



DEPARTMENT OF HEALTH

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSDEN

BUDGET BRIEF

SUMMARY

The Department of Health includes the following entities and funding line items for its \$2,208,436,200 FY 2013 base budget:

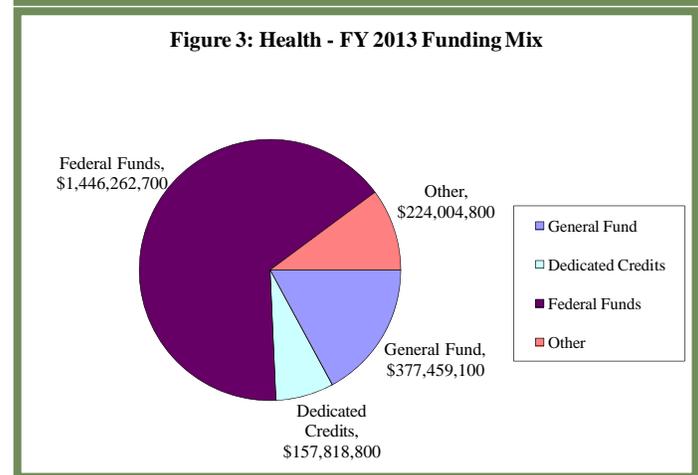
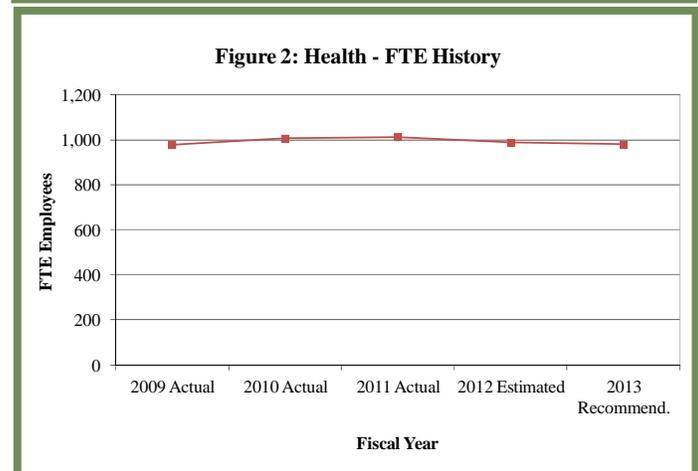
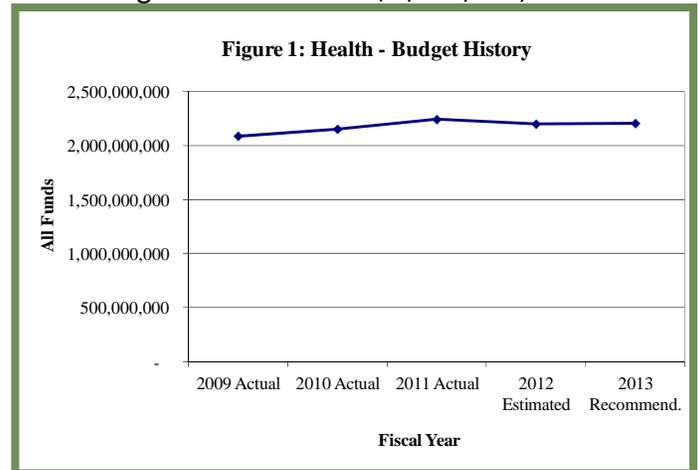
1. Executive Director's Operations
2. Family Health and Preparedness
3. Disease Control and Prevention
4. Local Health Departments
5. Workforce Financial Assistance Program
6. Health Care Financing
7. Medicaid Management Information System Replacement
8. Medicaid Sanctions
9. Children's Health Insurance 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 includes one recommendation for committee 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 desired outcomes: improved health and reduced costs, while preserving access.



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

2012 General Session at http://le.utah.gov/lfa/reports/cobi2012/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 \$164,123,000 General Fund (\$84,977,000 ongoing) for 14 purposes in the Department of Health. The Governor's Budget recommendations represent 89% of the \$185,358,700 General Fund (\$114,162,200 ongoing) for 19 purposes requested by the Department of Health. Each agency request and recommendation in the Governor's Budget is discussed in more detail in each line item's budget brief.

Analyst-recommended Changes

The Analyst recommends reducing the appropriation to the Department of Health from the General Fund Restricted - Tobacco Settlement Restricted Account to reflect the \$2,411,000 in ongoing General Fund provided in the 2011 General Session for funding shortfalls. All but \$300 of the reduction would take place in the Disease Control and Prevention line item. The remaining \$300 would require a transfer of \$300 General Fund from the Disease Control and Prevention line item to the Children's Health Insurance Program line item in order to reduce \$300 from the General Fund Restricted - Tobacco Settlement Restricted Account and have a net \$0 impact. Current statute limits the amount of General Fund Restricted - Tobacco Settlement Restricted Account that can be removed from the Disease Control and Prevention line item to \$2,410,700. For more information please see the Issue Brief entitled "*Tobacco Settlement Restricted Account*" available at <http://le.utah.gov/interim/2011/pdf/00002640.pdf>.

ACCOUNTABILITY DETAIL

Use of Recent Appropriations

- **Tobacco Settlement Monies for Health Promotion (FY 2012):** \$2,411,000 ongoing in FY 2012 and \$6,339,300 one-time in FY 2011 to replaced estimated reduced revenues in the Tobacco Settlement Restricted Account. In FY 2011 revenues came in \$309,200 lower than anticipated and in FY 2012 the current projected shortfall is \$6,559,900.

Why \$12.3 Million in Unspent General Fund for the Department of Health in FY 2011?

The Department of Health did not spend \$12.3 million or 4.1% of its General Fund appropriation for FY 2011. The Legislature allowed the Department to retain \$11.9 million or 97% of the unexpended balance in nonlapsing funds. Of this \$12.3 million, \$10.1 million came from Medicaid and \$2.2 million from the rest of the Department. The \$10.1 million unspent in Medicaid represents 4% of all FY 2011 General Fund for Medicaid. The Department of Health believes that new enrollees have had lower-than-average costs, as compared to existing enrollees. Because of this, the Department adjusted its per member per month cost for its FY 2012 supplemental and FY 2013 Medicaid caseload building block requests. The \$10.1 million General Fund in Medicaid stays in that program for FY 2012 in order to comply with HB 446 from the 2009 General Session. Previously, the Legislature used the unspent General Fund in Medicaid from FY 2009 to reduce the appropriation provided for supplemental Medicaid growth.

The \$2.2 million from the non-Medicaid portion of the Department of Health represents 6% of all non-Medicaid General Fund provided to the Department of Health. The Department of Health explains this unspent balance as its compliance with the Governor's December 11, 2009 Executive Order to reduce State spending. The

savings for Health primarily come from unspent primary care and workforce assistance grants, lower than anticipated CHIP Enrollment, saving for laboratory equipment, not filling vacant positions and not replacing computers.

FY 2011 Actual Expenditures

In FY 2011 of the Department of Health's \$2.2 billion total fund in expenditures, \$2.1 billion or 94% happened in the "other charges/pass thru" category. This means that \$2.1 billion in services in FY 2011 paid by the Department of Health were performed by a provider or agency outside of the Department. The vast majority of these expenditures represent payments to medical providers for services rendered to Medicaid clients. Below is a discussion of some other expenditures by the Department in FY 2011:

- \$71.2 million on personnel costs and \$1.1 million on travel for employees. The Department had 933 FTEs.
- \$53.6 million on current expenses. The eight subcategories over \$1 million are in the table below, which represent 86% of all the current expense expenditures in FY 2011.

Current Expense Subcategory	FY 2011 Actuals
6135 Other Contractual Services-Non-medical	\$ 25,709,700
6137 Professional & Technical Services-Non-medical	\$ 5,407,100
6220 Drugs	\$ 4,722,200
6219 Medical/Testing & Lab Supplies	\$ 2,839,700
6154 Other Contractual Services - Medical	\$ 2,496,500
6171 Buildings & Grounds-Operating Supplies, Maint & Repairs	\$ 2,229,700
6155 Professional & Technical Services-Medical	\$ 1,807,900
6300 Dept of Technology Services Telecommunication Charges	\$ 1,068,100
Total	\$ 46,280,900

- Below are some examples of the largest spending category within the expense categories listed in the table above:
 - **\$25.7 million for "other contractual services non-medical"** - \$10.9 million to various health providers for the Children with Special Health Care Needs Program
 - **\$5.4 million for "profession & technical services-non-medical"** - \$1.8 million went to supporting the development of the Utah Clinical Health Information Exchange.
- \$17.3 million on data processing/information technology expenses (charges from the Department of Technology Services for services)
- \$1.5 million on capital outlay primarily for medical, surgical, dental and laboratory equipment. Laboratory equipment represented about 60% of the purchases. The Laboratory bought equipment to update older machines and comply with new federal testing requirements.

LEGISLATIVE ACTION

- The Analyst recommends that the Social Services Appropriations Subcommittee make the following appropriation changes in the following two line items:
 - **Disease Control and Prevention** – (1) \$2,410,700 reduction in appropriations from the General Fund Restricted - Tobacco Settlement Restricted Account in FY 2012 and ongoing beginning in FY 2013 and (2) \$300 General Fund transfer in FY 2012 and ongoing beginning in FY 2013 to the Children's Health Insurance Program line item
 - **Children's Health Insurance Program** - \$300 reduction in appropriations from the General Fund Restricted - Tobacco Settlement Restricted Account in FY 2012 and ongoing beginning in FY 2013

BUDGET DETAIL

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

Sources of Finance	Health			FY 2012 Revised	FY 2012 Changes	FY 2013* Recommended
	FY 2011 Actual	FY 2012 Appropriated	FY 2012 Changes			
General Fund	362,431,700	377,459,100	0	377,459,100	0	377,459,100
General Fund, One-time	(61,190,000)	(2,617,300)	0	(2,617,300)	2,617,300	0
Federal Funds	1,473,044,200	1,333,595,800	99,146,700	1,432,742,500	13,520,200	1,446,262,700
American Recovery and Reinvestment	107,644,200	5,000,000	(371,700)	4,628,300	(4,628,300)	0
Dedicated Credits Revenue	158,170,200	135,802,400	22,727,800	158,530,200	(711,400)	157,818,800
GFR - Autism Treatment Account	0	50,000	0	50,000	0	50,000
GFR - Cancer Research Restricted Acc	0	20,000	0	20,000	0	20,000
GFR - Cat & Dog Spay & Neuter	48,600	0	0	0	0	0
GFR - Cigarette Tax	2,733,000	3,131,700	0	3,131,700	0	3,131,700
GFR - Children's Organ Transplant	84,500	100,400	0	100,400	0	100,400
GFR - Medicaid Restricted	1,847,600	0	0	0	0	0
GFR - Nursing Care Facilities Account	19,441,000	21,376,900	0	21,376,900	0	21,376,900
GFR - Prostate Cancer Support	0	26,600	0	26,600	0	26,600
GFR - State Lab Drug Testing Account	298,200	420,500	0	420,500	0	420,500
GFR - Tobacco Settlement	17,229,600	20,355,000	(3,899,800)	16,455,200	(68,200)	16,387,000
TFR - Dept. of Public Safety Rest. Acct.	100,000	100,000	0	100,000	0	100,000
Hospital Provider Assessment	32,443,900	41,500,000	0	41,500,000	0	41,500,000
Organ Donation Contribution Fund	85,300	113,000	0	113,000	0	113,000
Transfers	0	611,500	(611,500)	0	0	0
Transfers - Administrative Services	0	100,000	(100,000)	0	0	0
Transfers - Fed Pass-thru	3,330,100	0	3,330,100	3,330,100	0	3,330,100
Transfers - Governor's Office Administ	1,800	0	93,000	93,000	0	93,000
Transfers - Human Services	920,100	1,006,400	19,500	1,025,900	(2,900)	1,023,000
Transfers - Intergovernmental	3,974,300	24,268,300	(6,950,200)	17,318,100	(395,500)	16,922,600
Transfers - Medicaid	4,515,400	0	5,345,900	5,345,900	(1,700)	5,344,200
Transfers - Medicaid - DHS	73,643,000	79,230,800	(1,062,600)	78,168,200	(192,400)	77,975,800
Transfers - Medicaid - DWS	20,678,100	23,781,400	(5,527,600)	18,253,800	(171,000)	18,082,800
Transfers - Medicaid - GOPB	0	0	994,900	994,900	0	994,900
Transfers - Medicaid - Internal DOH	4,963,500	0	4,655,700	4,655,700	0	4,655,700
Transfers - Medicaid - UDC	0	0	625,000	625,000	0	625,000
Transfers - Medicaid - USDB	566,100	0	310,000	310,000	0	310,000
Transfers - Other Agencies	289,800	0	0	0	0	0
Transfers - Public Safety	422,500	1,878,700	(1,582,100)	296,600	(129,000)	167,600
Transfers - State Office of Education	15,200	0	17,000	17,000	0	17,000
Transfers - Within Agency	6,001,200	11,269,000	(6,320,300)	4,948,700	208,900	5,157,600
Transfers - Workforce Services	3,573,300	2,452,100	2,285,200	4,737,300	(95,800)	4,641,500
Pass-through	(674,800)	(300,000)	(386,400)	(686,400)	0	(686,400)
Beginning Nonlapsing	20,426,300	1,997,200	11,665,300	13,662,500	(7,459,200)	6,203,300
Closing Nonlapsing	(13,662,500)	(2,080,100)	(4,628,600)	(6,708,700)	5,520,500	(1,188,200)
Lapsing Balance	(901,600)	0	0	0	0	0
Total	\$2,242,493,800	\$2,080,649,400	\$119,775,300	\$2,200,424,700	\$8,011,500	\$2,208,436,200
Line Items						
Executive Director's Operations	16,938,900	14,276,700	(81,900)	14,194,800	(1,920,900)	12,273,900
Workforce Financial Assistance	140,000	91,900	80,400	172,300	(132,300)	40,000
Medicaid Sanctions	0	0	100,000	100,000	0	100,000
Health Care Financing	104,320,400	99,562,300	2,226,300	101,788,600	(138,500)	101,650,100
Medicaid Mandatory Services	1,027,499,400	871,572,900	99,956,300	971,529,200	17,216,300	988,745,500
Medicaid Optional Services	841,373,000	799,495,600	30,566,200	830,061,800	(4,865,200)	825,196,600
Local Health Departments	2,122,400	2,122,400	0	2,122,400	0	2,122,400
Medicaid Management Information Sy	2,369,300	30,693,600	(20,392,800)	10,300,800	9,165,000	19,465,800
Disease Control and Prevention	54,714,600	59,031,100	142,600	59,173,700	(2,536,700)	56,637,000
Family Health and Preparedness	121,657,700	121,687,300	3,316,900	125,004,200	(5,571,000)	119,433,200
Children's Health Insurance Program	71,358,100	82,115,600	3,861,300	85,976,900	(3,205,200)	82,771,700
Total	\$2,242,493,800	\$2,080,649,400	\$119,775,300	\$2,200,424,700	\$8,011,500	\$2,208,436,200
Categories of Expenditure						
Personnel Services	71,215,300	70,058,600	609,700	70,668,300	(75,200)	70,593,100
In-state Travel	566,700	674,600	(14,800)	659,800	(47,900)	611,900
Out-of-state Travel	564,200	570,600	88,900	659,500	(92,300)	567,200
Current Expense	53,634,000	59,732,200	3,920,600	63,652,800	3,530,900	67,183,700
DP Current Expense	14,380,200	13,466,900	2,223,500	15,690,400	(657,400)	15,033,000
DP Capital Outlay	2,947,900	2,400	22,600	25,000	(25,000)	0
Capital Outlay	1,493,000	708,400	168,600	877,000	(877,000)	0
Other Charges/Pass Thru	2,097,692,500	1,935,435,700	112,756,200	2,048,191,900	6,255,400	2,054,447,300
Total	\$2,242,493,800	\$2,080,649,400	\$119,775,300	\$2,200,424,700	\$8,011,500	\$2,208,436,200
Other Data						
Budgeted FTE	1,012.9	969.2	18.4	987.7	(7.7)	979.9
Actual FTE	933.3	0.0	0.0	0.0	0.0	0.0
Vehicles	61	47	11	58	0	58

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