

**DEPARTMENT OF HEALTH (645) - 2011-13 BIENNIUM
EXECUTIVE RECOMMENDATION**

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Arkansas Department of Health (ADH) is the state agency charged with the responsibility of protecting and improving the health of the people of Arkansas by: assessment of health status and needs, leadership for the development of public health policy and plans, promotion of community-based system of preventive and primary health care, enforcement of regulations for environmental health protection and assurance of quality health care, and provision of quality health services.

TOTAL BIENNIAL BUDGET

The total budget of the 2011-13 biennium is \$503,726,908 the first year and \$503,765,215 the second year.

FUNDING SOURCES

The budget is funded by General Revenue (21.3%), Federal Revenue (36.5%), Special Revenue (0.9%), Third Party Reimbursement (21.0%), Fund Balances (2.0%), Federal ARRA Funds, (1.7%) other funds (16.6%).

II) SIGNIFICANT CHANGES

- The **Information Technology Initiatives** appropriation, funded by Special Revenues, provides a total appropriation of \$984,287 each fiscal year including a change level of \$210,000 each year in appropriation only to spend fund balances for the Department's Vital Records Information Technology Project contained in their IT plan.
- The **Rural Health Facilities** appropriation, funded by General Improvement and other funds, provides a total appropriation of \$1,087,000 each year including a change level of \$900,000 each year in General Improvement appropriation only to increase rural grant awards and improve local health care systems regarding Chronic Disease Prevention.
- The **Rural Physician Incentives** appropriation, funded by General Improvement and other funds, provides a total appropriation of \$990,000 each year including a change level of \$950,000 each year in General Improvement appropriation only.
- **Operations** appropriation, funded by General Revenue, Federal Revenue, Special Revenue, Third Party Reimbursement, and other support, provides a total appropriation of \$346,549,805 in FY12 and \$346,621,370 in FY13, including change levels of \$76,570,502 in FY12 and \$76,642,067 in FY13, which include:
 1. Restoration of 1 position for the Health Literacy Program, 168 unfunded positions, 20 new federally funded positions, and a decrease in 1 Deputy Director position and 11 ARRA Federal Position resulting in an increase in Regular Salaries of \$6,459,560 for each year and an increase in Personal Services Matching of \$2,301,569 for each year of the biennium.
 2. Extra Help increased by \$230,056 for each year along with the transfer of two extra help positions to the Prevention and Cessation Programs and two Positions to the Trauma System.
 3. Overtime increased by \$241,000 for each year for various operational support.
 4. Operating Expenses increased by \$10,258,392 in FY12 and \$10,328,407 in FY13 to allow for flexibility appropriation and for increases in wired telecommunications, building and ground maintenance, rent of facilities and office equipment, health and laboratory supplies, shop and industrial supplies.
 5. Conference & Travel Expenses increased by \$530,050 in FY12 and \$531,600 in FY13 for mileage and travel expenses, \$500,000 of which is unfunded appropriation.
 6. Professional Fees increased by \$20,000,000 for existing and new programs including: Reallocation of Contingency appropriation.
 7. Capital Outlay increased by \$1,500,000 each year to be funded by the General Improvement Fund and for the replacement of Agency servers and equipment.
 8. Grants and Aid addition of \$27,791,897 for each year to provide for the transfer of \$19,791,897 from the Grants to Service Providers program and an additional

\$8,000,000 in unfunded appropriation for contingency appropriation.

9. American Recovery and Reinvestment Act of 2009 appropriation of \$7,257,978 each year added for federal grants and stimulus funding.

- The **Grants to Service Providers** appropriation, funded by General Revenue, Federal Revenue, and fee income, provides for ADH to consolidate this operation with the Health Operations Paying Appropriation. The base level appropriation of \$19,791,897 is moved to the Operations Appropriation.
- The **Nuclear Planning Grants** appropriation, funded by Special Revenue, provides a total appropriation of \$375,000 each year with an increase of \$35,000 per year for Agency flexibility pending additional funding.
- The **Trauma System** appropriation, funded by General Revenues, provides a new total appropriation of \$33,117,520 for FY12 and \$33,084,262 for FY13 including change levels of \$3,214,747 in FY12 and \$3,181,489 in FY13 to provide for the following:
 1. Extra Help increase of \$75,000 in appropriation and general revenue funding each year to provide for two additional extra help positions.
 2. Personal Services Matching increase of \$6,489 each year to provide for extra help.
 3. Trauma System Expenses increase of \$3,133,258 in FY12 and \$3,100,000 in FY13 \$33,258 in FY12 is funded by transfer from ADH Trauma System Cash Fund.
- The **Tobacco Prevention & Cessation Program** appropriation, funded by Tobacco Settlement Proceeds, provides a total appropriation of \$17,454,071 for each year including change levels of \$1,061,508, which include:
 1. 7 Restored positions and 1 reclassification of Chief Physical Specialist to Senior Physician Specialist
 2. Regular Salaries increased by \$232,911 each year for the restored positions.
 3. Extra Help increased by \$25,000 each year with two new positions.
 4. Personal Services Matching increased by \$84,090 each year for matching requirements for new positions and extra help.
 5. Operating Expenses increased by \$100,000 each year for anticipated increases in cessation surveys and contracts.
 6. Professional Fees increased by \$100,000 each year to cover anticipated increases in cessation surveys and contracts.
 7. Tobacco Prevention & Cessation Expenses increased by \$3,000,000 to cover anticipated increases in cessation surveys and contracts.
 8. Nutrition and Physical Activity Expenses increase of \$19,507 each year to cover anticipated increases in surveys and contracts.
 9. Juvenile Drug Court Treatment Program decreased by \$1,000,000 each year as the program is being discontinued.
 10. Drug Court Substance Abuse Treatment program is discontinued and thus decreased by \$1,500,000 per year.
- The **WIC Food Instruments** appropriation, funded by Federal Funds and Manufacturer Rebates, provides a total appropriation of \$100,774,497 for each year which provides for a change level increase of \$24,675,499 for each year for WIC Instruments line item for potential future federal funding.
- The **Breast Cancer** appropriation, funded by Cash Funds, provides a total appropriation of \$25,000 each year including a change level of \$18,128 each year to provide appropriation for funding from the Komen Foundation.

III) ADDITIONAL POSITIONS

Total Positions for the 2011-13 biennium: 3,165

Total Base Level Positions for FY 2011-13: 2,959

Increase/(Decrease): 206

IV) SPECIAL LANGUAGE

- TECHNOLOGY REVIEW: ADH shall seek approval of the state Chief Information Officer and the review and advice of the Joint Committee on Advance Communications and Information Technology prior to entering into any technology contract or project.
- PATIENT CARE PROVIDERS: Allows ADH to pay wages and required withholding for patient care providers, which are independent contractors, from the Professional Fees and Services appropriation. Also, compensation is not to include state retirement or health benefits.
- TRANSFER OF FUNDS - HOME HEALTH: Allows ADH to transfer all unexpended funds relative to Home Health Services reimbursements with reporting requirements. Allows ADH to transfer funds from the Home Health Fund Balance with approval of ALC or JBC. **REVISED**
- HOME HEALTH POSITION POOL: Provides 250 pool positions for in-home services, which may be utilized with approval by Dept. of Finance & Administration and Legislative Council.
- HOME HEALTH ON-CALL AND VISIT PAY: Identifies positions eligible to receive \$75 per visit and \$60 per day on call pay for being available outside routine working hours on weekdays, weekends, and/or holidays. **REVISED**
- NUCLEAR DISASTER PLANNING GRANTS: Establishes eligibility requirements for applicants for Nuclear Disaster Planning Grants and provides that a minimum of \$5,000 must be used for County Emergency Services Offices. The language further states that Pope, Johnson, Yell, Conway and Logan Counties' EMO shall receive an equal distribution of these funds on a quarterly installment.
- PARKING FEES: On July 1 of each year, parking fees of \$50,000 are to be paid from the Operations appropriation by the Department of Health from non-general revenue to the War Memorial Stadium Commission.
- INFORMATION TECHNOLOGY INITIATIVES: The Department is prohibited from transferring general revenue for expenditures payable from the Information Technology Initiatives appropriation.
- INDIRECT COST ALLOCATION FUND TRANSFERS: Division of Health is authorized to transfer funds to the Public Health Fund from other program funds for reimbursement.
- DEVELOPMENT RESTRICTIONS: Division of Engineering shall consider the effect of the plan on future development or zoning or adjoining properties.
- NURSING/DIRECT CARE EDUCATION STIPEND PROGRAM: ADH is authorized to provide \$5,000 per person per year to Registered or Licensed Practical Nursing students. If accepted, student is under an employment commitment and required to work full-time equal to the number of years of acceptance. If defaulted, repayment of stipend is required.
- CARRY FORWARD OF FUNDS: Funds remaining in the Public Health Fund for support of the Trauma System can be carried forward into the next fiscal year.
- COMMUNITY HEALTH CENTERS: Funding for CHC's shall be prioritized to ensure proper allocation with federal, state and local guidance. In addition, CHC's are to report on certain performance indicators determined by ADH. ADH is also instructed to institute a procurement process and allow up to 90 days for the completion of private provider requirements.
- STATE FUND RESTRICTIONS: No state funds are to be used for abortion referrals or services in public schools.
- EXTRA HELP: ADH is authorized to utilize ten extra-help positions for up to 1,500 hours when expertise is required to work on public health emergencies, disasters, other events or drills. **NEW**
- FUNDS TRANSFER: Effective July 1, 2011 ADH shall transfer the balance of funds remaining in the Trauma System Cash Fund to the Public Health Fund to be used to support the Trauma System. **NEW**

TOBACCO PREVENTION & CESSATION

- TRANSFER RESTRICTIONS: Appropriations shall only be transferred as allowed in this Act.
- TRANSFER OF APPROPRIATIONS: If any budget classifications of maintenance and

general operation in this act are found to be inadequate, then a modification of amounts of the budget classification can be requested with approval from ALC and the Chief Fiscal Officer of the State.

- POSITIONS: Nothing in this act shall be construed as a commitment of the State to continue funding any position paid from the proceeds of the Tobacco Settlement funds in the event that the Tobacco Settlement funds are not sufficient to finance the position and shall be disclosed and included to all positions.
- ADVERTISING: No advertising targeting the prevention or reduction of tobacco shall include the name, voice or likeness of any elected official or their immediate family.
- TOBACCO FUND TRANSFER: ADH is authorized to transfer \$500,000 from the Prevention and Cessation Program Account to the Breast Cancer Control Fund to provide for State Medicaid match requirements.
- DRUG COURT SUBSTANCE ABUSE TREATMENT SERVICES: ADH shall provide funding of \$500,000 to DHS-Behavioral Health for Juvenile Drug Courts and \$1,500,000 to the Department of Community Corrections for Adult Drug Courts to be used for substance abuse treatment services including nicotine use and dependence.
DELETED
- COMPLIANCE WITH OTHER LAWS: Disbursement of funds shall be limited to the appropriation made available by law.
- LEGISLATIVE INTENT: Any funds disbursed in this act shall be in compliance with Initiated Act 1 of 2000.