<b>\$348</b>	<b>\$464</b>	<b>\$646</b>	<b>\$755</b>	<b>\$735</b>	<b>-\$21</b>
Fiscal 2010 Deficiencies				\$82		
Contingent and Back of Bill Reductions					16	
<b>Adjusted Special Funds</b>	<b>\$348</b>	<b>\$464</b>	<b>\$646</b>	<b>\$837</b>	<b>\$751</b>	<b>-\$86</b>
<b>Federal Funds</b>	<b>\$3,121</b>	<b>\$3,232</b>	<b>\$4,050</b>	<b>\$4,389</b>	<b>\$4,806</b>	<b>\$417</b>
Fiscal 2010 Deficiencies				\$216		
Contingent and Back of Bill Reductions					-13	
<b>Adjusted Federal Funds</b>	<b>\$3,121</b>	<b>\$3,232</b>	<b>\$4,050</b>	<b>\$4,605</b>	<b>\$4,793</b>	<b>\$189</b>
<b>Reimbursable Funds</b>	<b>\$64</b>	<b>\$62</b>	<b>\$75</b>	<b>\$74</b>	<b>\$96</b>	<b>\$23</b>
<b>Total</b>	<b>\$7,121</b>	<b>\$7,408</b>	<b>\$8,133</b>	<b>\$8,537</b>	<b>\$8,824</b>	<b>\$287</b>
<b>Annual % Change from Prior Year</b>	<b>7.8%</b>	<b>4.0%</b>	<b>9.8%</b>	<b>5.0%</b>	<b>3.4%</b>	

Note: Includes fiscal 2010 deficiencies, fiscal 2010 planned reductions, fiscal 2011 contingent reductions, and fiscal 2011 back of bill reductions where known. Special funds increase in fiscal 2011 to reflect transfers into the Department of Health and Mental Hygiene budget contingent on legislation to partially offset general fund reductions.

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

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Fiscal 2010 Deficiencies**

<b><u>Program</u></b>	<b><u>Item</u></b>	<b><u>General Funds</u></b>	<b><u>Total Funds</u></b>
Mental Hygiene	Expansion of community services on the Eastern Shore connected to the proposed closure of the Upper Shore Community Mental Health Center.	\$1,137,834	\$1,137,834
Medicaid	Replacement of general fund and special fund reductions approved by the legislature and the Board of Public Works and to offset projected shortfalls in special fund revenue from the Rate Stabilization Fund and the Cigarette Restitution Fund. This action includes the utilization of funds from the Senior Prescription Drug Assistance Program (\$3 million) contingent on legislation.	47,328,224	86,700,000
Medicaid	Supplemental funding for the unbudgeted calendar 2010 Managed Care Organization rate increase and increased enrollment.	102,671,776	350,000,000
Medicaid	Fund swap in the Kidney Disease Program (utilizing \$10.5 million from the Senior Prescription Drug Assistance Program contingent on legislation). The BRFA extends this funding source for the Kidney Disease Program indefinitely.	-10,258,053	241,947
<b>Fiscal 2010 Deficiencies Total</b>		<b>\$140,879,781</b>	<b>\$438,079,781</b>

BRFA: Budget Reconciliation and Financing Act of 2010

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Fiscal 2010 Planned Reversions**

<b><u>Program</u></b>	<b><u>Item</u></b>	<b><u>Actual Funds</u></b>
Family Health	Minority health program (November BPW action).	\$292,500
Developmental Disabilities	Utilization review savings (November BPW action).	3,000,000
Mental Hygiene	Veteran's Behavioral Health service funding.	450,000
Medicaid	Medbank (\$425,000, July BPW action), fiscal 2009 Medicaid surplus (\$8.7 million, August BPW action).	9,125,000
<b>Total Fiscal 2010 Planned Reversions</b>		<b>\$12,867,500</b>

BPW: Board of Public Works

Source: Department of Legislative Services; State Budget

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**Department of Health and Mental Hygiene  
Fiscal 2011 Contingent Reductions**

<u>Agency/Program</u>	<u>Contingent Reductions</u>	<u>General Funds</u>	<u>Total Funds</u>
Infectious Disease and Environmental Health	Reduction of Targeted Local Health funding. The BRFA also level-funds Targeted Local Health funding at the lower rate for fiscal 2012 and uses this lower level as the base for funding in fiscal 2013 and beyond.	\$3,716,516	\$3,716,516
Family Health	Reduction in the mandated general fund support for WIC. The BRFA also permanently removes the mandated level of general fund support.	42,559	42,559
Family Health/Medicaid	Reduction of CRF funding for tobacco control and cessation activities by \$803,160 and for various Statewide Academic Health Center cancer programs by \$7.35 million. Funding will be used to reduce general fund support for Medicaid. The mandated level of support for tobacco control and cessation activities is permanently lowered to the proposed fiscal 2011 level in the BRFA. The mandated level of support for Statewide Academic Health Center programs is reduced for fiscal 2011 and 2012 and in fiscal 2013 reverts back only to the lower fiscal 2010 mandate level (\$9.85 million) rather than the pre-fiscal 2010 level of \$15.4 million.	8,153,160	8,153,160
Medicaid	False Claims Act (\$9 million general funds, \$11 million federal funds).	9,000,000	20,000,000
Medicaid	Reduction in general fund support for nursing homes contingent on legislation increasing the nursing home quality assessment and allowing a portion of that assessment to supplant general funds.	17,000,000	
<b>Total Fiscal 2011 Contingent Reductions</b>		<b>\$37,912,235</b>	<b>\$31,912,235</b>

BRFA: Budget Reconciliation and Financing Act of 2010

CRF: Cigarette Restitution Fund

WIC: Women, Infants, and Children Food Program

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Fiscal 2010 and 2011 Fund Transfers  
Contingent on Legislation**

<u>Agency/Program</u>	<u>Item</u>	<u>2010</u>	<u>2011</u>
Family Health	Fund balance transfer from the Spinal Cord Injury Trust Fund.	\$1,559,000	\$500,000
Health Occupations Boards and Commission	Fund balance transfers:	1,226,568	1,300,000
	Fiscal 2010		
	Physicians, \$527,619; Nursing, \$305,549; Pharmacists, \$98,544; Dental Examiners, \$73,530; Social Work Examiners, \$52,097; Chiropractic/Massage Therapy, \$36,128; Psychologists, \$23,718; Professional Counselors/Therapists, \$22,013; Physical Therapists, \$17,567; Audiologists, \$13,698; Occupational Therapists, \$11,923; Optometrists, \$9,837; Accupuncture, \$9,666; Morticians, \$9,566; Podiatrists, \$7,283; Kidney Disease, \$4,092; and Dieticians, \$3,739.		
	Fiscal 2011		
	Physicians, \$1,000,000; Pharmacists, \$200,000; Psychologists, \$50,000; and Professional Counselors/Therapists, \$50,000.		
Regulatory Commissions	Community Health Resources Fund (1,800,000) and Maryland Health Care Commission Fund (\$472,026).	2,272,026	
<b>Total Fund Transfers</b>		<b>\$5,057,594</b>	<b>\$1,800,000</b>

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Other Actions**

- Medicaid Making \$12.0 million of fiscal 2011 special fund support for the Kidney Disease Program contingent on legislation authorizing the use of revenue from a nonprofit health service plan. The fiscal 2011 BRFA permanently changes the distribution of revenue from a nonprofit health services plan as follows: to support the Senior Prescription Drug Assistance Program; to provide a \$3.0 million subsidy to the CHRC; with the remainder going to the Kidney Disease Program. If the Kidney Disease Program does not utilize all of the funding from this source, excess funds go to the CHRC. In the fiscal 2010 BRFA, funding was diverted from the CHRC fund to the Primary Adult Care Program (\$9.1 million).
- DHMH Fiscal 2011: Statewide abolition of positions due to attrition/hiring freeze evaluations (\$10,000,000 in savings). DHMH would be expected to bear a share of this reduction.
- DHMH Fiscal 2011: Streamlining of State operations (\$2,000,000 in savings). DHMH would be expected to bear a share of this reduction.
- DHMH Fiscal 2010 and 2011: Contingent on legislation, the collection of interest on many health-related special funds into the general fund.

BRFA: Budget Reconciliation and Financing Act  
CHRC: Community Health Resources Commission  
DHMH: Department of Health and Mental Hygiene

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Fiscal 2010 and Fiscal 2011 Revenue Adjustments**

<u>Agency/Program</u>	<u>Item</u>	<u>2010</u>	<u>2011</u>
DHMH	Recovery of fiscal 2008 funding to MCOs (\$2,417,718); recovery of MCO payments for ineligible Medicaid enrollees (\$900,000); and additional federal fund attainment (\$996,458).	\$4,314,176	
DHMH	September 2009 settlement with Pfizer Inc. and its subsidiaries concerning fraudulent marketing of drugs.	5,145,972	
DHMH	Hospital Patient Recoveries based on enhanced ARRA funding of State hospital Medicaid expenses (\$3.5 million); and increased ADP at chronic facilities (\$500,000).		\$4,000,000
<b>Total Revenue Adjustments</b>		<b>\$9,460,148</b>	<b>\$4,000,000</b>

ADP: average daily population

ARRA: American Recovery and Reinvestment Act of 2009

DHMH: Department of Health and Mental Hygiene

MCO: Managed Care Organization

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Fiscal 2010 Board of Public Works' Actions  
Excluding Planned Reversions (All Funds)**

July BPW	\$198,413,577
August BPW	139,271,004
November BPW	100,507,635
<b>Total Reductions</b>	<b>\$438,192,216</b>

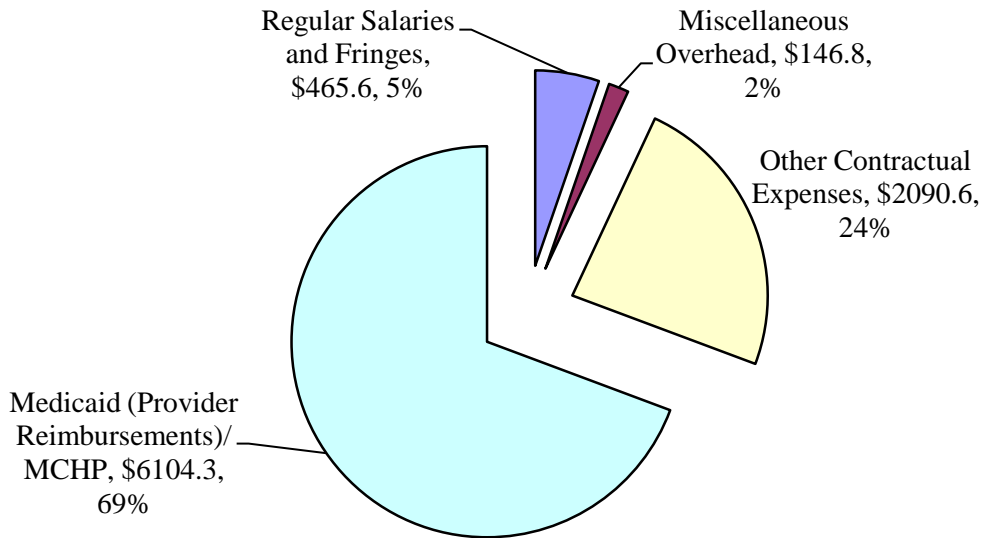
**Major Reductions (General Funds Only)**

Medicaid	Reduction in general funds based on the availability of additional ARRA funding due to State's higher unemployment rate	\$75,000,000
Medicaid	HSCRC-imposed cost saving measures on hospitals	34,709,482
DHMH	Elimination of 0.9% inflation adjustment for community providers and subsequent 2.0% rate reduction (or equivalent cut)	20,757,680
Infectious Disease and Environmental Health	Targeted local health reduction	20,075,723
Medicaid	Higher than anticipated enrollment in the expansion program and expansion of emergency room services to PAC results in higher hospital assessment revenue	19,843,523
MHA	Personnel savings at psychiatric hospitals from facility closure, downsizing, and conversion of units to different levels of intensity, etc.	14,028,039
Medicaid/Family Health	Reduction in CRF-funded programs allowing a fund swap in Medicaid	12,000,000
Medicaid	Managed Care Organization cost containment	9,171,982
Medicaid	Reduction of nursing home rates to 2% below fiscal 2009 level	8,872,710
MHA	Reduction based on RTC utilization and utilization review	8,806,709
Medicaid	Reduction based on lower than anticipated enrollment in MCHP	7,285,386
Medicaid	Pay providers based on Medicaid rates for services provided to people enrolled in both Medicaid and Medicare	3,841,000
DDA	Community services	3,700,000
MHA	State psychiatric facility operational savings	3,082,674
DDA	Delayed opening of new co-occurring unit at Potomac Center	1,973,523
ADAA	Local treatment grants	1,859,312

ADAA: Alcohol and Drug Abuse Administration  
ARRA: American Recovery and Reinvestment Act of 2009  
BPW: Board of Public Works  
CRF: Cigarette Restitution Fund  
DDA: Developmental Disabilities Administration  
DHMH: Department of Health and Mental Hygiene  
HSCRC: Health Services Cost Review Commission  
MCHP: Maryland Children's Health Care Program  
MHA: Mental Hygiene Administration  
PAC: Primary Adult Care  
RTC: Residential Treatment Center

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Functional Breakdown of Spending  
Fiscal 2011 Allowance  
(\$ in Millions)**



MCHP: Maryland Children's Health Program

Note: Includes fiscal 2010 deficiencies, fiscal 2010 planned reductions, fiscal 2011 contingent reductions, and fiscal 2011 back of bill reductions where known.

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Budget Overview: All Funding Sources  
Fiscal 2009-2011  
(\$ in Thousands)**

	<u>Actual 2009</u>	<u>Working 2010</u>	<u>Allowance 2011</u>	<u>\$ Change 2010-11</u>	<u>% Change 2010-11</u>
<b>Medical Programs/Medicaid</b>	<b>\$5,561,072</b>	<b>\$5,961,208</b>	<b>\$6,195,481</b>	<b>\$234,273</b>	<b>3.9%</b>
Provider Reimbursements	5,297,779	5,723,422	5,912,998	189,575	3.3%
Maryland Children’s Health Program	192,287	170,829	191,315	20,486	12.0%
Other	71,007	66,957	91,169	24,212	36.2%
<b>Mental Hygiene</b>	<b>\$944,166</b>	<b>\$953,105</b>	<b>\$982,870</b>	<b>\$29,764</b>	<b>3.1%</b>
Program Direction	7,729	7,753	8,308	555	7.2%
Community Services	658,511	678,093	714,488	36,395	5.4%
Facilities	277,926	267,259	260,073	-7,186	-2.7%
<b>Developmental Disabilities</b>	<b>\$784,553</b>	<b>\$786,169</b>	<b>\$805,684</b>	<b>\$19,515</b>	<b>2.5%</b>
Program Direction	6,391	5,981	6,210	229	3.8%
Community Services	711,659	735,389	756,610	21,221	2.9%
Facilities	66,504	44,799	42,864	-1,935	-4.3%
<b>Infectious Disease and Environmental Health</b>	<b>\$174,787</b>	<b>\$163,956</b>	<b>\$155,502</b>	<b>-\$8,454</b>	<b>-5.2%</b>
Targeted Local Health	61,852	41,776	41,776	0	0.0%
Office of Preparedness and Response	24,666	32,495	21,193	-11,302	-34.8%
Community Health	88,269	89,684	92,532	2,848	3.2%
<b>Family Health</b>	<b>\$225,931</b>	<b>\$204,466</b>	<b>\$205,228</b>	<b>\$762</b>	<b>0.4%</b>
Women, Infants, and Children	98,401	96,858	112,174	15,315	15.8%
CRF Tobacco and Cancer	40,392	17,759	20,204	2,444	13.8%
Other	87,138	89,849	72,851	-16,997	-18.9%
<b>Alcohol and Drug Abuse</b>	<b>\$147,815</b>	<b>\$144,597</b>	<b>\$147,900</b>	<b>\$3,303</b>	<b>2.3%</b>
<b>Other Budget Areas</b>	<b>\$295,152</b>	<b>\$323,666</b>	<b>\$331,714</b>	<b>\$8,048</b>	<b>2.5%</b>
DHMH Administration	45,896	46,073	46,931	858	1.9%
Office of Health Care Quality	16,239	16,270	16,787	517	3.2%
Health Occupations Boards	23,841	26,947	27,732	785	2.9%
Chronic Disease Hospitals	44,618	44,456	45,227	771	1.7%
Chief Medical Examiner	9,574	9,508	10,457	949	10.0%
Laboratories Administration	24,085	24,312	23,222	-1,090	-4.5%
Health Regulatory Commissions	130,900	156,099	161,357	5,258	3.4%
<b>Total Funding</b>	<b>\$8,133,477</b>	<b>\$8,537,167</b>	<b>\$8,824,379</b>	<b>\$287,204</b>	<b>3.4%</b>

CRF: Cigarette Restitution Fund  
DHMH: Department of Health and Mental Hygiene

Note: Includes fiscal 2010 deficiencies, fiscal 2010 planned reductions, fiscal 2011 contingent reductions, and fiscal 2011 back of bill reductions where known. Some numbers may not sum to total due to rounding.

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Budget Overview: General Funds Only  
Fiscal 2009-2011  
(\$ in Thousands)**

	<u>Actual 2009</u>	<u>Working 2010</u>	<u>Allowance 2011</u>	<u>\$ Change 2010-11</u>	<u>% Change 2010-11</u>
<b>Medical Programs/Medicaid</b>	<b>\$1,927,507</b>	<b>\$1,652,561</b>	<b>\$1,798,120</b>	<b>\$145,559</b>	<b>8.8%</b>
Provider Reimbursements	1,824,329	1,575,959	1,708,022	132,062	8.4%
Maryland Children’s Health Program	66,640	52,988	62,436	9,447	17.8%
Other	36,538	23,613	27,663	4,050	17.2%
<b>Mental Hygiene</b>	<b>\$637,949</b>	<b>\$622,285</b>	<b>\$631,888</b>	<b>\$9,602</b>	<b>1.5%</b>
Program Direction	4,910	5,594	6,008	414	7.4%
Community Services	362,716	361,048	375,971	14,923	4.1%
Facilities	270,322	255,643	249,909	-5,735	-2.2%
<b>Developmental Disabilities</b>	<b>\$481,252</b>	<b>\$470,171</b>	<b>\$482,946</b>	<b>\$12,775</b>	<b>2.7%</b>
Program Direction	4,383	4,048	4,354	306	7.6%
Community Services	411,181	422,247	436,416	14,169	3.4%
Facilities	65,688	43,876	42,175	-1,701	-3.9%
<b>Infectious Disease and Environmental Health</b>	<b>\$69,307</b>	<b>\$47,571</b>	<b>\$47,291</b>	<b>-\$279</b>	<b>-0.6%</b>
Targeted Local Health	57,359	37,283	37,283	0	0.0%
Office of Preparedness and Response	0	0	0	0	0.0%
Community Health	11,948	10,287	10,008	-279	-2.7%
<b>Family Health</b>	<b>\$47,994</b>	<b>\$36,921</b>	<b>\$32,575</b>	<b>-\$4,346</b>	<b>-11.8%</b>
Women, Infants, and Children	177	148	105	-43	-28.8%
CRF Tobacco and Cancer	1,250	958	585	-373	-38.9%
Other	46,567	35,816	31,885	-3,930	-11.0%
<b>Alcohol and Drug Abuse</b>	<b>\$93,478</b>	<b>\$89,809</b>	<b>\$87,420</b>	<b>-\$2,389</b>	<b>-2.7%</b>
<b>Other Budget Areas</b>	<b>\$105,255</b>	<b>\$102,586</b>	<b>\$103,793</b>	<b>\$1,206</b>	<b>1.2%</b>
DHMH Administration	26,236	25,083	25,080	-4	0.0%
Office of Health Care Quality	10,861	9,567	9,837	269	2.8%
Health Occupations Boards	296	323	328	5	1.6%
Chronic Disease Hospitals	39,609	38,964	39,412	448	1.2%
Chief Medical Examiner	9,274	9,164	10,139	975	10.6%
Laboratories Administration	18,978	19,484	18,997	-487	-2.5%
Health Regulatory Commissions	0	0	0	0	0.0%
<b>Total Funding</b>	<b>\$3,362,742</b>	<b>\$3,021,903</b>	<b>\$3,184,032</b>	<b>\$162,128</b>	<b>5.4%</b>

CRF: Cigarette Restitution Fund  
DHMH: Department of Health and Mental Hygiene

Note: Includes fiscal 2010 deficiencies, fiscal 2010 planned reductions, fiscal 2011 contingent reductions, and fiscal 2011 back of bill reductions where known. Some numbers may not sum to total due to rounding.

Source: Department of Legislative Services; State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Proposed Budget Changes  
Department of Health and Mental Hygiene  
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2010 Working Appropriation	\$3,021,903	\$837,018	\$4,604,614	\$73,632	\$8,537,167
2011 Governor’s Allowance	3,184,032	750,749	4,793,399	96,191	8,824,371
Amount Change	162,128	-86,268	188,785	22,559	287,204
Percent Change	5.4%	-10.3%	4.1%	30.6%	3.4%

**Where It Goes:**

<b>Major Personnel Expense Changes</b>	<b>\$3,662</b>
Turnover .....	\$7,969
Retirement contribution.....	4,651
Unallocated November BPW personnel cost containment.....	3,866
Employee and retiree health insurance (including Section 19 reduction).....	3,501
New positions: 8.3 FTEs .....	367
Other fringe benefit adjustments (including Sections 21/23 IWIF savings) .....	-738
Abolished positions: 21.5 FTEs .....	-1,345
Overtime.....	-1,581
Regular earnings (including Section 18 furlough reduction) .....	-13,029
<b>Major Programmatic Changes (Exc. Medicaid)</b>	<b>\$49,671</b>
<b>Alcohol and Drug Abuse Administration</b>	
Maryland Strategic Prevention Framework (federal funds).....	1,884
Reimbursable funding for the Whitsitt Center as a result of the closure of the Upper Shore Community Mental Health Center .....	1,434
Substance abuse treatment grants.....	-1,125
<b>Mental Hygiene Administration</b>	
Community mental health fee-for-service enrollment and utilization.....	35,197
Variety of federal grants (Including Shelter Care Plus, Healthy Transitions, Youth Suicide Prevention).....	1,939
Eastern Shore community service expansion annualization as a result of the closure of the Upper Shore Community Mental Health Center.....	1,862
Energy loan payments and associated services contract .....	1,078
RTC Diversion project (technical change).....	-1,662
Mental health grants and contracts.....	-2,128

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**Where It Goes:**

Nonpersonnel savings from the closure of the Carter and Upper Shore Community Mental Health Center ..... -5,087

**Developmental Disabilities Administration**

Transitioning youth funding ..... 11,776  
 Annualization of fiscal 2010 placements ..... 5,932  
 Emergency placements ..... 2,197  
 Waiting List Equity Fund placements ..... 1,459  
 New forensic placements..... 1,098  
 Annualization of November BPW cost containment action (\$3 million reversion)..... -1,567

**Family Health**

WIC ..... 15,315  
 Increase in CRF programming primarily for local cancer prevention, screening, and treatment grants ..... 2,444  
 Shift of Infant and Toddlers Program to Medicaid..... -2,083  
 One-time fiscal 2010 grant for Bon Secours ..... -5,000  
 Fiscal 2010 funding of Prince George’s Hospital System (fiscal 2011 funding of \$15 million in the Dedicated Purpose Account) ..... -12,000

**Infectious Disease and Environmental Health**

MADAP-plus program funding ..... 2,024  
 Office of Preparedness and Response reduced federal spending ..... -10,939

**Other Programs**

Health Regulatory Commissions: Increase in Uncompensated Care Fund based on revised uncompensated care formula ..... 4,992  
 Office of Administrative Hearings assigned charge..... 1,796  
 Major Information Technology Projects (EVRS) ..... -1,165

**Medicaid/Medical Care Programs Administration** **\$233,211**

Enrollment, utilization, and inflation ..... 429,289  
 Pass through claims for infant and toddler and local health personal care ..... 15,000  
 Increase in the Medicare clawback ..... 14,252  
 MMIS replacement..... 11,250  
 MHIP premium assistance ..... 10,000  
 Use of nursing home payments for Medicare premiums ..... 8,000  
 Medicare Part C premium assistance ..... 6,093  
 Annualization of PAC substance abuse expansion ..... 4,657  
 Living-at-home waiver..... 2,462  
 Nursing home decreased estimate of patient resources..... 2,000

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**Where It Goes:**

Kidney Disease Program.....	1,769
MCO Share of hospital assessment.....	1,400
Nursing home incentive for arranging Part B premiums .....	1,000
Reduction in rates for laboratory services.....	-1,000
Move individuals to DDA Waiver .....	-1,033
Reduced rates due to Average Wholesale Price pricing settlement .....	-2,200
Freeze rates to non-HSCRC hospitals (excluding states that allow reciprocal rates) .....	-3,000
Increase Medicaid recoveries .....	-5,000
Medicare cost-sharing from fee-for-service to capitation .....	-6,100
Savings from use of nursing home payments for Medicare premiums .....	-8,000
Contingent reduction based on passage of the False Claims Act.....	-20,000
Collect rebates on MCO pharmacy expenditures.....	-20,500
Annualization of other fiscal 2010 BPW cost containment (including savings related to incarcerated individuals and equalization of Medicaid and Medicare rates).....	-38,564
Annualization of fiscal 2010 hospital cost containment and new hospital cost containment .....	-168,564
<b>Other</b> .....	<b>660</b>
<b>Total</b> .....	<b>\$287,204</b>

- BPW: Board of Public Works
- CRF: Cigarette Restitution Fund
- DDA: Developmental Disabilities Administration
- EVRs: Electronic Vital Records System
- FTEs: full-time equivalents
- HSCRC: Health Services Cost Review Commission
- IWIF: Injured Workers' Insurance Fund
- MADAP: Maryland Aids Drug Assistance Program
- MCO: Managed Care Organization
- MHIP: Maryland Health Insurance Plan
- MMIS: Medicaid Management Information System II
- PAC: Primary Adult Care
- RTC: Residential Treatment Center
- WIC: Women, Infants, and Children Food Program

Note: Includes fiscal 2010 deficiencies, fiscal 2010 planned reductions, fiscal 2011 contingent reductions, and fiscal 2011 back of bill reductions where known.

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Regular Employees  
Fiscal 2009-2011**

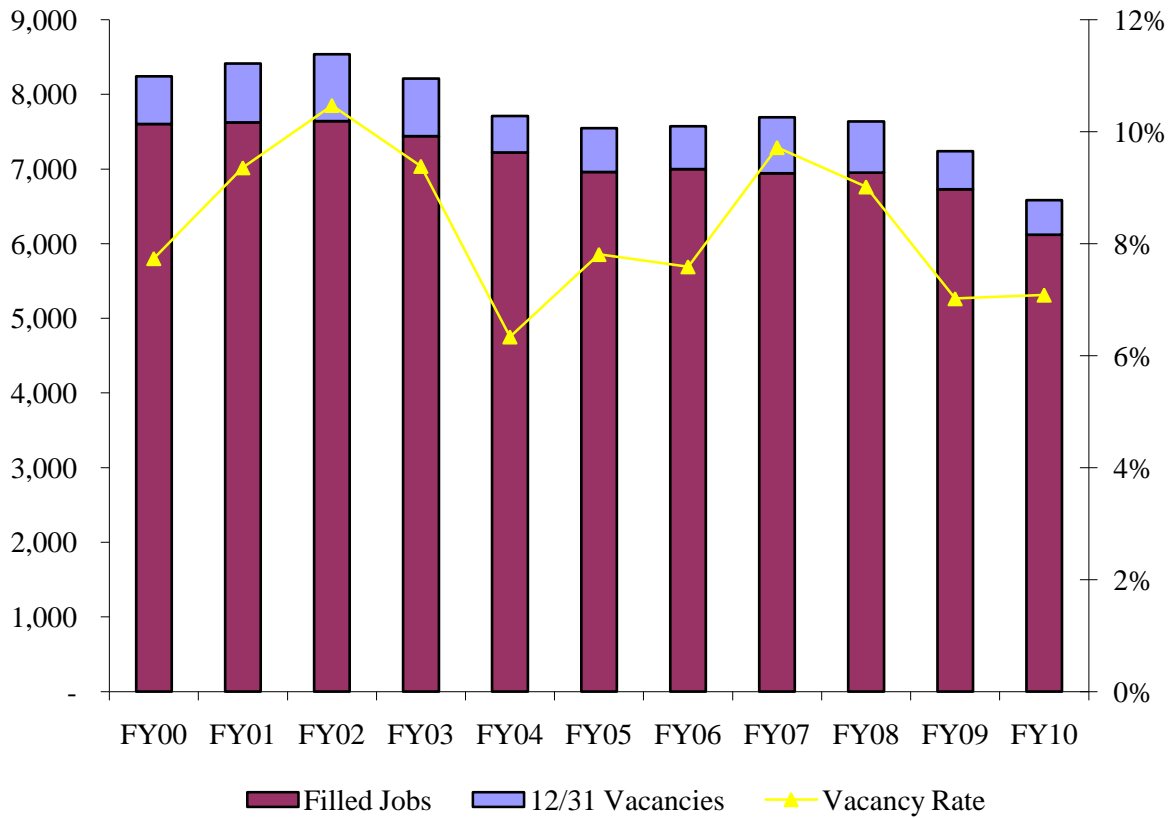
	<u>Actual 2009</u>	<u>Working 2010</u>	<u>Allowance 2011</u>	<u>Change 2010-11</u>	<u>% Change 2010-11</u>
DHMH Administration	464.0	440.5	437.5	-3.0	-0.7%
Office of Health Care Quality	194.2	186.2	187.7	1.5	0.8%
Health Occupations Boards	245.8	247.3	254.1	6.8	2.7%
Infectious Disease and Environmental Health	253.1	252.1	251.1	-1.0	-0.4%
Family Health	187.3	173.3	173.3	0.0	0.0%
Chief Medical Examiner	81.0	81.0	81.0	0.0	0.0%
Chronic Hospitals	556.1	547.1	539.1	-8.0	-1.5%
Laboratories Administration	252.0	243.0	241.0	-2.0	-0.8%
Alcohol and Drug Abuse Administration	60.0	62.5	62.5	0.0	0.0%
<b>Mental Hygiene Administration</b>	<b>3,182.2</b>	<b>2,914.1</b>	<b>2,906.6</b>	<b>-7.5</b>	<b>-0.3%</b>
Administration	91.4	90.5	90.5	0.0	0.0%
Institutions	3,090.9	2,823.6	2,816.1	-7.5	-0.3%
<b>Developmental Disabilities Administration</b>	<b>1,050.7</b>	<b>730.3</b>	<b>730.3</b>	<b>0.0</b>	<b>0.0%</b>
Administration	174.5	167.5	167.5	0.0	0.0%
Institutions	876.2	562.8	562.8	0.0	0.0%
Medical Care Programs Administration	615.8	610.0	610.0	0.0	0.0%
Health Regulatory Commissions	94.6	96.6	96.6	0.0	0.0%
<b>Total Regular Positions</b>	<b>7,236.7</b>	<b>6,583.9</b>	<b>6,570.7</b>	<b>-13.2</b>	<b>-0.2%</b>

DHMH: Department of Mental Health and Hygiene

Source: State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Regular Employee Filled Jobs and Vacancy Rates  
Fiscal 2000-2010**



Source: Department of Legislative Services; Department of Health and Mental Hygiene

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Regular Employees – Vacancy Rates  
December 31, 2009**

	<u>FTE Vacancies</u>	<u>FTE Positions</u>	<u>Vacancy Rate</u>
DHMH Administration	22	440.5	5.0%
DHMH Office of Health Care Quality	9.8	186.2	5.3%
DHMH Health Occupation Boards	15.5	247.3	6.3%
DHMH Infectious Disease and Environmental Health	20	252.1	7.9%
DHMH Family Health	9	173.3	5.2%
DHMH Office of the Chief Medical Examiner	7.5	81.0	9.3%
DHMH Chronic Hospitals	53.5	547.1	9.8%
DHMH Laboratories Administration	10	243.0	4.1%
DHMH Alcohol and Drug Abuse Administration	6	62.5	9.6%
DHMH Mental Hygiene Administration	225.1	2,914.1	7.7%
DHMH Developmental Disabilities Administration	57	730.3	7.8%
DHMH Medical Care Programs Administration	25	610.0	4.1%
DHMH Health Regulatory Commissions	6	96.6	6.2%
<b>DHMH Total</b>	<b>466.4</b>	<b>6,583.9</b>	<b>7.1%</b>

DHMH: Department of Health and Mental Hygiene  
FTE: full-time equivalent

Source: State Budget; Department of Budget and Management

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Contractual Employees  
Fiscal 2009-2011**

	<u>Actual 2009</u>	<u>Working 2010</u>	<u>Allowance 2011</u>	<u>Change 2010-11</u>	<u>% Change 2010-11</u>
DHMH Administration	11.35	13.79	13.90	0.11	0.8%
Office of Health Care Quality	4.61	5.40	5.40	0.00	0.0%
Health Occupations Boards	7.23	6.05	7.92	1.87	30.9%
Infectious Disease and Environmental Health	15.38	6.34	3.32	-3.02	-47.6%
Family Health	5.89	7.33	6.33	-1.00	-13.6%
Chief Medical Examiner	5.47	5.35	5.35	0.00	0.0%
Chronic Hospitals	19.62	20.54	18.52	-2.02	-9.8%
Laboratories Administration	3.58	6.28	5.28	-1.00	-15.9%
Alcohol and Drug Abuse Administration	2.44	5.00	4.50	-0.50	-10.0%
<b>Mental Hygiene Administration</b>	<b>215.91</b>	<b>203.04</b>	<b>187.84</b>	<b>-15.20</b>	<b>-7.5%</b>
Administration	0.95	2.00	2.00	0.00	0.0%
Institutions	214.96	201.04	185.84	-15.20	-7.6%
<b>Developmental Disabilities Administration</b>	<b>214.00</b>	<b>30.84</b>	<b>30.26</b>	<b>-0.58</b>	<b>-1.9%</b>
Administration	7.89	9.50	9.50	0.00	0.0%
Institutions	206.11	21.34	20.76	-0.58	-2.7%
Medical Care Programs Administration	36.00	42.35	41.26	-1.09	-2.6%
Health Regulatory Commissions	1.00	0.00	0.00	0.00	0.0%
<b>Total Contractual Positions</b>	<b>542.48</b>	<b>352.31</b>	<b>329.88</b>	<b>-22.43</b>	<b>-6.4%</b>

DHMH: Department of Health and Mental Hygiene

Source: State Budget

*M00 – DHMH – Fiscal 2011 Budget Overview*

**Department of Health and Mental Hygiene  
Budget Overview: Selected Caseload Measures  
Fiscal 2007-2011**

	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>Working 2010</u>	<u>Allowanc e 2011</u>	<u>Change 2010-11</u>	<u>% Change 2010-11</u>
<b>Medical Programs/Medicaid</b>							
Medicaid Enrollees	525,971	512,247	548,946	620,275	659,000	38,725	6.2%
Maryland Children’s Healthcare Program	106,009	104,991	105,617	99,298	100,000	702	0.7%
Medicaid Expansion to Parents			25,457	53,600	61,500	7,900	14.7%
Primary Adult Care	23,000	29,221	28,771	40,000	45,000	5,000	12.5%
<b>Developmental Disabilities Administration</b>							
Residential Services	5,036	5,105	5,264	5,581	5,569	-12	-0.2%
Day Services	6,056	6,153	6,395	6,687	6,725	38	0.6%
Supported Employment	3,712	3,932	4,137	4,596	5,204	608	13.2%
In-home support services	7,893	8,090	6,998	7,043	7,043	0	0.0%
Other alternative residential support services <sup>1</sup>	1,934	1,980	2,056	2,089	2,117	28	1.3%
Average daily census at institutions <sup>2</sup>	358	324	239	161	158	-3	-1.9%
<b>Mental Hygiene Administration</b>							
Average daily populations at State-run psychiatric hospitals:							
Hospitals excluding RICAs and Assisted Living							
	1,186	1,112	1,085	968	925	-43	-4.4%
RICAs							
	85	75	64	62	68	6	9.7%
Assisted Living							
	93	101	105	129	159	30	23.3%
<b>Total</b>	<b>1,364</b>	<b>1,288</b>	<b>1,254</b>	<b>1,159</b>	<b>1,152</b>	<b>-7</b>	<b>-0.6%</b>
Number receiving community mental health services							
Medicaid eligible	78,434	82,256	93,432	97,170	104,944	7,774	8.0%
Medicaid ineligible	15,499	17,126	18,246	13,150	12,098	-1,052	-8.0%
<b>Total</b>	<b>93,933</b>	<b>99,382</b>	<b>111,678</b>	<b>110,320</b>	<b>117,042</b>	<b>6,722</b>	<b>6.1%</b>
<b>Alcohol and Drug Abuse Administration</b>							
Clients served in various settings	60,196	59,341	61,223	61,384	61,384	0	0.0%

RICAs: Regional Institutions for Children and Adolescents  
SETT: Secure evaluation and therapeutic treatment

<sup>1</sup>Other alternative residential support services includes Community Supported Living Arrangements, Self Directed Services, and Individual Family Care

<sup>2</sup>Department of Developmental Disabilities institutional data includes SETT units

Source: Department of Legislative Services; Department of Health and Mental Hygiene

## ***Issues***

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### **1. Cigarette Restitution Fund Issues**

The Cigarette Restitution Fund (CRF) was established by Chapter 173 of 1999 and is supported by payments made under the Master Settlement Agreement (MSA). Through the MSA, the settling manufacturers will pay the litigating parties – 46 states (4 states, Florida, Minnesota, Texas, and Mississippi had previously settled litigation), five territories, and the District of Columbia – approximately \$206 billion over a period of years, as well as conform to a number of restrictions on marketing to youth and the general public.

#### **Background**

The distribution of MSA funds among the states is determined by formula, with Maryland receiving 2.26% of MSA monies which are adjusted for inflation, volume, and prior settlements. In addition, the State will collect 3.3% of monies from the Strategic Contribution Fund, distributed according to each state's contribution toward resolution of the state lawsuits against the major tobacco manufacturers.

The use of the CRF is restricted by statute in a variety of ways. For example:

- at least 50% of the funds must be appropriated to eight health- and tobacco-related priorities including tobacco production alternatives, tobacco control and cessation, cancer prevention, treatment and research, and substance abuse treatment and prevention;
- at least 30% of the funds must be appropriated to Medicaid; and
- at least 0.15% of the fund is dedicated to enforcement of Title 16, Subtitle 5 of the Business Regulation Article (Escrow Requirements for Nonparticipating Tobacco Product Manufacturers) by the Office of the Attorney General.

Legal actions by manufacturers participating in the MSA continue to influence the amount of tobacco settlement revenues available to the states. These manufacturers contend that manufacturers not participating in the agreement have increased market share by exploiting legal loopholes to reduce their escrow payments to the states, giving those manufacturers a competitive advantage in the pricing of their products.

The MSA authorizes participating manufacturers that lose a certain share of the market to withhold three times the amount of their losses. This withholding is known as a nonparticipating manufacturer (NPM) adjustment. The agreement allows participating manufacturers to pursue this adjustment on an annual basis. In April 2005, the participating manufacturers gave notice to state Attorneys General that they were pursuing an NPM adjustment with respect to a loss of market share in sales year 2003. A similar adjustment was sought for subsequent sales years.

Resolving this issue has involved several rounds of legal battles in Maryland but is now in national arbitration. The Office of the Attorney General notes that arbitration on sales year 2003 is anticipated to take place at the end of calendar 2010.

### **Fiscal 2009-2011 CRF Programmatic Support**

With the State's fiscal problems, many of the statutory funding restrictions on CRF funding have been temporarily altered. However, while the specific programmatic spending has changed, the State continues to adhere to the traditional mix of spending with its focus on health-related program support.

**Exhibit 1** provides CRF revenue and expenditure detail for fiscal 2009 to 2011. Since the adoption of the 2010 budget, a number of key changes have occurred to the CRF fiscal 2009 revenue assumptions and fiscal 2010 spending plan:

- As anticipated in last year's budget, as an inducement to all states to enter into arbitration to resolve the NPM issue, participating manufacturers agreed to release withheld funding attributed to sales year 2005 (fiscal 2008) and allow the states to use that funding to offset the anticipated withhold of funds for sales year 2006 (fiscal 2009). This was the original assumption made by the Administration, and it is now shown in the fiscal 2009 data.
- However, there was also an assumption that there would be no withhold in fiscal 2010, anticipating a settlement of the NPM issue. That appears no longer likely, resulting in a \$12 million reduction in anticipated revenue in fiscal 2010. The Administration has handled this reduction by altering the expectation of CRF support for Medicaid in fiscal 2010, necessitating a deficiency appropriation.
- Even with the need to make this adjustment to Medicaid support in fiscal 2010, CRF support for Medicaid is still slightly higher than originally anticipated as a result of fiscal 2010 BPW cuts to tobacco and cancer programs in addition to reductions already built into the fiscal 2010 budget as enacted (these additional reductions are also reflected in exhibit 1).

For fiscal 2011, spending supported by the CRF assumes:

- An NPM escrowing adjustment that will be offset by an award from the disputed account. Since NPM arbitration for sales years 2003 is anticipated to take place in calendar 2010, this is not an unreasonable assumption, although the Department of Legislative Services (DLS) would note that legal proceedings on this issue have lingered for many years.

**Exhibit 1**  
**Cigarette Restitution Fund Budget**  
**Fiscal 2009-2011**  
**(\$ in Millions)**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2011 Adjusted</u> <u>Allowance</u>
Beginning Fund Balance	\$9.6	\$9.1	\$0.8
Settlement Payments	150.3	144.0	139.1
NPM and Other Shortfalls in Payments <sup>1</sup>	-11.6	-12.0	-12.0
Awards from Disputed Account	12.2	0.0	12.0
Other Adjustments <sup>2</sup>	37.6	36.9	36.9
<b>Subtotal</b>	<b>\$198.1</b>	<b>\$178.0</b>	<b>\$176.7</b>
Prior Year Recoveries	\$3.7	\$1.0	\$0.5
<b>Total Available Revenue</b>	<b>\$201.8</b>	<b>\$179.0</b>	<b>\$177.2</b>
<b>Health</b>			
Tobacco	\$16.3	\$4.1	\$4.0
Cancer	21.8	11.5	14.4
Substance Abuse	17.1	17.1	19.5
Medicaid	125.4	117.5	112.2
Administration	0.9	1.0	1.0
Breast and Cervical Cancer		14.6	15.2
<b>Subtotal</b>	<b>\$181.6</b>	<b>\$165.8</b>	<b>\$166.3</b>
<b>Other</b>			
Aid to Nonpublic School	\$3.7	\$4.5	\$4.5
Crop Conversion	7.0	7.0	5.0
Attorney General	0.4	1.0	1.0
<b>Subtotal</b>	<b>\$11.1</b>	<b>\$12.5</b>	<b>\$10.5</b>
<b>Total Expenses</b>	<b>\$192.7</b>	<b>\$178.3</b>	<b>\$176.9</b>
<b>Ending Fund Balance</b>	<b>\$9.1</b>	<b>\$0.8</b>	<b>\$0.4</b>

<sup>1</sup>The nonparticipating manufacturer adjustment represents the bulk of this total adjustment.

<sup>2</sup>Other adjustments include the strategic contribution payments and the National Arbitration Panel award.

NPM: nonparticipating manufacturer

Note: Totals reflect fiscal 2010 deficiencies and fiscal 2011 contingent reductions. Numbers may not sum to total due to rounding.

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

- As also shown in Exhibit 1, the fiscal 2011 allowance contains adjustments to expenditures contingent on the passage of legislation. Specifically, tobacco cessation and Statewide Academic Health Center cancer programs are proposed to be reduced by \$0.8 million and \$7.4 million, respectively, with this funding used to back-fill a contingent general fund reduction of \$8.1 million in Medicaid. These reductions are in addition to those provided for by the temporary change in mandated funding in the fiscal 2010 BRFA. The fiscal 2011 BRFA makes the reduction in mandated funding levels for tobacco cessation programs permanent. The reduction in mandated funding levels for Statewide Academy Health Center cancer programs carries forward to fiscal 2012 only. However, for fiscal 2013 and beyond, the BRFA increases the mandated level only to the fiscal 2010 level (\$9.85 million) rather than the pre-fiscal 2010 level of \$15.4 million.

## **2. Prince George’s County Hospital Authority**

Chapter 680 of 2008 established the Prince George’s County Hospital Authority as a State entity to implement a competitive bidding process for transferring the Prince George’s County Health System (the system) to a new owner or owners. The health system consists of a number of parts: Prince George’s Hospital Center, a 269-bed acute-care hospital and regional referral center; Laurel Regional Hospital, a 138-bed acute-care community hospital; the Gladys Spellman Specialty Hospital and Nursing Center, a 110-bed comprehensive care and chronic care facility; and the Bowie Health Center.

The system has been faced with financial difficulties for the past several years. The system has experienced lost market share, revenue losses, low liquidity, significant deferred capital needs, poor bond ratings, and a disadvantageous payor mix. Both the State and Prince George’s County have provided significant financial support. Without that financial support, the system would have faced significant operational deficits.

### **Chapter 680 of 2008 and Chapters 116 and 117 of 2009**

The legislation establishing the Hospital Authority included a specific time frame for the process of transferring the system to a new owner. As noted in the fiscal 2010 Department of Health and Mental Hygiene (DHMH) overview analysis, the authority worked diligently through calendar 2008 to meet the deadlines imposed by Chapter 680. Ultimately, however, the national economic outlook clearly had a negative impact on the interest of health care entities in assuming ownership of the system and an extension of the bidding process and other changes to the authority were made in Chapters 116 and 117 of 2009. **Exhibit 2** details the time-frames and financial commitments that were made under Chapter 680 and subsequently amended under Chapters 116 and 117 of 2009.

**Exhibit 2**  
**Fulfillment of Chapter 680 of 2008 and Chapters 116/117 of 2009**  
**Deadlines and Funding Commitments**

<u>Item</u>	<u>Deadline</u>	<u>Comment</u>
Authority to begin work.	Earlier of all members being appointed or 30 days after the authority is established.	Deadline met.
Appointment of representatives to negotiate a funding commitment to stabilize and facilitate the transfer of the system to a new owner.	10 days within the establishment of the authority.	Deadline met.
Agreement to a long-term financial commitment.	60 days within the establishment of the authority (with the possibility for a 30-day extension).	Agreement made.  Beginning in fiscal 2011, for five years the State and county will each provide \$15 million in operating support (for a total of \$150 million).  Beginning in fiscal 2012, for three years the State will also provide \$8 million in capital support (for a total of \$24 million).
Short-term funding commitment.	Agreement to a long-term financial commitment within statutory timeframe.	Agreement made.  Fiscal 2009 commitment of \$12 million appropriated (special fund transfer from Dedicated Purpose Account – originally appropriated in fiscal 2008).  Fiscal 2010 budget included \$12 million from the Health Care Coverage Fund. State payments have been ongoing. County matching payments have fallen short of the original anticipated matching amount.
Issuance of request for proposals for the sale or transfer of the system.	Within 90-120 days of the establishment of the authority depending on the signing of the long-term funding agreement.	Deadline met.  Two phase bidding process begun September 2008.

*M00 – DHMH – Fiscal 2011 Budget Overview*

<u>Item</u>	<u>Deadline</u>	<u>Comment</u>
Proposed agreement to transfer the system to a new owner or owners.	Prior to the beginning of the 2009 session.	60-day extension submitted January 14, 2009.  Under Chapter 680, the State and County are relieved of their long-term financial obligations if no final agreement has been reached within 60 days of the beginning of session.
Extension of bidding process and the completion of the authority's obligations to transfer all components of the system to a new owner or owners.	May 22, 2010	Original funding commitments remain in effect. The fiscal 2011 budget includes \$15 million in the Dedicated Purpose Account for Prince George's County Hospital (with no other restrictions). The fiscal 2011 capital improvement plan includes \$24 million beginning in fiscal 2012 allocated \$4 million in that year and \$10 million in each of fiscal 2013 and 2014.

Source: Department of Legislative Services; Prince George's County Hospital Authority.

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The authority has continued its work in calendar 2009. However, in January 2010, the authority announced that it did not believe that the system could be sold and instead noted that it was drafting a report on steps the State and county may take to resolve health care issues in the county. This report comes on the heels of a RAND Corporation report written under contract from the Prince George's County Council that also makes broader recommendations on the need to improve certain aspects of health care in the county. At the same time, media reports indicate that University of Maryland Medical System (UMMS) is also undertaking a study to determine the feasibility of building a teaching hospital in the county. According to UMMS, that study is to be completed by the end of May. Thus, the short-term and long-term future of the system remains unclear.

As noted in Exhibit 2, the fiscal 2011 budget includes \$15 million in the Dedicated Purpose Account for Prince George's County Hospital (not the system). The amount equates to the State's original long-term financial commitment under the 2008 memorandum of understanding (MOU) with Prince George's County. However, there is no specific contingency linking that funding to the eventual transfer of the system (although that obligation is statutorily relieved if no transfer is made) or indeed to continue some form of operating support (support that appears to be still needed by the system) until a long-term solution is found.

It should also be noted that there is also no language making the \$15 million contingent on matching funds being provided by Prince George’s County as envisaged by the ongoing long-term commitment MOU. This is pertinent given that Prince George’s County has indicated it will only be able to partially fulfill its current fiscal 2010 operating support obligation to the system, providing \$9 million rather than the \$12 million original commitment.

**DLS will be recommending in its analysis of the State Reserve Fund that:**

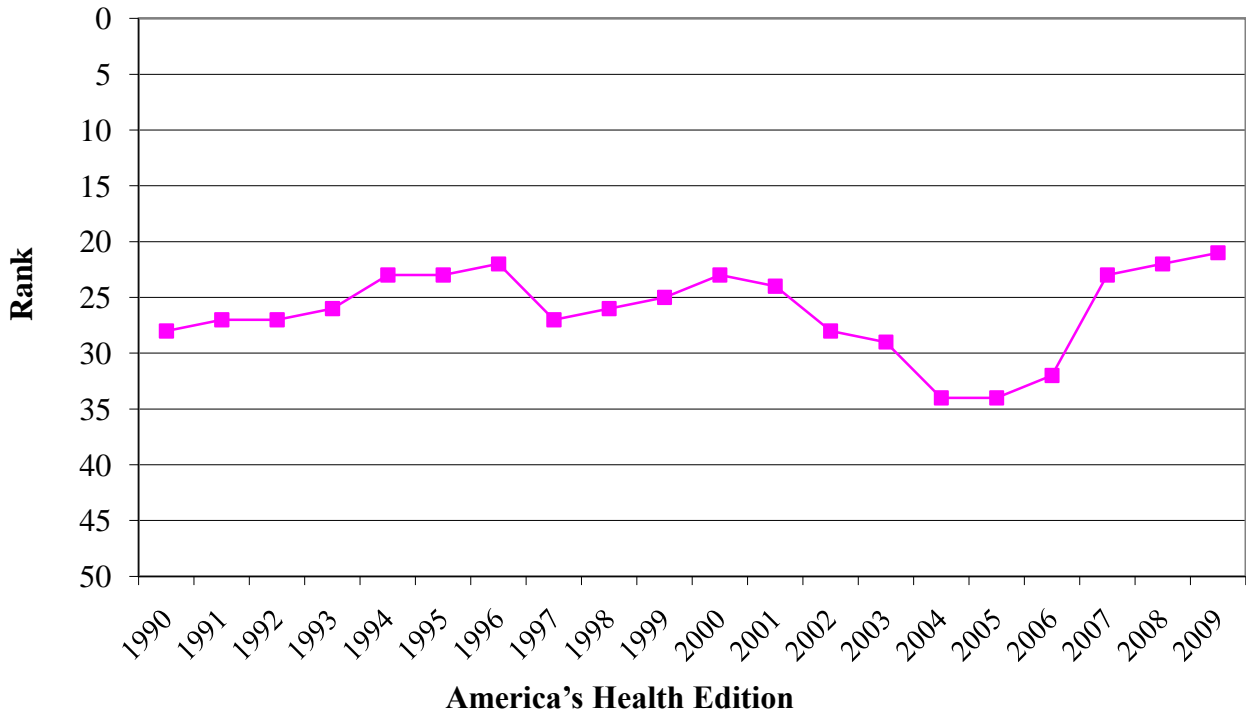
- **The use of all or part of the funding in the Dedicated Purpose Account is contingent on the expenditure of matching funds by Prince George’s County; and**
- **Prior to the expenditure of any of the funding in the Dedicated Purpose Account that the Administration submit a report to the Legislative Policy Committee detailing how the funds are to be used.**

### **3. Measuring Progress in Health: America’s Health Rankings, 2009**

One of the more comprehensive nationwide health rankings is developed by the United Health Foundation (a nonprofit, private foundation established by UnitedHealth Group), the American Public Health Association (an organization representing public health professionals), and Partnership for Prevention (a national nonprofit organization dedicated to health improvement). Since 1990 in a publication entitled *America’s Health: State Health Rankings*, individual state rankings have been produced using data that represents a broad range of issues affecting a population’s health, that is available at a state level, and that is current. Data and the ranking methodology are regularly reviewed by a large panel of public health experts and can change from year-to-year.

As shown in **Exhibit 3**, in the 2009 edition of *America’s Health*, Maryland’s overall ranking is 21, continuing an improvement in the ranking in recent years.

**Exhibit 3**  
***America's Health: State Health Rankings***  
**1990-2009**  
**Maryland**



Source: *America's Health*, State Health Rankings, 2008 Edition

The rankings note particular strengths in terms of the relative low prevalence of smoking, access to primary care, low child poverty, and high immunization rates. Challenges include the relative rate of infectious disease, high violent crime rates, and levels of air pollution. Based on the data used in the rankings, Maryland was noted as making recent strong gains in terms of prevalence of smoking and the rate of cancer deaths, but immunization levels (while still high) were noted as falling and the prevalence of obesity is growing. The issue of obesity, for example, is one that translates into significant direct health care costs in the State as a whole, estimated by *America's Health* at \$1.4 billion.