

# ***DEPARTMENT OF HEALTH***

## ***MISSION***

The Department of Health ensures that high quality, appropriate health services are available to all New York State residents at a reasonable cost. Department functions and responsibilities include:

- Promoting and supervising public health activities throughout the State;
- Ensuring high quality medical care in a sound and cost effective manner for all residents;
- Reducing infectious diseases such as tuberculosis, measles, mumps and rubella and chronic disabling illnesses such as heart disease, cancer, stroke and respiratory diseases; and
- Directing a variety of health-related homeland security measures in conjunction with the Governor's Office of Public Security. As part of this mission, the Department works with the State's health care community to ensure appropriate readiness and response to potential public health threats.

The Department of Health is also the principal State agency that interacts with the Federal and local governments, health care providers and program participants for the State's Medicaid program.

## ***ORGANIZATION AND STAFFING***

Under the direction of the Commissioner, who is appointed by the Governor, the Department of Health meets its responsibilities through the Office of Medicaid Management, the Office of Managed Care, the centers located in the Office of Public Health, and the Office of Health Systems Management. These entities provide policy and management direction to the Department's system of regional offices. Department staff located in regional offices conduct health facility surveillance, public health monitoring and direct services, and oversee county health department activities.

Additionally, the Department is responsible for five health care facilities that are engaged in advanced medical research and patient care including the Roswell Park Cancer Institute in Buffalo, the Helen Hayes Hospital in West Haverstraw, and four nursing homes for the care of veterans and their dependents in Oxford, New York City, Batavia and Montrose. In early 1999, responsibility for the operations of the Roswell Park Cancer Institute was transferred to a public benefit corporation, the Roswell Park Cancer Institute Corporation, pursuant to an operating agreement between the Corporation and the Department. This has provided Roswell with the flexibility needed to compete more effectively in a changing health care environment.

In 2003-04, the Department of Health will have a workforce of approximately 5,900 positions, with nearly 29 percent of those positions employed in the Department's health care facilities.

- Approximately 17 percent of these positions are paid exclusively by the General Fund;
- 13 percent are directly supported by fees;
- 55 percent are supported by third party, private patient care and Federal reimbursement; and
- The remaining 15 percent are directly funded by Federal grants.

## ***FISCAL BACKGROUND AND BUDGET HIGHLIGHTS***

### ***MEDICAID***

Total Medicaid spending in New York will be approximately \$41.7 billion in 2003-04 if savings measures are not enacted. The 2003-04 Medicaid budget reflects a continued

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commitment to an effective and affordable delivery system that promotes high quality health care, protects patients, and ensures access to appropriate services to meet the health care needs of the State's neediest residents.

Medicaid costs, which have been controlled in recent years, are now increasing at a rate that places an unaffordable burden on State and local governments. Accordingly, the 2003-04 Executive Budget recommends a series of actions to control Medicaid cost increases to keep the program affordable for State and local taxpayers while ensuring continued access to needed health care services for recipients.

In addition, the Budget recommends a realignment of State and local government responsibility for the financing of certain Medicaid programs. Under this proposal, the State will assume the entire cost for pharmaceuticals, the fastest growing component of Medicaid. In turn, local governments would be required to pay a higher share of fee-for-service hospital, outpatient and clinic expenses — 37 percent, increased from the historical 25 percent share. These fee-for-service costs should grow at a much more modest rate than pharmaceuticals.

### **Pharmacy**

Absent efforts to continue growth, State Medicaid spending on pharmacy services will reach over \$800 million in 2003-04.

The 2003-04 Executive Budget recommends several measures to control these costs. These measures include: implementation of a "forge-proof" prescription program to reduce illegal marketing of drugs; establishing a preferred drug program for Medicaid; reducing pharmacy reimbursement for both Medicaid and EPIC from Average Wholesale Price (AWP) less 10 percent to AWP less 15 percent; requiring pharmacies, consistent with Federal law, to bill Medicaid where appropriate for those individuals also enrolled in Medicare; increasing Medicaid co-payments for generics (\$0.50 to \$1.00) and brand name drugs (\$2.00 to \$3.00) and requiring individuals in managed care to make co-payments.

### **Acute Care**

The Health Care Reform Act (HCRA), originally enacted in 1996, serves as the statutory basis governing hospital financing. Under HCRA, most non-Medicaid payors negotiate rates with hospitals, encouraging competition in the health care industry. Medicaid rates are established consistent with governing HCRA statutes.

The 2003-04 Executive Budget recommends that the Health Care Reform Act, currently scheduled to expire on June 30, 2003, be reauthorized for an additional two years. This extension will continue to provide hospitals and clinics with adequate funding and ensure that high quality health care services are accessible and affordable for all New Yorkers. The extension also makes cost containment actions enacted as part of prior year Budgets permanent.

State Medicaid spending for hospitals and clinics is expected to exceed \$2.3 billion in 2003-04 and reflects a number of Budget recommendations to limit the growth in hospital and clinic costs. These include temporarily re-establishing a 0.7 percent assessment on hospital revenues; limiting hospital case payments to the regional average; reducing Graduate Medical Education (GME) reimbursement to be consistent with Federal Medicare guidelines; requiring providers to offset inflationary payment increases; and other rate adjustments. The Budget also reflects the establishment of new program requirements for part-time clinics to ensure that services are provided in the most appropriate settings.

### **Long Term Care**

State spending on nursing home and community-based care comprises more than half the General Fund Medicaid budget — or an estimated \$4.3 billion in 2003-04.

The 2003-04 Executive Budget recommends several initiatives to restructure nursing home reimbursement including implementing a regional average reimbursement methodology; eliminating a rate enhancement to providers for serving Medicare patients that

is no longer necessary due to recent changes in Federal reimbursement policy; eliminating the return-on-equity rate adjustment; and requiring providers to offset inflationary payment increases.

While progress continues to be made in implementing the provisions of the Long Term Care Integration and Finance Act of 1997, which included the rapidly growing Managed Long Term Care program, New York State still has the highest home care spending in the nation. Accordingly, the 2003-04 Executive Budget recommends temporarily re-establishing a non-reimbursable 0.6 percent assessment on home care providers, requiring providers to offset inflationary payment increases and implementing utilization controls to ensure home care services are appropriately provided.

### ***Managed Care***

The 2003-04 Executive Budget reflects the continued mandatory enrollment of Medicaid recipients in managed care. Federal approval of New York's 1115 Managed Care waiver in July 1997 set the stage for mandatory enrollment to commence in October 1997. To date, New York City and 21 upstate counties — Albany, Broome, Cattaraugus, Chautauqua, Columbia, Erie, Greene, Livingston, Monroe, Nassau, Niagara, Oneida, Onondaga, Ontario, Oswego, Rensselaer, Rockland, Saratoga, Suffolk, Wayne and Westchester — are operating mandatory managed care programs. The remainder of the State will continue to phase in managed care, subject to Federal approval, during 2003-04.

Managed care enrollment is projected to reach approximately 1.3 million by the end of 2002-03 and 1.6 million by the end of 2003-04. When fully implemented, approximately three-quarters of all Medicaid recipients eligible for managed care are expected to be enrolled. As a result of existing managed care enrollment, New York State continues to have increased primary care use, lower emergency room use, and fewer inpatient days.

The State's Medicaid managed care program ensures that the neediest people receive high quality, accessible health care. The Budget recommends extending the authorization of the Medicaid managed care program, now scheduled to expire December 31, 2003, for three years. This authorization is necessary to continue the mandatory Medicaid managed care program and implement special managed care plans that provide comprehensive services to individuals infected with the HIV virus. These Special Needs Plans will begin operation in late 2003. Start-up grant funding is being provided to facilitate implementation. Medicaid managed care also incorporates a comprehensive set of consumer protections to ensure that recipients obtain enrollment assistance and quality care, and understand their rights and responsibilities under managed care plans.

### ***Medicaid Administration***

The Department of Health is responsible for overall management of the Medicaid program, including the State's interaction with Federal and local governments, health care providers and Medicaid recipients. Counties will continue their role in making Medicaid eligibility determinations and contracting with providers of Medicaid services. Payments to health care providers also continue to be made through the State's computerized Medicaid Management Information System (MMIS) that is operated by a private agency with oversight by State personnel. The Department has obtained management and development services for a Replacement Medicaid System (RMS) that will replace both MMIS and the Electronic Medicaid Eligibility Verification System (EMEVS) with an integrated claims processing system. RMS will provide updated technologies and bring New York State into compliance with new Federal reporting requirements. In addition, the new system will substantially enhance front-end detection of Medicaid fraud.

### ***CHILD HEALTH PLUS***

New York's Child Health Plus program continues to set a national standard for children's health insurance coverage for children up to age 19. The Child Health Plus program was

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significantly expanded with passage of legislation under Governor Pataki's leadership in both 1996 and 1998, resulting in a dramatic increase in enrollment to nearly 520,000 children. Under Governor Pataki, the program has expanded to include comprehensive health benefits and increased eligibility to 250 percent of the Federal Poverty Level (FPL). When eligible Federal funds are combined with State HCRA moneys, the Child Health Plus program will provide comprehensive coverage to virtually all eligible children in the State. The 2003-04 Executive Budget recommends the extension of the Child Health Plus program — which is scheduled to expire June 30, 2003 — through June 30, 2005. In addition, the Budget recommends transferring children ages 6-19 with incomes between 100 to 133 percent FPL from Medicaid to Child Health Plus.

### **FAMILY HEALTH PLUS**

As authorized by HCRA 2000, the Family Health Plus program offers access to comprehensive health coverage for more than 670,000 eligible low-income adults who do not have insurance through their employers, yet have incomes that do not qualify them for other publicly financed health programs. Under Family Health Plus, health coverage was expanded on October 1, 2001 to include families with incomes up to 133 percent of the gross Federal Poverty Level (FPL) and on October 1, 2002 up to 150 percent of the FPL. For individuals without children, coverage is offered to those at 100 percent of the FPL. Effective February 1, 2003, the Executive Budget recommends that eligibility for Family Health Plus be limited to those with incomes no higher than 133 percent. Individuals above that income level who are currently in Family Health Plus would not be dropped from the program.

### **OTHER PUBLIC HEALTH PROGRAMS**

Excluding Medicaid program costs, General Fund appropriations finance 26 percent of the Department of Health's budget in 2002-03. Other revenue sources, including: 1) reimbursement for patient care provided at the Department's health care facilities; 2) regulatory fees and audit recoveries; 3) management fees for hospital and nursing home construction projects financed through bond proceeds; and 4) registration, testing and certification fees for various public health services, support 41 percent of the Department of Health's budget, including the Professional Medical Conduct Program, clinical and environmental laboratory certification activities, and health care facilities' operating costs. The remaining 33 percent is provided by Federal grants and Fiduciary and Enterprise funds.

Capital Project appropriations preserve and maintain the Department's hospitals, nursing homes, and the three separate laboratory facilities in Albany County that constitute the Wadsworth Center for Laboratories and Research. The costs of projects at the health care facilities are funded from facility revenues and/or the General Fund.

This overall recommendation ensures that public health priorities are preserved. As such, the 2003-04 Budget:

- Includes \$80 million for the Roswell Park Cancer Institute Corporation;
- Sustains the State's commitment to fighting the AIDS epidemic by continuing statewide spending at more than \$2.6 billion, a year-to-year increase of \$298 million, including \$103 million to be spent by the AIDS Institute. Emphasis will continue to be placed on prevention and specialized services which target resources to populations with the greatest risk of infection;
- Provides \$578 million in support for the Elderly Pharmaceutical Insurance Coverage program (EPIC) to ensure that more than 328,000 senior citizens receive crucial prescription insurance. The Executive Budget provides a series of measures that will reduce the cost of the EPIC program by \$38 million. These proposals reduce pharmacy reimbursement from 90 percent of the Average Wholesale Price of drugs to 85 percent, require drug manufacturers to provide enhanced rebates and increase fees and deductibles for seniors by a modest 10 percent. These actions strike a delicate balance between achieving much needed fiscal relief and meeting the State's

- obligation to provide adequate health care to its most vulnerable citizens. Even after these cost savings are considered, New York will still spend considerably more on EPIC services than any other state in the nation;
- Includes approximately \$168 million for the General Public Health Works program to reimburse counties and New York City for providing public health services such as childhood immunizations, primary health care, and control of communicable diseases such as tuberculosis and sexually transmitted diseases. Legislation accompanying the budget will overhaul the reimbursement system for this program to reduce the State share for “core services” from 36 percent to 30 percent and eliminate reimbursement for “supplemental services” entirely. Medical examiner and public health emergency reimbursements will be unchanged;
  - Includes support of \$37.5 million, funded largely from HCRA, for an enhanced anti-smoking program, including counter advertising, community and school-based education programs, cancer mapping and strict enforcement of laws regulating the sale and use of tobacco products;
  - Supports the optional State supplementation of the Federal nutrition assistance program for women, infants and children (WIC) with \$28 million. New York continues to be one of only 13 states to augment Federal nutrition funds;
  - Includes \$8 million to implement a series of initiatives recommended by the Adult Homes Work Group to improve the quality of life and safety for adult home residents in New York. The Department will work with the Office of Mental Health, the Commission on Quality of Care for the Mentally Disabled and the State Office for the Aging to undertake a statewide effort to conduct client assessments; improve medication management; initiate enhanced service coordination and other advocacy services; and expand social and recreational activities;
  - Provides \$270 million to cover the State share of Early Intervention (EI) and dramatically restructures the program that serves infants and toddlers under the age of three who have developmental delays. The budget would mandate health insurance coverage up to \$5,000 per insured child and require that parents earning above 160 percent of the Federal Poverty Level pay 20 percent of the costs of EI services not covered by insurance up to an income-based cap. This Budget also advances additional statutory measures to promote program cost effectiveness including conforming to Federal Law which requires that children be discharged from the EI program by the age of three; requiring EI providers to bill Medicaid and private insurers directly; authorizing counties to negotiate lower rates with providers than those established by the State; and
  - Advances an increase in the fee for vital records provided to individuals to support the administrative costs of the Vital Records program.

## **PROGRAM HIGHLIGHTS**

### **MEDICAID**

Originally established in 1965 by the Federal government as a health insurance program for the poor, New York’s Medicaid program costs will total \$38.5 billion in 2002-03, and provide coverage to approximately 3.3 million New Yorkers. Cost containment and revenue maximization initiatives have resulted in the State’s 2002-03 General Fund Medicaid spending being held to nearly 1994-95 levels. In addition to the federally mandated services — inpatient and outpatient hospital care, nursing facility care, physician services, home health care, family planning, laboratory and x-ray services — New York also provides almost all federally permissible optional services.

Traditionally, the Federal government has paid for 50 percent of the State’s Medicaid program. The State pays about 35 percent of the total costs and counties pay about 15 percent. The Federal government has matched, on an unlimited basis, each State and local dollar expended on Medicaid.

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### **ACCESS TO HIGH QUALITY HEALTH CARE**

The Department develops and implements programs to ensure that residents of New York have access to high quality health care. Over the last several years, significant legislation has been enacted that significantly enhances the availability of appropriate care to all New Yorkers including the following:

- The landmark Health Care Reform Act (HCRA) of 1996 deregulated inpatient hospital reimbursement and introduced a market-based system which allows commercial insurers, managed care entities and self-insured plans to establish rates of payment directly through negotiations with hospitals and without State intervention. HCRA 2000, enacted in 1999, re-affirmed the State's commitment to ensuring that the hospital system adapts to the changing health care environment. In addition, HCRA 2000 provided the necessary resources to expand the Child Health Plus program and initiated comprehensive new programs to expand access to health care for the uninsured, including Family Health Plus and Healthy New York;
- HCRA 2002 provided the necessary resources for a multi-year investment to attract, train and retain a high quality health care workforce in New York State and expanded Medicaid eligibility to working disabled individuals and to cover the cost of treatment for low income women diagnosed with breast or cervical cancer through the Center for Disease Control's National Screening Program;
- Pioneering consumer managed care legislation enacted in 1996 — the Managed Care Bill of Rights — ensured that consumers are appropriately informed about managed care choices and benefits, and guaranteed that providers can discuss all appropriate health care options; and
- Enhanced consumer protections were added in External Review legislation enacted in 1998, which provide health plan enrollees the opportunity to request an external appeal when coverage of health care services is denied on the grounds that the service is not medically necessary or that it is experimental or investigational.

The 2003-04 Executive Budget extends HCRA for two years until June 2005. In the context of this renewal, a number of additional revenue sources are being designated to support increased program costs and to replace Tobacco Settlement payments, which will be unavailable beginning in April 2004. Included are increases in health care surcharges and assessments, and dedication of additional proceeds from the conversion of Empire Blue Cross to a for-profit company. Further, new Federal funds recently approved during the reauthorization of the State's Medicaid managed care waiver are dedicated to HCRA along with anticipated Federal funds for World Trade Center disaster costs — primarily Disaster Relief Medicaid. Furthermore, the Budget also proposes to reduce and eliminate certain HCRA programs which, when combined with the additional revenues, will ensure financing of HCRA programs over the next two years.

### **PUBLIC HEALTH**

Efforts such as education, research and disease prevention are aimed at improving the health of all New Yorkers. Particular focus is placed on nutrition, prenatal and perinatal care, child health, treatment and control of sexually-transmitted diseases and tuberculosis, childhood immunization, the health risks of environmental contaminants, drinking water purity and follow-up investigations of disease outbreak. In addition, the Department serves as primary liaison with local and county health departments to ensure the quality of public health services throughout New York State.

The Wadsworth Center for Laboratories and Research assists the Department in accomplishing its public health mission. Screening programs conducted by the Center annually report nearly three million test results to providers. These programs encompass such public health concerns as HIV, tuberculosis, environmental contamination and genetic disorders in newborns. Ongoing research, largely funded by external grants, is carried out for public health problems such as AIDS, Lyme disease, cancer and the toxic effects of chemical substances and radiation. The Wadsworth Center regulates more than 800 environmental

laboratories and more than 1,800 clinical laboratories and blood banks to ensure testing quality, and the public's health and safety. In addition, the Wadsworth Center and DOH's Center for Community Health have played key roles in managing the State's response to recent terrorist activities.

**A COMMITMENT TO AIDS RESEARCH AND PREVENTION**

The Department develops and funds HIV prevention and health care programs, educates the public and health care providers, formulates policy and directs regional and statewide HIV/AIDS planning. New York remains a leader in combating this complex epidemic by responding to changes in incidence with even greater attention to population-based programming, long-term care and policies designed to reduce discrimination and guarantee basic medical care and treatment for the uninsured. New York State will spend \$2.6 billion to combat HIV/AIDS next year.

**HEALTH SYSTEMS MANAGEMENT**

The Department ensures that quality health care is available to all New York residents by overseeing the services provided by hospitals, nursing homes, diagnostic and treatment centers and home care providers. The Department strives to ensure that limited health care dollars are prudently spent through its reimbursement rate methodologies, rate setting, and review and monitoring of health facility plans for construction and expansion. Federal reimbursement for surveillance and certification, and fees for overseeing facilities to ensure that bonded debt is repaid, help to offset program costs.

**ALL FUNDS  
APPROPRIATIONS  
(dollars)**

<b>Category</b>	<b>Available 2002-03</b>	<b>Appropriations Recommended 2003-04</b>	<b>Change</b>	<b>Reappropriations Recommended 2003-04</b>
State Operations	4,511,159,000	4,542,452,600	31,293,600	11,306,412,500
Aid To Localities	30,326,641,768	34,942,497,000	4,615,855,232	20,358,010,900
Capital Projects	156,800,000	76,600,000	(80,200,000)	243,696,000
Total	<u>34,994,600,768</u>	<u>39,561,549,600</u>	<u>4,566,948,832</u>	<u>31,908,119,400</u>

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**ALL FUND TYPES  
PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM  
FILLED ANNUAL SALARIED POSITIONS**

Program	Full-Time Equivalent Positions (FTE)		
	2002-03	2003-04	FTE Change
	Estimated FTEs 03/31/03	Estimated FTEs 03/31/04	
Administration and Executive Direction			
General Fund	151	100	(51)
Special Revenue Funds - Federal	67	65	(2)
Special Revenue Funds - Other	242	261	19
AIDS Institute			
General Fund	175	164	(11)
Child Health Insurance			
Special Revenue Funds - Other	38	38	0
Community Health			
General Fund	84	0	(84)
Special Revenue Funds - Federal	539	534	(5)
Special Revenue Funds - Other	0	80	80
Office of Continuing Care			
General Fund	335	333	(2)
Special Revenue Funds - Other	2	2	0
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	24	23	(1)
Environmental Health			
General Fund	111	104	(7)
Special Revenue Funds - Federal	118	113	(5)
Special Revenue Funds - Other	151	148	(3)
Health Care Financing			
General Fund	62	59	(3)
Special Revenue Funds - Other	62	59	(3)
Health Care Standards and Surveillance			
General Fund	235	212	(23)
Special Revenue Funds - Other	255	256	1
Health Services			
Enterprise Funds	12	14	2
Institution Management			
Special Revenue Funds - Other	1,597	1,672	75
Laboratories and Research			
General Fund	442	374	(68)
Special Revenue Funds - Federal	90	87	(3)
Special Revenue Funds - Other	147	197	50
Managed Care			
General Fund	169	160	(9)
Medicaid Audit and Fraud Prevention			
General Fund	218	233	15
Special Revenue Funds - Federal	214	221	7
Special Revenue Funds - Other	33	32	(1)
Office of Medicaid Management			
General Fund	376	345	(31)
Special Revenue Funds - Federal	24	24	0
Special Revenue Funds - Other	2	2	0
Total	<u>5,975</u>	<u>5,912</u>	<u>(63)</u>

**STATE OPERATIONS  
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE  
APPROPRIATIONS  
(dollars)**

Fund Type	Available 2002-03	Recommended 2003-04	Change
General Fund	211,254,000	167,785,600	(43,468,400)
Special Revenue Funds - Federal	3,901,679,000	3,961,720,000	60,041,000
Special Revenue Funds - Other	393,991,000	408,262,000	14,271,000
Enterprise Funds	10,000	10,000	0
Fiduciary Funds	4,225,000	4,675,000	450,000
Total	<u>4,511,159,000</u>	<u>4,542,452,600</u>	<u>31,293,600</u>

**STATE OPERATIONS**  
**ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM**  
**APPROPRIATIONS**  
(dollars)

<b>Program</b>	<b>Available 2002-03</b>	<b>Recommended 2003-04</b>	<b>Change</b>
Administration and Executive Direction			
General Fund	22,365,000	19,600,000	(2,765,000)
Special Revenue Funds - Federal	10,473,000	9,066,000	(1,407,000)
Special Revenue Funds - Other	29,389,000	30,155,000	766,000
Fiduciary Funds	100,000	500,000	400,000
AIDS Institute			
General Fund	16,818,000	15,229,000	(1,589,000)
Child Health Insurance			
Special Revenue Funds - Federal	28,340,000	45,478,000	17,138,000
Special Revenue Funds - Other	11,920,000	7,111,000	(4,809,000)
Community Health			
General Fund	9,852,000	0	(9,852,000)
Special Revenue Funds - Federal	102,651,000	107,733,000	5,082,000
Special Revenue Funds - Other	5,554,000	5,554,000	0
Fiduciary Funds	1,200,000	1,200,000	0
Office of Continuing Care			
General Fund	22,095,000	22,160,000	65,000
Special Revenue Funds - Federal	13,055,000	0	(13,055,000)
Special Revenue Funds - Other	3,893,000	3,797,000	(96,000)
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	15,447,000	14,550,000	(897,000)
Environmental Health			
General Fund	9,987,000	9,037,000	(950,000)
Special Revenue Funds - Federal	12,670,000	26,084,000	13,414,000
Special Revenue Funds - Other	16,056,000	16,176,000	120,000
Health Care Financing			
General Fund	5,116,000	4,933,000	(183,000)
Special Revenue Funds - Other	6,915,000	7,158,000	243,000
Health Care Standards and Surveillance			
General Fund	25,620,000	21,674,000	(3,946,000)
Special Revenue Funds - Other	48,044,000	46,705,000	(1,339,000)
Institution Management			
Special Revenue Funds - Other	117,390,000	124,660,000	7,270,000
Enterprise Funds	10,000	10,000	0
Fiduciary Funds	325,000	375,000	50,000
Laboratories and Research			
General Fund	49,934,000	30,026,000	(19,908,000)
Special Revenue Funds - Federal	9,124,000	10,158,000	1,034,000
Special Revenue Funds - Other	28,795,000	28,034,000	(761,000)
Fiduciary Funds	2,600,000	2,600,000	0
Maintenance Undistributed			
General Fund	(86,838,000)	(102,362,000)	(15,524,000)
Special Revenue Funds - Other	86,838,000	102,362,000	15,524,000
Managed Care			
General Fund	15,416,000	13,089,000	(2,327,000)
Medicaid Audit and Fraud Prevention			
General Fund	18,591,000	18,781,600	190,600
Special Revenue Funds - Federal	37,856,000	47,478,000	9,622,000
Special Revenue Funds - Other	14,500,000	14,500,000	0
Office of Medicaid Management			
General Fund	47,023,000	44,161,000	(2,862,000)
Special Revenue Funds - Federal	3,620,000,000	3,620,000,000	0
Special Revenue Funds - Other	9,250,000	7,500,000	(1,750,000)
Medicaid Management Information System			
General Fund	55,275,000	71,457,000	16,182,000
Special Revenue Funds - Federal	67,510,000	95,723,000	28,213,000
Total	<u>4,511,159,000</u>	<u>4,542,452,600</u>	<u>31,293,600</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS  
SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES  
2003-04 RECOMMENDED  
(dollars)**

<b>Program</b>	<b>Total</b>		<b>Personal Service Regular (Annual Salaried)</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Administration and Executive Direction	8,100,000	(100,000)	7,872,000	(100,000)
AIDS Institute	9,826,000	(570,000)	9,826,000	(570,000)
Community Health	0	(4,722,000)	0	(4,627,500)
Office of Continuing Care	20,930,000	65,000	20,730,000	65,000
Environmental Health	7,100,000	(800,000)	6,901,000	(800,000)
Health Care Financing	4,151,000	(97,000)	4,116,000	(97,000)
Health Care Standards and Surveillance	14,525,000	(818,000)	14,355,000	(818,000)
Laboratories and Research	20,375,000	(1,125,000)	20,054,000	(1,125,000)
Managed Care	8,758,000	(1,948,000)	8,758,000	(1,948,000)
Medicaid Audit and Fraud Prevention	14,375,800	468,800	14,375,800	468,800
Office of Medicaid Management	20,994,500	(1,698,500)	20,774,500	(1,698,500)
Total	<u>129,135,300</u>	<u>(11,344,700)</u>	<u>127,762,300</u>	<u>(11,250,200)</u>

<b>Program</b>	<b>Temporary Service (Nonannual Salaried)</b>		<b>Holiday/Overtime Pay (Annual Salaried)</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Administration and Executive Direction	125,000	0	103,000	0
AIDS Institute	0	0	0	0
Community Health	0	(72,100)	0	(22,400)
Office of Continuing Care	100,000	0	100,000	0
Environmental Health	187,000	0	12,000	0
Health Care Financing	0	0	35,000	0
Health Care Standards and Surveillance	20,000	0	150,000	0
Laboratories and Research	64,000	0	257,000	0
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	0	0	0	0
Office of Medicaid Management	70,000	0	150,000	0
Total	<u>566,000</u>	<u>(72,100)</u>	<u>807,000</u>	<u>(22,400)</u>

**STATE OPERATIONS - GENERAL AND OFFSET FUNDS  
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED  
APPROPRIATIONS AND CHANGES  
2003-04 RECOMMENDED  
(dollars)**

<b>Program</b>	<b>Total</b>		<b>Supplies and Materials</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Administration and Executive Direction	11,500,000	(2,665,000)	740,000	0
AIDS Institute	5,403,000	(1,019,000)	1,333,881	(270,219)
Community Health	0	(5,130,000)	0	(1,473,900)
Office of Continuing Care	1,230,000	0	38,200	0
Environmental Health	1,937,000	(150,000)	159,000	0
Health Care Financing	782,000	(86,000)	12,000	0
Health Care Standards and Surveillance	7,149,000	(3,128,000)	241,300	0
Laboratories and Research	9,651,000	(18,783,000)	3,210,000	0
Managed Care	4,331,000	(379,000)	34,000	0
Medicaid Audit and Fraud Prevention	4,405,800	(278,200)	85,300	0
Office of Medicaid Management	23,166,500	(1,163,500)	305,000	0
Medicaid Management Information System	71,457,000	16,182,000	0	0
Total	141,012,300	(16,599,700)	6,158,681	(1,744,119)

<b>Program</b>	<b>Travel</b>		<b>Contractual Services</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Administration and Executive Direction	262,000	0	10,293,000	181,000
AIDS Institute	311,700	0	3,158,900	(650,600)
Community Health	0	(139,500)	0	(3,478,200)
Office of Continuing Care	766,900	0	377,400	0
Environmental Health	415,000	0	1,223,000	0
Health Care Financing	38,300	0	722,000	(85,000)
Health Care Standards and Surveillance	480,400	0	6,282,300	(613,500)
Laboratories and Research	76,000	0	6,060,000	(233,000)
Managed Care	0	0	4,297,000	(379,000)
Medicaid Audit and Fraud Prevention	180,000	0	2,565,152	(178,048)
Office of Medicaid Management	256,000	0	2,291,500	(1,163,500)
Medicaid Management Information System	0	0	71,457,000	16,182,000
Total	2,786,300	(139,500)	108,727,252	9,582,152

<b>Program</b>	<b>Equipment</b>		<b>Maintenance Undistributed</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Administration and Executive Direction	205,000	154,000	0	(3,000,000)
AIDS Institute	148,519	(98,181)	450,000	0
Community Health	0	(38,400)	0	0
Office of Continuing Care	47,500	0	0	0
Environmental Health	140,000	0	0	(150,000)
Health Care Financing	9,700	(1,000)	0	0
Health Care Standards and Surveillance	145,000	(14,500)	0	(2,500,000)
Laboratories and Research	305,000	(50,000)	0	(18,500,000)
Managed Care	0	0	0	0
Medicaid Audit and Fraud Prevention	426,348	(100,152)	1,149,000	0
Office of Medicaid Management	260,000	0	20,054,000	0
Medicaid Management Information System	0	0	0	0
Total	1,687,067	(148,233)	21,653,000	(24,150,000)

# HEALTH

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS  
SUMMARY OF APPROPRIATIONS AND CHANGES  
2003-04 RECOMMENDED  
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Administration and Executive Direction	39,721,000	(241,000)	16,304,000	458,000
Child Health Insurance	52,589,000	12,329,000	2,244,000	(28,000)
Community Health	114,487,000	5,082,000	0	0
Office of Continuing Care	3,797,000	(13,151,000)	135,000	0
Elderly Pharmaceutical Insurance Coverage	14,550,000	(897,000)	1,616,000	0
Environmental Health	42,260,000	13,534,000	4,923,000	0
Health Care Financing	7,158,000	243,000	4,133,000	(72,000)
Health Care Standards and Surveillance	46,705,000	(1,339,000)	14,108,000	(1,214,000)
Institution Management	106,567,000	4,942,000	0	0
Laboratories and Research	40,792,000	273,000	8,230,000	(721,000)
Medicaid Audit and Fraud Prevention	61,978,000	9,622,000	0	0
Office of Medicaid Management	3,627,500,000	(1,750,000)	0	0
Medicaid Management Information System	95,723,000	28,213,000	0	0
<b>Total</b>	<b>4,253,827,000</b>	<b>56,860,000</b>	<b>51,693,000</b>	<b>(1,577,000)</b>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Administration and Executive Direction	12,198,000	308,000	11,219,000	(1,007,000)
Child Health Insurance	4,867,000	(4,781,000)	45,478,000	17,138,000
Community Health	100,000	0	114,387,000	5,082,000
Office of Continuing Care	3,662,000	4,000	0	(13,155,000)
Elderly Pharmaceutical Insurance Coverage	12,834,000	(922,000)	100,000	25,000
Environmental Health	9,703,000	120,000	27,634,000	13,414,000
Health Care Financing	3,025,000	315,000	0	0
Health Care Standards and Surveillance	15,302,000	1,162,000	17,295,000	(1,287,000)
Institution Management	0	0	106,567,000	4,942,000
Laboratories and Research	11,304,000	(40,000)	21,258,000	1,034,000
Medicaid Audit and Fraud Prevention	10,000,000	0	51,978,000	9,622,000
Office of Medicaid Management	0	0	3,627,500,000	(1,750,000)
Medicaid Management Information System	0	0	95,723,000	28,213,000
<b>Total</b>	<b>82,995,000</b>	<b>(3,834,000)</b>	<b>4,119,139,000</b>	<b>62,271,000</b>

**AID TO LOCALITIES  
ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE  
APPROPRIATIONS  
(dollars)**

Fund Type	Available	Recommended	Change
	2002-03	2003-04	
General Fund	6,598,064,768	6,092,207,000	(505,857,768)
Special Revenue Funds - Federal	19,069,313,000	23,199,826,000	4,130,513,000
Special Revenue Funds - Other	3,709,264,000	4,420,464,000	711,200,000
Fiduciary Funds	950,000,000	1,230,000,000	280,000,000
<b>Total</b>	<b>30,326,641,768</b>	<b>34,942,497,000</b>	<b>4,615,855,232</b>

Adjustments:	
Prior Year Deficiency	
Health, Department of	
General Fund	427,800,000
Special Revenue Funds - Other	35,000,000
Recommended Deficiency	
Health, Department of	
General Fund	(100,000,000)
Special Revenue Funds - Other	(34,000,000)
Appropriated 2002-03	<u>30,655,441,768</u>

**AID TO LOCALITIES  
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM  
APPROPRIATIONS  
(dollars)**

<b>Program</b>	<b>Available 2002-03</b>	<b>Recommended 2003-04</b>	<b>Change</b>
Administration and Executive Direction			
General Fund	869,000	602,000	(267,000)
AIDS Institute			
General Fund	5,261,000	0	(5,261,000)
Special Revenue Funds - Other	88,253,000	88,253,000	0
Child Health Insurance			
Special Revenue Funds - Federal	921,060,000	900,000,000	(21,060,000)
Special Revenue Funds - Other	470,000,000	470,000,000	0
Community Health			
General Fund	491,076,000	499,599,000	8,523,000
Special Revenue Funds - Federal	607,493,000	640,454,000	32,961,000
Special Revenue Funds - Other	58,823,000	52,823,000	(6,000,000)
Office of Continuing Care			
General Fund	5,096,000	4,621,000	(475,000)
Special Revenue Funds - Other	0	4,000,000	4,000,000
Elderly Pharmaceutical Insurance Coverage			
Special Revenue Funds - Other	518,900,000	578,000,000	59,100,000
Environmental Health			
General Fund	125,000	0	(125,000)
Special Revenue Funds - Federal	2,540,000	2,788,000	248,000
Special Revenue Funds - Other	6,200,000	6,200,000	0
Health Care Standards and Surveillance			
General Fund	9,760,000	9,185,000	(575,000)
Laboratories and Research			
General Fund	1,071,000	1,071,000	0
Special Revenue Funds - Federal	2,420,000	2,784,000	364,000
Maintenance Undistributed			
General Fund	(7,288,000)	(7,288,000)	0
Special Revenue Funds - Other	7,288,000	7,288,000	0
Office of Medicaid Management			
General Fund	6,658,000	6,658,000	0
Medical Assistance			
General Fund	5,949,780,000	5,464,409,000	(485,371,000)
Special Revenue Funds - Federal	17,054,000,000	21,172,000,000	4,118,000,000
Special Revenue Funds - Other	2,559,800,000	3,213,900,000	654,100,000
Fiduciary Funds	950,000,000	1,230,000,000	280,000,000
Medical Assistance Administration			
General Fund	114,350,000	113,350,000	(1,000,000)
Special Revenue Funds - Federal	481,800,000	481,800,000	0
Community Projects			
General Fund	21,306,768	0	(21,306,768)
Total	<u>30,326,641,768</u>	<u>34,942,497,000</u>	<u>4,615,855,232</u>

# HEALTH

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**CAPITAL PROJECTS  
ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM  
APPROPRIATIONS  
(dollars)**

<b>Comprehensive Construction Program</b>	<b>Available 2002-03</b>	<b>Recommended 2003-04</b>	<b>Change</b>	<b>Reappropriations 2003-04</b>
Design and Construction Supervision				
Capital Projects Fund	0	0	0	452,000
Rehabilitation and Improvements				
Capital Projects Fund	0	0	0	1,500,000
Laboratories and Research				
Capital Projects Fund	4,000,000	4,000,000	0	9,048,000
Maintenance and Improvements of Existing Institutions				
Capital Projects Fund	7,600,000	7,600,000	0	21,908,000
New Institution Construction				
Capital Projects Fund - Advances	0	0	0	20,000,000
Water Resources				
Federal Capital Projects Fund	75,200,000	65,000,000	(10,200,000)	150,788,000
Safe Drinking Water - Clean Water/Clean Air 96				
Capital Projects Fund - 1996 CWA (Bondable)	70,000,000	0	(70,000,000)	40,000,000
Total	<u>156,800,000</u>	<u>76,600,000</u>	<u>(80,200,000)</u>	<u>243,696,000</u>