



MEMORANDUM

TO: Governor Jack Markell
Members of the General Assembly

FROM: Rita M. Landgraf, Secretary *RML*

DATE: December 14, 2010

SUBJECT: **Delaware Health Fund Advisory Committee
Fiscal Year 2012 Recommendations**

On behalf of the Delaware Health Fund Advisory Committee (HFAC), I am pleased to present you with our Fiscal Year 2012 Health Fund recommendations. The Committee's final decisions reflect the interest in safeguarding the efforts of existing programs that have been proven effective and maximizing dollars to serve Delawareans.

At the first meeting, HFAC learned that the State anticipates receiving \$27,062.6 million (principle payment and interest) in Tobacco Settlement Funds for FY12. The requests for funding from programs that receive Health Fund allocations total \$60,711.7 million, exceeding the anticipated funding by \$33,649.1 million.

In light of this deficit, HFAC members examined the statutes and Master Settlement Agreement to identify the original purposes for which the Tobacco Master Settlement Funds are intended. (16 Del.C. §§137, 133; 29 Del.C. Chapters 60c & 60d; 16 Del.C. Chapters 10A, 30B, 30C, & 94).

The HFAC identified five categories of programs that should be funded through the Tobacco Master Settlement:

- Mandated Programs
- Curb or Quit Youth/Adult Smoking
- Health Care Reimbursement-Related
- Disease Prevention
- Workforce Development.

Funding proposals were sorted into these five categories and during the October meetings, the HFAC reviewed each program's application and made a provisional funding recommendation. During this process, some applicants reduced their funding

requests. At the conclusion of this process, the provisional recommendations were still approximately \$8 million over the anticipated revenue.

The HFAC held additional meetings to address this shortfall, considering various scenarios to reduce funding to close the approximately \$8 million gap between the amount provisionally recommended for funding by the Committee and the anticipated FY12 revenue of \$27,062.6 million. In addition to the anticipated FY12 revenue, the HFAC also considered the Health Fund Endowment balance of \$25,788.5 million.

Details of the scenarios considered and resulting motions are enclosed as Attachment A. These scenarios reflect the level of effort and thoughtfulness expended to distribute these funds in an equitable manner, reflective of the original intent of the legislation and cognizant of the benefits delivered by the applying programs. One of the scenarios considered was maintaining mandated program funding, and cutting all other programs by 34%. Committee members did approve maintaining mandated funding, but expressed concerns regarding the size of the proposed cuts to the other programs. Specific concerns focused on the impact of this level of reduction on non-profits recommended to receive smaller sums, initially below \$100. and subsequently below \$200.

The HFAC reconvened on December 8, 2010 to review and finalize these recommendations. The HFAC finalized recommendations to move \$3.0 million from the Endowment and apply it to the funds available for non-mandated programs. The HFAC also approved a Motion to use additional Endowment funds to fund non-profits at the amount recommended at the October 26, 2010 meeting or \$200., which ever was lower. HFAC members believe that the additional \$324. necessary to bring these non-profits to the provisionally recommended level would provide a large impact for the organizations and Delawareans they serve at a relatively small cost.

The attached spreadsheets list each application and the final amount recommended after the HFAC adopted the above detailed motions. The HFAC did not recommend funding any programs funded with Tobacco Master Settlement Funds, who previously had received that money from the General Fund. HFAC members expressed concern: 1) these programs were not originally funded by HFAC and should not be considered by the Committee for funding; and 2) such "switch" funding is inconsistent with the provisions of 16 Del.C. § 137(c)(e).

As Chair of the HFAC, I would like to commend the members for their dedication and contribution to the Health Fund process:

Senator Patricia Blevins
Senator David McBride
Senator Bethany Hall-Long
Dr. Charles Reinhardt
Ms. Bettina Riveros, Esq.

Representative Michael Barbieri
Representative Valerie Longhurst
Mr. Donald Fulton
Mr. James Ford
Dr. Gregory Bahtiarian

Please contact me if you have any questions.

Enclosure

pc: Health Fund Advisory Committee Members
Ann Visalli, Director, OMB
Russell T. Larson, Controller General
Lori Christiansen, Office of the Controller General

ATTACHMENT A

Scenario #1: Kept Mandate programs at the recommended level and applied an across the board cut to all non-mandate programs to close the gap. The result was a 34% reduction to all non-mandate programs. The balance after the cuts is \$177.9.

Scenario #2: Applied the across the board cuts to Mandates as well, resulting in a 24% reduction.

Scenario #3: Kept the funding for Mandates intact as provisionally recommended and then funds the 1st priority as identified by applicants. This scenario was the most difficult to compile because the priority pages were not completed in a consistent manner, not all programs submitted them, and not all programs broke out priorities. After discussion, the following motions were made, seconded, and approved unanimously:

Motion #1: Non-profits should not have funding reduced below \$100, unless the organization's application requested under \$100. (November 10, 2010).

Motion #2: Non-profits provisionally recommended to receive under \$100.2 will be restored to funding at the provisionally recommended amount. (November 10, 2010).

Motion #3: Move \$3.2 million from the Endowment and apply it to the funds available for non-mandate programs (reducing the 34% across the board reduction by approximately 11.9%). (November 10, 2010).

Motion #4: Adopt Scenario #1, as modified by Motions #1 - #3. (November 10, 2010).

Motion #5: Fund non-profits at the amount recommended at the October 26, 2010 meeting or \$200., whichever was lower. This Motion resulted in additional total funding by the Endowment of \$3.324. million. (December 8, 2010).

FY 2012 Health Fund Advisory Committee Recommendations - Details

December 8, 2010 Meeting

EXISTING PROGRAMS	FY '11 Budget	FY '12 Request	Final HFAC Recommendation
Cancer Programs			
Cancer Consortium Recommendations (DHSS - DPH)	\$12,083.9	\$14,284.4	\$10,479.8
Consortium Sub-Grantees:			
a) DE Breast Cancer Coalition	\$80.5	\$100.0	\$80.5
b) Breast and Cervical Cancer Treatment (DHSS - DMMA)	\$600.0	\$735.0	\$583.9
c) Cancer Care Connection	\$120.8	\$120.8	\$120.8
d) The Wellness Community	\$161.0	\$200.0	\$161.0
Kelly Heinz-Grundner Brain Tumor Foundation - Awareness Program	\$37.6	n/a	n/a
Subtotal	\$13,083.8	\$15,440.2	\$11,426.0
Disability Programs			
Medical Coverage for SSI Transition (DHSS - DMMA)	\$3,054.8	\$4,082.0	\$4,082.0
Attendant Care/HB 30 (DHSS - DDDS)	\$70.0	\$70.0	\$70.0
Attendant Care/HB 30 (DHSS - DSAAPD)	\$760.0	\$1,703.8	\$760.0
SSI Supplement (DHSS - DSS)	\$1,240.4	\$1,240.4	\$1,240.4
Money Follows the Person (DHSS - DMMA & DSAAPD)	\$589.8	\$499.5	\$499.5
Subtotal	\$5,715.0	\$7,595.7	\$6,651.9
Tobacco Prevention and Control Programs			
Tobacco Prevention - Department of Education	\$0.0	\$0.0	\$0.0
Tobacco Prevention - Department of Justice	\$362.1	\$211.0	\$211.0
Tobacco Prevention - Department of Services for Children, Youth & Their Families	\$59.3	\$59.3	\$47.0
Tobacco Prevention - Div. of Alcohol and Tobacco Enforcement	\$524.0	\$524.0	\$524.0
Tobacco Prevention (DHSS - DPH)	\$653.7	\$3,730.9	\$2,980.6
Subtotal	\$1,599.1	\$4,525.2	\$3,762.6
Delaware Prescription Assistance Program (DHSS - DMMA)	\$4,420.0	\$3,970.0	\$3,170.0
Subtotal	\$4,420.0	\$3,970.0	\$3,170.0
Workforce Development Programs			
New Nurse Formation Programs - Del Tech	\$2,189.8	\$5,959.8	\$1,739.7
Nursing Program - Wesley College	\$276.3	\$276.0	\$219.3
Nursing Program - Polytech Adult Education	\$110.1	\$122.3	\$87.6
Delaware State University - Nursing Program	\$127.7	\$577.2	\$101.4
Subtotal	\$2,703.9	\$6,935.1	\$2,148.0

FY 2012 Health Fund Advisory Committee Recommendations - Details

December 8, 2010 Meeting

EXISTING PROGRAMS	FY '11 Budget	FY '12 Request	Final HFAC Recommendation
Behavioral Health Programs			
Heroin Residential Program - Gaudenzia, Inc.	\$412.0	\$550.0	\$327.3
Substance Abuse Transitional Housing - Connections Chance House	\$177.1	\$177.1	\$177.1
Limen House	\$60.3	\$60.3	\$60.3
Delaware Schools ATODA Survey - University of Delaware	\$28.7	\$28.7	\$22.8
Project Renewal Program - Brandywine Counseling	\$142.2	\$142.2	\$142.2
Subtotal	\$820.3	\$958.3	\$729.7
Consumer Education Programs			
Resource Mothers Program - Children & Families First	\$201.3	\$201.3	\$200.0
Subtotal	\$201.3	\$201.3	\$200.0
Other Programs			
Public Access Defibrillation (DHSS - DPH)	\$200.0	\$200.0	\$75.0
Community Healthcare Access Program (DHSS - DHCC)	\$996.9	\$1,000.0	\$529.9
Staff (DHSS - DHCC)	\$57.1	\$57.1	\$45.4
Chronic Disease Program [Diabetes] (DHSS - DPH)	\$450.0	\$450.0	\$357.4
Caregiver Program - Delaware Ecumenical Council on Children & Families	\$178.1	\$178.1	\$178.1
Medicaid Increase for Pregnant Women (DHSS - DMMA)	\$650.0	\$650.0	\$650.0
Family Planning Services - Planned Parenthood of Delaware	\$115.3	\$132.6	\$132.6
Hepatitis B Vaccine for DOC (DHSS - DPH)	\$75.0	\$75.0	\$0.0
Neonatal Intensive Care Unit Family Support Project - March of Dimes	\$24.2	\$24.2	\$24.2
Delaware Hospice - (Comprehensive Care Facilities and Programmatic Support) <i>[FY12 includes \$300.0 One-Time for Construction Costs & \$100.0 for Family Support & Community Outreach Program]</i>	\$125.2	\$400.0	\$100.0
St. Francis Hospital - Operating Funds	\$100.2	\$250.0	\$100.2
American Lung Association of Mid-Atlantic - Asthma Project	\$52.4	\$52.4	\$52.4
Easter Seals - Respite Care Services	\$43.2	\$43.2	\$43.2
AIDS Delaware	\$10.0	\$10.0	\$10.0
Subtotal	\$3,077.6	\$3,522.6	\$2,298.4
"Switch Funded" Programs			
Delaware Healthy Children Program (DHSS - DMMA)	\$4,392.1	\$5,505.8	\$0.0
Legal Non-Citizen Health Care (DHSS - DMMA)	\$1,570.0	\$1,570.0	\$0.0
School Based Wellness Centers (DHSS - DPH)	\$5,323.8	\$5,323.8	\$0.0
Infant Mortality Task Force Recom. (DHSS - DPH)	\$3,551.9	\$4,428.9	\$0.0
First Responders Vaccinations (DHSS - DPH)	\$36.0	\$36.0	\$0.0
Medicaid for Workers with Disabilities (DHSS - DMMA)	\$698.8	\$698.8	\$0.0
2 Year Nursing Expansion (OMB Contingencies & One-Time Items)	\$1,037.9	\$0.0	\$0.0
4 Year Nursing Expansion (OMB Contingencies & One-Time Items)	\$500.0	\$0.0	\$0.0
Subtotal	\$17,110.5	\$17,563.3	\$0.0
GRAND TOTAL	\$48,731.5	\$60,711.7	\$30,386.6

FY 2012 Health Fund Advisory Committee Recommendations - Summary

December 8, 2010 Meeting

ITEM	AMOUNT
Funding Requests	
HFAC Funding Recommendations - Existing Programs	\$30,386.6
TOTAL FUNDING NEEDED	<u>\$30,386.6</u>
Revenue	
Projected MSA Payment FY 2012 (Full Withholding)	\$25,340.8
Projected Interest	\$1,721.8
Subtotal	<u>\$27,062.6</u>
Additional Funds Used From Strategic Reserve	\$3,324.0
TOTAL REVENUE / FUNDING AVAILABLE	<u>\$30,386.6</u>
Balance	<u>\$0.0</u>