

**Testimony of
Commissioner Mary C. Mayhew
Department of Health and Human Services**

**Before the Joint Standing Committee on Appropriations and Financial Affairs and
The Joint Standing Committee on Health and Human Services**

**LD 390 "An Act Making Unified Appropriations and Allocations for the Expenditures of
State Government, General Fund and Other Funds, and Changing Certain Provisions of
the Law Necessary to the Proper Operations of State Government for the Fiscal Years
Ending June 30, 2018 and June 30, 2019**

Hearing Date: February 23, 2017

Senator Hamper, Representative Gattine, Senator Brakey, Representative Hymanson, Members of the Joint Standing Committee on Appropriations and Financial Affairs and Members of the Joint Standing Committee on Health and Human Services; I am Mary Mayhew, Commissioner of the Department of Health and Human Services (DHHS). I am here today to speak in support of LD 390, the Governor's Biennial Budget proposal for State fiscal years 2018 and 2019.

Unlike DHHS budgets that dominated this process for many years and overshadowed other state priorities, this budget proposal is not seeking a bail out of hundreds of millions of dollars to sustain current programs. In fact this budget does not include a request to fund a massive structural gap as had become the expected submission from DHHS for more than a decade. In fact, the budget proposal before you represents a 5.9% reduction from the '18/'19 biennial baseline budget of \$2.3 billion or a \$139 million reduction and a 4.5% reduction from the '16/'17 spending level or \$109 million. The reduction in the Department's budget is intended to support funding needs elsewhere in state government and the proposed tax reductions. It is imperative that we focus our efforts on revitalizing Maine's economy to support critical pathways for employment for so many who need temporary assistance from DHHS.

For historical context in SFY 2016, the Department's expenditures were \$ 3.6 billion state and federal. MaineCare accounted for \$2.6 billion. The total state expenditures in SFY 2016 were \$1.6 billion with a state General Fund component of \$1.2 billion. MaineCare accounted for \$1 billion of the total state expenditures including \$782 million in general fund spending. The baseline General Fund budget for DHHS in SFY 2018 is \$1.183 billion and in SFY '19 it is \$1.186 billion. Inclusive of the Department's proposed initiatives, those figures would decline to \$1.13 billion in SFY 2018—or a 4.14% reduction from the legislatively approved baseline General Fund budget—and to \$1.10 billion in SFY 2019, a 7.3% reduction from the baseline.

For purposes of today's public hearings, the focus is largely on the Maine Center for Disease Control (CDC) (including DLRS). CDC had expenditures in SFY 2016 of \$117.4 million with \$17 million of that in General Fund expenditures. We are anticipating expenditures of \$120.8 million in SFY 2017 with \$20.3 million of that in General Fund expenditures. The baseline General Fund budget for CDC in SFY 2018 is \$20.9 million and 2019 is \$21.1 million. Inclusive of the Department's proposed initiatives, those figures would decline to \$19.4 million in SFY 2018—or a 7.17% reduction from the legislatively approved baseline General Fund budget—and to \$19.6 million in SFY 2019, a 7.32% reduction from the baseline.

Public Health Initiatives

Page 293, CDC C-A-1122, Reduce Community Family Planning (0466) General Fund, FY'18 \$(223,105): FY'19 \$(223,105)

This initiative reduces funding in the Community Family Planning program, General Fund on an ongoing basis. In 2015, Medicaid was significantly expanded for family planning services, ensuring broad access to services and eliminating the need for additional General Fund support.

Pages 315, 328, CDC C-A-1101, Public Drinking Water Fund (0728, 0143) Other Special Revenue, FY'18 \$0: FY'19 \$0

This initiative adjusts allocation for expenditures relative to anticipated transfers of liquor revenues. Public Law 2013, c. 269 incorrectly established allocation in the Lead Poisoning Prevention Fund account for the state share to match available federal funds for the drinking water projects. This allocation should have been established in the Public Drinking Water Fund account. Additionally, the liquor revenue transfers have increased and this initiative reflects that increase.

Page 327, CDC C-A-1119, Extend FHM Funding for Lead Poisoning Prevention (0143) Funds for Healthy Maine, FY'18 \$374,988: FY'19 \$0

This initiative continues 5 limited-period Environmental Specialist III positions established in Public Law 2015, chapter 267 funded 100% in the Fund for Healthy Maine Public Health Infrastructure program through April 2018. Public Law 2015, chapter 267 redefined lead poisoning which increased the number of inspections.

Based on the rate of increase in needed lead inspections, and the anticipated need for these positions going forward, we will be requesting the continuation of these limited period positions in the change package for the entire biennium. Additionally, we will seek funding to continue the current contracts within the lead inspection program for another two years.

Page 329, CDC C-A-1112, Tobacco Licensing Revenue (0143) Other Special Revenue, FY'18 \$221,500: FY'19 \$221,500

This initiative adjusts funding to cover the costs of administering the Health Inspection Program by redirecting the tobacco licensing fees revenue that are currently forecasted through the Revenue Forecast Committee process from the General Fund to the Other Special Revenue Funds.

The Health Inspection Program in the Other Special Revenue Funds is responsible for licensing tobacco retailers; however, the revenue from the collection of tobacco licensing fees is deposited directly into the General Fund. This initiative would move the tobacco licensing fees revenue to the Other Special Revenue Funds to cover the cost of administering this program.

Page 145L

Part CCCC: This Part reassigns the application fee for a retail tobacco license that is now deposited in the General Fund, to the Health Inspection Program account in Maine Center for Disease Control and Prevention program, Other Special Revenue Funds to cover the costs of administering licensing for tobacco retailers.

Pages 330, 345, SAMHS C-A-1904, Personnel Services Transfer (Z198, 0143) General Fund, FY'18 \$(81,124): FY'19 \$(81,573); (0143) Other Special Revenue, FY'18 \$87,927: FY'19 \$88,391

This initiative transfers and reallocates one Public Service Manager II position and related All Other from 100% Mental Health Services - Community program, General Fund to 35% General Fund and 65% Other Special Revenue Funds in the Maine Center for Disease Control and Prevention program.

This initiative places the position in the appropriation functional location.

Pages 330, 370, SAMHS C-A-1905, Personnel Services Transfer (Z199, 0143) General Fund, FY'18 \$(43,435): FY'19 \$(43,754); (0143) Federal Funds, FY'18 \$51,185: FY'19 \$51,515

This initiative transfers one Social Services Program Specialist II position and transfers and reallocates one Education Specialist II position from 100% General Fund in the Office of Substance Abuse and Mental Health Services program to 50% General Fund and 50% Federal Expenditures Fund in the Maine Center for Disease Control and Prevention program to align duties with the proper funding source.

This initiative places the positions in the appropriate functional location.

Pages 320, 371, SAMHS C-A-1920, FHM Budget Transfer to CDC (Z199, 0143) Fund For Healthy Maine, FY'18 \$0: FY'19 \$0

This initiative transfers funding between the Office of Substance Abuse and Mental Health Services program and the Maine Center for Disease Control and Prevention program within the same fund to consolidate prevention services within the office charged with overseeing prevention services.

Pages 328, 338, CDC C-A-1123, Reduce FHM: Community/School Grants & Statewide Coordination (0147) General Fund, FY'18 \$(4,684,150): FY'19 \$(4,684,150), (0143, 0147) Funds for Healthy Maine, FY'18 \$0: FY'19 \$0

This initiative adjusts funding between the Maine Center for Disease Control and Prevention program and the Medical Care - Payments to Providers program in the Fund for a Healthy Maine to focus on direct healthcare for low-income member services.

These funds are necessary to support primary care in Medicaid, early intervention and prevention activities related to smoking, the prevention of chronic diseases related to smoking, and the prevention of other unhealthy behaviors that lead to conditions like diabetes and hypertension. It is imperative that we aggressively support the funding of direct services within the primary care physician office as one of the most effective forms of clinical preventive services. Practices participating as health homes and behavioral health homes through the Department's transformation initiatives are already showing improvements in the clinical outcomes of the members. The redirection of this portion of the tobacco settlement funding allows for a corresponding General Fund reduction in the Medical Care - Payments to Providers program.

Pages 338, 328, CDC C-A-1124, Reduce FHM: Tobacco Control & Prevention (0143, 0147) General Fund, FY'18 \$(5,698,647): FY'19 \$(5,698,647), Funds for Healthy Maine, FY'18 \$0: FY'19 \$0

This initiative adjusts funding between the Maine Center for Disease Control and Prevention program and the Medical Care - Payments to Providers program in the Fund for a Healthy Maine to shift the focus of tobacco prevention and control of related health issues to MaineCare recipients.

This FHM funding is redirected to address the disproportionate use of tobacco products by the MaineCare population (43%) as compared to the state general population. This initiative advances the primary care, evidence based approach of individual level interventions that consider stages of change which is more effective when coupled with the very concrete resource of the Maine Tobacco Helpline. Reducing expenditures for indirect activities with marginal results to instead support proven clinical strategies by primary care providers through the FHM-Medical Care program, allows for a General Fund reduction in the Medical Care - Payments to Providers program. Although Maine ranks 7th in the country for use of the tobacco settlement dollars on tobacco cessation, our smoking rates for adults mirrors the national rates. This initiative will allow direct, primary care intervention and prevention services to measurably address this public health challenge.

In the initial submission of the budget, the entire amount in this account was included inadvertently. Our intention is to continue to fund the tobacco helpline, and in the coming weeks we will communicate to the committee a path to address our intent.

Page 381, OMSA C-A-2001, Increase Allotment (Z055) Other Special Revenue, FY'18 \$100,000: FY'19 \$100,000

This initiative increases allocation to align with available resources. The Legislature established the Prescription Drug Academic Detailing program in Maine Revised Statutes, Title 22, §2685. Beginning April 1, 2012, each manufacturer of prescription drugs that are provided to Maine residents through the MaineCare program or the elderly low-cost drug program was required to pay a fee of \$500 per calendar year to the department to provide funding for the program. This initiative aligns the allocation with available resources and program needs.

Thank you for the opportunity to present the Governor's proposed budget for SFY 2018 and SFY2019 for the Department of Health and Human Services.