



# EXECUTIVE DIRECTOR'S OPERATIONS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
STAFF: RUSSELL FRANDBEN

BUDGET BRIEF

**SUMMARY**

The Analyst's budget recommendation is \$12,273,900 for Executive Director's Operations in FY 2013. This recommendation is \$1,920,900 lower than the revised FY 2012 budget. This funding level supports 100 FTE positions and 18 vehicles. This brief highlights some issues in Executive Director's Operations as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Analyst recommends that the Subcommittee approve the \$12,273,900 base budget and the proposed intent language statement.

**Overview**

The Executive Director's Operations include those functions of the Department of Health that provide overall direction of policy, management, and administrative support to the divisions, offices, and programs of the Department. This organizational line item also includes the Center for Health Data and the Office of Internal Audit. For more detailed information please see the Compendium of Budget Information for the 2012 General Session at [http://www.le.utah.gov/lfa/reports/cobi2012/LI\\_LAA.htm](http://www.le.utah.gov/lfa/reports/cobi2012/LI_LAA.htm).

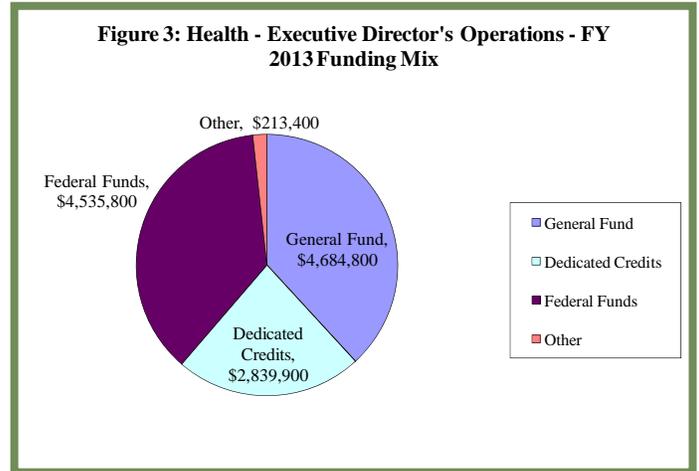
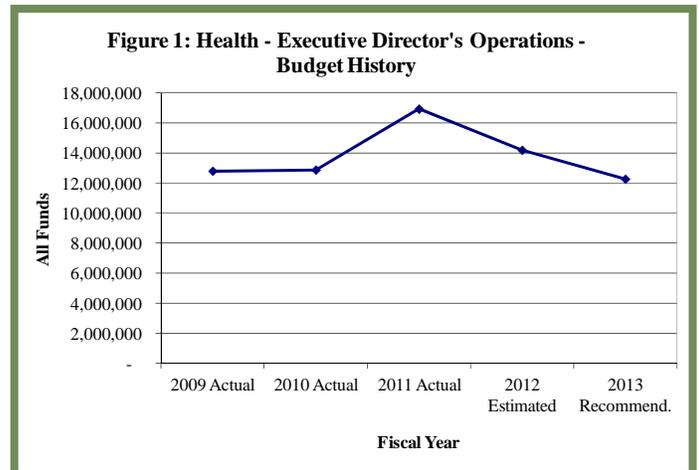
**ISSUES AND RECOMMENDATIONS**

The Analyst base budget recommendation is \$12,273,900. The current funding level supports four programs, which are listed below with their funding allocation:

Executive Director's Office	\$2,485,000
Center for Health Data	\$5,305,300
Program Operations	\$3,770,600
Office of Internal Audit	\$ 713,000

The base funding supports 100 FTE positions and 18 vehicles.

**Intent Language – Similar to Last Year**  
Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for Executive Director's Office in Item 1 of Chapter 4 Laws of Utah 2011 not lapse at the close of Fiscal Year 2012. The use of any nonlapsing funds is limited to \$90,000 for computer equipment, software, and employee training.



### ***Nine Findings in the Annual State Audit***

The FY 2011 Annual Financial Audit (<http://www.sao.utah.gov/finAudit/rpts/2011/11-11.pdf>) of the Department of Health by the Utah State Auditor had nine findings (six of which were in Medicaid or CHIP). The list below puts each finding beneath the program where most of the findings took place:

#### **Medicaid**

1. Incorrect Eligibility Determination and Inadequate Documentation of Eligibility – the Department of Workforce Services performs eligibility under the supervision of the Department of Health. The State Auditor found something incorrect in 12% of the random sample of cases reviewed. The error ranged from improper or incomplete verification of client income and assets to an improper reopening of a client's eligibility without requiring a new application.
2. Third Party Liability Information Not Adequately Obtained or Updated - the Department of Workforce Services collects this information under the supervision of the Department of Health. The State Auditor found problems with 3% of the random sample of cases reviewed. In one case the Workforce Service employee did not report the information obtained to the Office of Recovery Services and in another case the employee failed to notify the proper programs of a client's option to enroll in COBRA coverage.
3. Noncompliance with Treasury-State Agreement for American Recovery and Reinvestment Act – the Department of Health did not draw down federal funds on a weekly basis, which resulted in lost interest to the State.
4. Lack of Controls Over Overpayments and Receipts – “The Program Integrity Unit does not have adequate internal controls to properly record and track identified overpayments and the associated cash receipts (checks received as payment or deductions of future claims recorded).” (page 15) As of July 1, 2011, the Program Integrity Unit is now part of the Office of Medicaid Inspector General within the Governor's Office. The Inspector General requested that the State Auditor conduct an audit of the payments and receipts.

#### **Children's Health Insurance Program**

5. Internal Control Weakness, Noncompliance, and Inadequate Documentation – the Department of Workforce Services performs eligibility under the supervision of the Department of Health. The State Auditor found something incorrect in 24% of the random sample of cases reviewed. The error ranged from an incorrect determination of eligibility for which program a client qualified for to a missing paper to prove information submitted by a client.
6. Noncompliance with Treasury-State Agreement - The State Auditor found timing problems with 14% of the random sample of federal draw downs of funds reviewed. In three cases the State requested the funds late (lost interest for the State) and in another case the State requested the funds early (possible interest liability for the State).

#### **Other Programs**

7. Inadequate Controls Over WIC (Women, Infants, and Children Program) Vouchers – “The Department of Health does not have a control to ensure that the amount requested for reimbursement and paid to the WIC voucher processing bank for WIC vouchers is correct.” (page 12)
8. Noncompliance with Transparency Act Reporting Requirements – The Department of Health had some struggles complying with the timeline for reporting WIC subawards in a new federal reporting system.
9. Internal Control Weakness and Noncompliance with Maintenance of Effort – “The Department of Health is not in compliance with supplement not supplant/maintenance of effort requirements for the Infants

and Toddlers with Disabilities program...This noncompliance...was likely caused by State budget cuts.”  
(page 13)

## **ACCOUNTABILITY DETAIL**

### ***Utah Ranked 7th Healthiest State by America's Health Rankings Report***

America's Health Rankings (<http://www.americashealthrankings.org/>) for 2011 puts Utah as the 7th healthiest state. Utah received first or second place rank for being best in the following five core measures:

1. Cancer deaths per 100,000 population
2. Percentage of population that smokes
3. Percentage of population that binge drinks
4. Percentage of the population estimated to be obese
5. Preventable hospitalization for Medicare clients

Utah's worst four rankings included:

1. Percent of adults who have had their blood cholesterol checked within the last five years (50<sup>th</sup> place)
2. Percentage of children ages 19 to 35 having received recommended vaccines (47<sup>th</sup> place)
3. Primary care physicians per 100,000 population (45<sup>th</sup> place)
4. Per capita personal income (45<sup>th</sup> place)

### **Vital Records Trends**

The Center for Health Data processes vital records for the State. This information is shown in the table above. This information shows that FY 2009 through FY

Vital Records Certificate Activity	FY2007	FY2008	FY2009	FY2010	FY2011
Births	55,476	56,713	55,971	54,152	53,882
Deaths	14,525	14,539	14,434	14,834	15,589
Fetal Deaths	285	322	284	319	276
Induced Abortions	2,784	3,891	3,815	3,614	N/A
Marriages	24,323	23,947	23,807	22,117	N/A
Divorces	9,126	9,611	10,266	10,062	N/A
Ancillary Records	6,244	6,486	6,565	6,627	6,943
Other New Records	2,794	3,048	3,026	2,770	2,432
Total	115,557	118,557	118,168	114,495	79,122

2011 are the first years since FY 2005 that births have gone down year-over-year. In FY 2011 births went down by 0.5% from FY 2010.

### ***How does Utah's Health Systems Compare to Other States?***

The Commonwealth Fund State Scorecard, 2009 (<http://www.commonwealthfund.org/Charts-and-Maps/State-Scorecard-2009.aspx>), which ranks a state's health care, measured the following six areas which are listed as well as Utah's rank (with 1 being the best): access to healthcare (31), prevention and treatment (35), avoidable hospital use and costs (1), healthy lives (4), and equity (45). Overall, the report ranked Utah 19<sup>th</sup> out of 51 (list includes the District of Columbia). Utah ranked best in the nation on the following measures:

1. Percent of home health patients who get better at walking or moving around
2. Percent of adult asthmatics with an emergency room or urgent care visit in the past year
3. Percent of nursing home residents with hospital readmission within 30 days
4. Percent of home health patients with a hospital admission
5. Infant mortality, deaths per 1,000 live births
6. Colorectal cancer deaths per 100,000 population
7. Percent of adults who smoke
8. Percent of children ages 10–17 who are overweight

Utah ranked worst or second to worst in the nation on the following measures:

1. Percent of long-stay nursing home residents who have moderate to severe pain
2. Percent of children without a medical home by federal poverty level

3. Percent of Medicare patients whose health care provider always listens, explains, shows respect, and spends enough time with them

**BUDGET DETAIL**

The budget listed in the table below details the budget allocations in the base budget bill. Effective FY 2012, Medicaid Program Integrity is now part of the Office of Inspector General of Medicaid Services within the Governor's Office of Planning and Budget. In FY 2011 these functions were part of the Office of Internal Audit.

Health - Executive Director's Operations						
Sources of Finance	FY 2011	FY 2012		FY 2012		FY 2013*
	Actual	Appropriated	Changes	Revised	Changes	Recommended
General Fund	5,104,900	4,684,800	0	4,684,800	0	4,684,800
General Fund, One-time	360,100	0	0	0	0	0
Federal Funds	6,364,800	4,357,000	171,100	4,528,100	7,700	4,535,800
American Recovery and Reinvestment	2,283,900	1,775,800	0	1,775,800	(1,775,800)	0
Dedicated Credits Revenue	2,494,600	2,967,100	25,600	2,992,700	(152,800)	2,839,900
GFR - Cat & Dog Spay & Neuter	48,600	0	0	0	0	0
GFR - Children's Organ Transplant	84,500	100,400	0	100,400	0	100,400
Organ Donation Contribution Fund	85,300	113,000	0	113,000	0	113,000
Transfers - Within Agency	391,100	278,600	(278,600)	0	0	0
Beginning Nonlapsing	0	0	90,000	90,000	(90,000)	0
Closing Nonlapsing	(90,000)	0	(90,000)	(90,000)	90,000	0
Lapsing Balance	(188,900)	0	0	0	0	0
<b>Total</b>	<b>\$16,938,900</b>	<b>\$14,276,700</b>	<b>(\$81,900)</b>	<b>\$14,194,800</b>	<b>(\$1,920,900)</b>	<b>\$12,273,900</b>
<b>Programs</b>						
Center for Health Data	8,241,500	5,336,200	1,983,000	7,319,200	(2,013,900)	5,305,300
Executive Director	2,416,300	4,231,100	(1,759,100)	2,472,000	13,000	2,485,000
Office of Internal Audit	2,167,300	909,100	(196,100)	713,000	0	713,000
Program Operations	4,113,800	3,800,300	(109,700)	3,690,600	80,000	3,770,600
<b>Total</b>	<b>\$16,938,900</b>	<b>\$14,276,700</b>	<b>(\$81,900)</b>	<b>\$14,194,800</b>	<b>(\$1,920,900)</b>	<b>\$12,273,900</b>
<b>Categories of Expenditure</b>						
Personnel Services	8,839,300	7,304,700	(127,500)	7,177,200	58,300	7,235,500
In-state Travel	14,800	30,300	(11,600)	18,700	0	18,700
Out-of-state Travel	51,400	27,500	(10,400)	17,100	(12,200)	4,900
Current Expense	4,944,700	2,502,900	1,554,200	4,057,100	(1,548,300)	2,508,800
DP Current Expense	2,717,600	2,535,600	349,100	2,884,700	(418,700)	2,466,000
DP Capital Outlay	299,500	0	0	0	0	0
Other Charges/Pass Thru	71,600	1,875,700	(1,835,700)	40,000	0	40,000
<b>Total</b>	<b>\$16,938,900</b>	<b>\$14,276,700</b>	<b>(\$81,900)</b>	<b>\$14,194,800</b>	<b>(\$1,920,900)</b>	<b>\$12,273,900</b>
<b>Other Data</b>						
Budgeted FTE	126.4	96.9	4.7	101.5	(1.4)	100.1
Actual FTE	119.4	0.0	0.0	0.0	0.0	0.0
Vehicles	18.0	3.0	15.0	18.0	0.0	18.0

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

**LEGISLATIVE ACTION**

1. The Analyst recommends that the Social Services Appropriations Subcommittee approve a base budget for FY 2013 for the Executive Director's Operations of \$12,273,900 with the program allocations and plan of financing according to the table under the Budget Detail.
2. The Analyst recommends approval of the intent language included in the brief.