

<b>2008-09 Spending Plan</b>	<b>NYS Department of Health</b>
	<b>Richard F. Daines, M.D. Commissioner</b>

**A. Overview of Proposed Plan**

*A.1 Overall Approach*

The Department of Health took a comprehensive approach towards the development of this 2008-09 Spending Plan examining all funds and fund types for opportunities to reduce or otherwise control costs with the exception of the non-State Operations portion of the Medicaid, Child Health Plus and Elderly Pharmaceutical Insurance Coverage Program which support entitlement health services to clients.

A set of Interim Financial Guidelines was developed and sent to all Department Executive Staff for immediate implementation. (The Guidelines will be finalized upon approval of this Plan.) On an All Funds basis, the Guidelines addressed personal services controls, non-personal services and Aid to Localities. The guidelines modified existing workforce vacancy control practices and it focused attention on specific objects of expense calling for increased scrutiny of all expenditures to ensure that only essential expenditures are incurred for state operations to achieve the mission of the Department and the various statutory mandates. Approval to fill vacant positions requires endorsement at the Deputy Commissioner or equivalent level based on a defined set of criteria. Similar endorsement is required for selected non-personal service expenditures. (See Attachment A for specific non-personal service controls.) The Plan presumes internal allocations for State Operations non-personal services on the General Fund and Special Revenue Other funds will be reduced by 3.35% while personal services reductions will be achieved by personnel targets and vacancy control procedures.

For Aid to Localities, guidance and subsequent discussions and decisions presumed that the average 2% reductions would be managed through across-the-board contract/payment reductions geared toward the specific reduced appropriation levels for non-entitlement programs with certain limited exceptions. Importantly, since the Department has a significant number of multi funded programs, i.e., from General Fund, Special Revenue Other and Federal sources, it was determined that reductions would apply across-the-board regardless of fund source. (Available Federal categorical and block grant awards are stagnant and/or declining. To remain within available allocations in the face of increasing operations costs requires cost constraints on internal expenditures and external contract obligations.) New and renewal contracts during 2008-09 reflect the reduced allocations of an average of 2%.

There are three programs within the Department which are either formula driven or determined as entitlements. These three programs, General Public Health Work (GPHW), Early Intervention (EI) and Indian Health, all within the Center for Community Health major purpose, include specific "notwithstanding" language in the appropriation bill. The language mandates that the State's liability during the 2008-09 fiscal year under these programs is limited to the amount calculated per the statutory formula less 2%. The Department will apply this method to reduce expenditures in the GPHW and EI programs during the 2008-09 fiscal year. The Indian Health program fulfills the

mandate of the Public Health Law to “administer to the medical and health needs of the ambulant sick and needy Indians on reservations”. The program meets this mandate by providing health services through contract with clinics/health care providers and reimburses pharmacies and other suppliers for medical supplies, prescription drugs, durable medical at rates linked to those paid by Medicaid. Since the program provides direct patient care, the Department will continue to fully support health provider contractors and medical suppliers. Instead, it has identified offsetting saving in the state operations portion of the program and in other programs to achieve financial reduction goals.

The Capital Projects budget is also subject to review and related cost controls. Decisions to advance projects will be based on considerations including health, safety, the need to support essential services and long-term program plans, and the responsible preservation of State assets. Deputy Commissioner or equivalent level approval will ensure that capital projects will not be advanced during 2008-09 without such a justification. It should be noted that the preponderance of the Department’s Capital Projects program consists of a grant program (the Health Efficiency and Accountability Law or HEAL) related to restructuring the State’s health care industry into a more efficient system suitable for the 21<sup>st</sup> century. HEAL is a time limited program by statute. It is instrumental in fulfilling the statutory mandates of the Berger Commission and provides the required state matching funds for the Federal-State Health Reform Program which in turn is anticipated to provide up to \$1.5 billion of federal funds into New York State. Increased health care efficiencies will ultimately result from the anticipated restructuring grants made from Capital Projects appropriations.

### *A.2 Achievement of Savings on a Recurring Basis*

Savings will be achieved through the development of the base 2009-10 budget using the approved the 2008-09 Financial Management Plan. This lower level of base spending will serve as the foundation of future budgeting. As an example, using the General Fund, State Operations, the Department is adopting a lowered personnel service target in 2008-09 which is tailored to the savings requirements established for 2009-10. In the non-personal services category, reductions are being adopted in the current year which will be carried forward into the next year.

In the Aid to Localities category, program managers have been surveyed on their current intent towards achieving recurring savings with choices ranging from continuing the current average 2% reduction, greater than 2% reductions, program elimination, consolidation/redesign, offsetting reduction or other. The various options will allow savings tradeoffs between programs that will either allow for increases for selected program priorities or offsetting decreases while ensuring fiscal balance. These selections will be the basis upon which the budgets for next year will be based for contract based programs. For the entitlement programs, the Department may propose permanent formula changes, regulation based program alternatives or appropriation language to ensure continuation of the spending reduction.

For Capital Projects, a rigorous review process will be continued for future budgets as informed by the need to maintain and preserve public investment in infrastructure, the Five Year Capital Plan and currently authorized capital projects.

### *A.3 Protecting Key Priorities*

The Plan ensures that the key priorities of the Governor and the Department are protected on an All Funds basis. Major priorities preserved by this plan include continuing with the Medicaid reimbursement reform, re-investment in Doctors Across New York, expansion of health insurance

programs, increased emphasis on public health prevention, particularly those directed at children, and continued implementation of stem cell research activities as well as compliance with Berger Commission-related mandates.

The Plan protects key priorities in State Operations through the staffing distribution reflected. For example, among the key priorities of the Department are the Medicaid reimbursement and restructuring reforms enacted since 2007. The Plan allocates a larger proportion of prospective filled positions in the several Office of Health Insurance major purposes. As the fiscal year progresses and attrition occurs, the opportunity will exist, using criteria reflected elsewhere in this plan, to deploy positions toward priority areas. Within the Department, in addition to the Medicaid reform already mentioned, is a continuing emphasis on health and health of patients receiving care in facilities within our regulatory charge and the maintenance of surveillance and complaint investigation schedules, inspection of restaurants, children's camps, public water supply, laboratory testing for newborns, laboratory proficiency testing and inspections, among many other functions and activities. Within the four nursing homes and the rehabilitation hospital operated by the Department itself, the health and safety of our patients remain a paramount priority with staffing and other resources commensurately allocated.

Within non-personal service, program managers were directed to review all objects of expense, particularly activities carried out through contractual services. Expenditures, determined to be less essential, are being identified for reduction or elimination by staff responsible for program operation to ensure that appropriate resources are available to maintain priority operations.

In the Aid to Localities funded programs where the Enacted Budget reflected reduced appropriation, the Department's plan generally follows the across-the-board approach reflected in the appropriations preserving the relative priorities established in the budgetary process.

#### *A.4 Treatment of New Initiatives*

The Department received funding for several new initiatives in the Enacted Budget reflecting public health and operational priorities of Governor and the Department in the State Funds category. These initiatives included: childhood lead poisoning prevention, comprehensive Hepatitis C, regional epidemiology, tobacco control initiatives, adolescent pregnancy prevention, translational neurological research, public health genomics, obesity prevention/health eating collaborative, HIV communities of color, HIV-related risk reduction, hospice quality assessment, data protection/interoperability, electronic content/eDiscovery, workforce preparedness, enhanced LTC/OHSM surveillance management, OHSM/LTC surveillance, and EPIC discount card. These remain high priorities of the Department and remain on the agenda for phased implementations during 2008-09. Implementation timing will be adjusted to the fiscal constraints required in the current and forthcoming fiscal years.

**B. Summary of General Fund Financial Impacts**

<b>GENERAL FUND -- SAVINGS SUMMARY</b>			
	<u>Required Reduction</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
Local Assistance	\$12,600	\$12,600	\$12,600
Personal Service	\$4,800	\$3,200	\$3,200
Non-personal Service	\$2,000	\$3,600	\$3,600
Total State Operations	\$6,800	\$6,800	\$6,800
Capital	N/A	\$0	\$0
<b>TOTAL</b>	<b>\$19,400</b>	<b>\$19,400</b>	<b>\$19,400</b>

<b>GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>			
	<u>2007-08 Actual</u>	<u>Revised Projection</u>	<u>Percent Change</u>
Local Assistance	\$652,400	\$607,800	-6.8%
Personal Service	\$73,200	\$78,400	+7.1%
Non-personal Service	\$117,200	\$119,800	+2.2%
Total State Operations	\$190,400	\$198,200	+4.1%
Capital	\$75,300	\$121,800	+61.8%
<b>TOTAL</b>	<b>\$918,100</b>	<b>\$927,800</b>	<b>+1%</b>

**C. Identification of Proposed General Fund Actions**

	2008-09 Cash	2009-10 Cash	2010-11 Cash
<b>GENERAL FUND</b>			
<b>Local Assistance Account</b>	-\$12,600	-\$12,600	-\$12,600
<ol style="list-style-type: none"> <li>1. Average 2% reductions are built into new Local Assistance Account contracts in line with reduced appropriations. Reductions are incorporated as new contracts start during the 2008-09 fiscal year with alternate techniques applied for carry-in expenses. Permanent reductions effective in 2008-09 for contract, grant and program payments will continue for subsequent years.</li> <li>2. 2% reductions to be applied to all entitlement payments for General Public Health Work and Early Intervention. GPHW municipal health service plans, applications and claims review continue to emphasize payment only for allowable costs. Subsequent year actions to include consideration of permanent statutory change for entitlements either of allowable costs or formulas.</li> <li>3. The Public Health Preparedness Program will continue at a reduced level with an accrual budget at \$14.5 million. This primarily reflects the proposed transfer of county preparedness contracts to State funds to preserve local emergency planning and response capabilities.</li> <li>4. Overall year end balance achieved through cash flow management utilizing revenue offset accounts.</li> </ol>			
<b>State Purposes Account</b>	-\$6,800	-\$6,800	-\$6,800
<ol style="list-style-type: none"> <li>5. The Department of Health will reduce State Purposes cash disbursements by 3.35% limiting SFY 2008-09 cash to \$198.2 million by controlling both personal service and non-personal service costs.</li> </ol>			

Personal service savings will be realized through the current vacancy control process to manage attrition and replacement while continuing to achieve the Department's core goals. Approvals to fill vacancies will be limited to critical positions that are required for the health and safety of patients and staff; those needed to comply with regulatory, statutory or administrative mandates; and key organizational infrastructure fills required to continue to maintain the Department's goals in future years. Redeployment of staff will be considered and utilized, if warranted. Existing blanket waivers for overtime are being reexamined and revised to ensure that only essential overtime services are authorized. The Department's filled position level will be reduced from the current assigned target of 2,147 full time equivalents (FTEs) to 2,100 FTEs by the end of SFY 2008-09. The year end fill level of 2,100 will result in recurring savings of about \$3.2 million in SFYs 2009-10 and SFY 2010-11 before the General Fund salary increases of \$2.5 million.

For non-personal service, the Department has initiated a comprehensive review of all spending categories to ensure that only essential activities are funded to generate cash savings of 3.35% in SFY 2008-09 and recurring savings of \$3.6 million in SFYs 2009-10

and 2010-11. Review criteria will be heightened for the use of temporary service staff and other contracts, travel approval, attendance at training and conferences, use of mailings, subscriptions, and publications, and the purchase of office and other equipment, with expected reductions and elimination of activities, contracts and purchases viewed as non-essential. Travel and training will be limited to the minimum level necessary to carry out the statutory, regulatory and administrative mission of the Department with use of alternate methods such as conference calls and video conferencing where applicable. Training and out of state travel will be evaluated to ensure it is federally required or critical to the Department's mission and the number of attendees at conference limited to the minimum. Office equipment and furniture purchases and rentals will require endorsement by Executive staff and will be restricted to that required to maintain operations. Use of overnight delivery services and mass mailings will be reviewed to ensure that the least expensive means is utilized including electronic distribution methods. Contracts for miscellaneous services, consultants, temporary service staff and other non-grant contracts are under review to determine if they are critical to the Department's mission and will be reduced or eliminated. New initiatives will progress on a phased basis.

6. The Medicaid facilitated enrollment initiative will proceed on a phased basis with contract obligations of \$1.93 million (gross).

**Capital Projects** \$121,800    \$121,800    \$121,800

For Capital Projects, the revised projection amount reflects a total cash ceiling, as provided by DOB, of \$121.8 million. This compares with disbursements for 2007-08 of \$75.3 million. The revised projection amount consists of the following estimates: \$99.7 million, HEAL NY (hard dollar); \$15.6 million, Wadsworth Center; and \$6.5 million, Health Facilities Management.

Capital Projects Fund disbursements will be managed through review of the project need to ensure projects meet standards of essential need, maintenance required to preserve capital infrastructure, comply with building codes and other regulatory standards, etc.

**D. Summary of Impact on Other Funds**

<b>OTHER FUNDS -- SAVINGS SUMMARY</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	\$27,000	\$27,000	\$27,000
Personal Service	\$7,100	\$7,100	\$7,100
Non-personal Service	\$3,200	\$3,200	\$3,200
<b>Total State Operations</b>	<b>\$10,300</b>	<b>\$10,300</b>	<b>\$10,300</b>
Stem Cell	\$3,400	\$3,400	\$3,400
Capital	N/A	\$0	\$0
<b>TOTAL</b>	<b>\$40,700</b>	<b>\$40,700</b>	<b>\$40,700</b>

<b>OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>			
	2007-08 Actual	Revised Projection	Percent Change
Local Assistance	\$2,146,700	\$2,305,800	+7.4%
Personal Service	\$200,000	\$192,800	-3.6%
Non-personal Service	\$226,400	\$169,400	-25.2%
<b>Total State Operations</b>	<b>\$426,400</b>	<b>\$362,200</b>	<b>-15.1%</b>
Stem Cell	\$0	\$46,700	
Capital	\$65,500	\$67,300	2.7%
<b>TOTAL</b>	<b>\$2,638,600</b>	<b>\$2,782,000</b>	<b>+5.4%</b>

**E. Identification of Proposed Other Fund Actions**

	2008-09 Cash	2009-10 Cash	2010-11 Cash
<b>OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry). Total for State Operations and Aid to Localities.</b>	-\$40,700	-\$40,700	-\$40,700

**Aid to Localities – all accounts**

1. Average 2% reductions are built into new Aid-to-Localities funded contracts in line with reduced appropriations. Reductions are incorporated as new contracts start during the 2008-09 fiscal year with alternate techniques applied for carry-in to limit disbursements to essential purposes. Permanent reductions effective in 2008-09 for contracts, grants and programs will continue for subsequent years.
2. Indian Health entitlement (Health Care Services Account) is held harmless (direct patient care). Offsetting savings have been identified. Within the HCRA Program Account, the tobacco control program will achieve its savings through a recurring reduction to its media allocation and will hold its community based contract components harmless from the general 2% reduction.

**State Operations**

3. Cash disbursements for Special Revenue Other accounts will be reduced to the required level through control of personal service fills and reductions in non-personal spending as well as through management of solicitations and awards for accounts with grant programs.

Savings in personal service savings will result from the continued use of the current vacancy control process to restrict fills to those that are essential for the health and safety of patients and staff, those needed for compliance with regulatory, statutory or administrative mandates; and those necessary to maintain the Department's organizational infrastructure and leadership. Current blanket overtime waivers are being reexamined and revised to ensure that only essential overtime services are funded.

For non-personal service, a comprehensive review of all spending categories to ensure that only essential activities are funded, has been undertaken for Special Revenue accounts. Consistent with controls implemented for State Purposes accounts, review criteria will be heightened for the use of temporary service staff and other contracts, travel approval, attendance at training and conferences, use of mailings, subscriptions, and publications, and the purchase of office and other equipment, with expected reductions and elimination of activities, contracts and purchases viewed as non-essential. New initiatives will progress on a phased basis.

The Department will control spending, in line with disbursement goals, by managing the timing of solicitations and the amount of awards for the Empire Stem Cell Research Account. Cash disbursements for the Empire Stem Cell Research Account are governed by the amount and timing of projects approved by the Empire State Stem Cell Board. In SFY 2007-08, the Department awarded approximately \$15 million to twenty-five research entities. The Department recently issued additional solicitations totaling \$109 million to fund multi-year research and shared facilities research contracts and is now developing project plans for additional Requests of Applications later in this fiscal year. The Department will manage the timing and amounts of these new solicitations to achieve cash savings in SFY 2009-10 and SFY 2010-11 to reduce spending by \$3.4 million each year.

<b>Capital Projects</b>	\$67,300	\$67,300	\$67,300
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For Capital Projects, for the Wadsworth Center and Health Facilities Management, monthly projected disbursements are assumed to follow historic disbursement patterns. For HEAL NY, monthly disbursements are based upon the current active phases of this program, proportionate to the total annual cash ceiling.

For Capital Projects, the revised projection amount reflects a total cash ceiling of \$67.3 million. This compares with disbursements for 2007-08 of \$65.5 million. The revised projection amount consists of the following estimates: \$52.3 million, HEAL NY (bondable); \$5 million, Umbilical Cord Blood Bank Facility (bondable); and \$10 million, Drinking Water State Revolving Fund (Federal Capital Projects Fund).

## **F. Plan to Manage the Workforce**

### *F.1 Overall Approach*

The Department of Health's workforce priorities are reflected in the target assignments represented in the Enacted Budget as adjusted through normal internal vacancy management processes which apply on an All Funds basis. During the 2008-09 fiscal year only critical positions performing essential functions will be filled/refilled. Positions must be justified within the context of the following priority criteria:

- Health & safety of patients and staff, i.e. regulatory compliance
- Statutory/administrative mandates and initiatives of the Governor as reflected in the enacted budget
- Maintenance of revenue generation capabilities
- Maintenance of critical physical infrastructure (power plants, security, etc.)
- Maintenance of critical organizational infrastructure, i.e. managing succession planning of key leadership positions and critical skill sets.



Positions meeting these criteria, and within the program-specific priorities identified by the major organizational units, form the basis for evaluation of filling positions.

The Department of Health's workforce is aging with over 20% of the current workforce either, currently or within two years, eligible to retire should they so desire. The Department is also critically dependent on licensed/credentialed professionals, e.g. nursing, scientific positions, which are in hard to recruit technical and scientific fields. Periodically, there is also difficulty in attracting these skilled professional in certain geographic areas of the State. These factors apply throughout Central and Regional Office operations as well as in our four veterans' nursing homes and one rehabilitation hospital where the Department has direct patient care responsibilities.

#### *Department of Health Control Process*

Approval to fill/refill positions is based on priorities established by the Department and each major program organization. Each program must justify the need to fill/refill each position. In the Central Office, waiver requests to fill positions are reviewed by a waiver committee composed of internal budget and human resource staff which review waivers against priorities, availability of funds and other relevant criteria. If accepted, a time limited waiver of vacancy control is issued for a 90 day period to allow recruitment and filling. An extension may or may not be authorized depending on priorities, funding availability, etc. A similar process is used for the Health Facilities Management program involving the Director of Health Facility Management and the veterans' nursing home and rehabilitation hospital directors. Filled position summary reports are issued every pay period as are separation and appointment reports. These will form the basis of the monthly summary reporting to the Division of the Budget.

Selected Federal categorical and block grants are subject to a vacancy freeze due to inadequate awards when compared to existing obligations including effects of statewide collective bargaining agreements. This freeze currently affects the Maternal and Child Services Block Grant, the Preventive Health and Health Services Block Grant, and the Immunization, Tuberculosis and Early Intervention categorical grants. Federal funded position levels are routinely evaluated as new federal notices of grant award are received at the start of each respective budget period to balance obligations with available funds.

#### *F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies)*

The Department's All Fund personal service target for 2008-09 totals 6,040 full time equivalents. As of May 14, 2008, 5,681 positions were filled.

The General Fund target as assigned totals 2,147 with 2,016 filled positions. Within the General Fund, the Department plans to reach a year end filled position level of 2,100. This is the projected level which can be sustained in 2009-10 and will result in savings of approximately \$3.2 million and reflects an appropriate balance with the non-personal service savings required for next year of about \$3.6 million. In addition, 56 federal targets will not be filled due to lower federal grant levels. Fills and refills will be managed using the priorities and processes described above.

The largest personnel component in the Special Revenue-Other category is assigned to the five inpatient facilities. Target redistribution is planned between institutions to accommodate the planned completion of two capital projects in the third quarter of the fiscal year. The rebuilt and reconfigured Oxford Veterans' Home will require the allocation of an additional thirty-six positions when it opens in the fall. The reconfigured dining facilities at the Batavia Veterans' Home will require up to thirteen

additional positions when completed. This will be accomplished within existing target authorization and appropriations.

Within the Central Office target reallocation is planned between the Federal and Special Revenue Other categories to programs/accounts which support the overall priorities identified above. Emphasis will be placed on filling Child Health Plus positions in furtherance of the Department's health reform agenda directed at uninsured children. Emphasis will also be placed on filling positions allocated to the priority Stem Cell initiative which is in the process of being fully implemented.

<b>Workforce Impact -- All Funds</b>	
<b>a. Initial Target: 6,040</b>	-----
b. Current Fills PP# 3 or 4	5,681
c. Recurring impact of proposed actions (see Parts C & E)	-103
d. Recurring impact of vacancy-refilling plan (see F.2)	+359
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	5,937
f. Change from Initial 2008-09 Target (line a minus line e)	-103

**G. Monthly Projections: All Funds Workforce; General Fund State Operations/Local/Capital**

Please see the attached schedule for detailed, time phased workforce levels and disbursements. (Attachment B). A series of additional schedules are attached providing major purpose specific disbursement projections in various fund types/accounts (Attachment C1-C5). A format similar to Attachments B and C will be used for monthly reporting to the Division of the Budget.

**H. Assumptions Underlying the Proposed Plan**

Assumptions underlying the proposed plan include the following:

- Personnel service attrition will continue at the historic 6% rate.
- Civil Service lists are available for critical positions likely to meet the personal service priority criteria, e.g. various nursing, health care and surveillance related titles, various information technology related titles, various accounting/fiscal analyst titles, etc. to ensure that vacancies created by turnover can be replaced.
- Projected non-personal service inflation rates (postage, utilities, energy, food, etc.) are reasonable, service charge rates and licensing and other contractual charges remain consistent with historic experience.
- Surveillance and facility inspection schedules are not unduly affected by employee turnover to the extent that extraordinary expenditures are not required to avoid federal sanction.
- Procurement and contracting timelines and schedules are met in program areas such as Stem Cell, HEAL/F-SHRP, where significant, large dollar value contract awards are planned.
- Aid to Localities contracts reflecting the average 2% budget reduction are executed timely and normal disbursement patterns occur.
- Appropriation authority and disbursement authority are provided for collective bargaining costs and other relevant program costs which were not factored into current disbursement ceilings.
- Capital construction schedules are met in the Health Facilities Management programs.

- New initiative implementation schedules are met for procurement and/or relevant staffing.
- Timely federal approval is received from CMS for Medicaid, CHIP or EPIC new program implementation.
- Revenue supporting Department health facility operations are maintained as currently projected.

## **I. Management of Risks Inherent in the Plan**

Within the Department, risks will be identified and managed through review of program progress in achieving key priorities by Program Deputies. They will monitor program operations and implementation of new initiatives to ensure an appropriate balance is maintained between acceptable progress toward the Governor's and the Department's program priorities and resource availability. It is also guided by the objectives and initiatives reflected in the Enacted Budget. These priorities are informed by mandates reflected in the Public Health Law, federal law and other regulations and standards etc. This knowledge and information forms the basis for informed discussion and evaluation by the Department's Senior Staff. This process will be guided and measured by the new strategic objectives and metrics currently being developed by the Department under the guidance of the Executive Chamber. Variance from priorities will be discussed with the Commissioner, and through his guidance and leadership, resource allocations will be adjusted through redeployment or other means available within the Department. This will involve analysis and discussion with the Deputy Secretary as warranted.

The financial risks inherent in the Plan will be monitored monthly through the submission of written reports to DOB on disbursements and filled positions which will compare actual results versus the projections included with this plan. Where material differences emerge, variance analysis will be performed to identify causes and trends. The financial aspects of the plan will also be formally reviewed on an at least monthly basis in meetings with Division of Budget examiners to formally augment the daily discussions occurring between Department fiscal and program staff and the budget examiners. As risks are identified, they will be discussed with the Division of Budget, alternatives/relevant solutions will be proposed and adopted as circumstances warrant. Overall financial balance will be maintained through strategic use of revenue offset accounts.

## **J. Additional Savings Opportunities for 2008-09**

The Department of Health does not anticipate identifying additional savings opportunities in the Aid to Localities fund programs during 2008-09 since they reflect obligations up to the appropriation amounts. It will continue to monitor program disbursements for contract related programs to determine if claims do not meet projected amounts. For entitlement programs, although the Department is emphasizing an enhanced review of applications/plans/claims to ensure disbursements are limited strictly for allowable costs (and has factored these considerations into its projections), it is possible that claims submission will be slower than anticipated or that the rate of disallowance will be greater than estimated. If such savings materialize, it is likely that they would only be identified very late in the fiscal year.

In the State Operations category, the Department, as part of its comprehensive review of contractual services, has identified services and cost structures which it intends to review in further depth and potentially benchmark. A determination will be made, based on a cost/benefit analysis approach, whether there are more cost effective approaches to achieving program goals. The Department, in collaboration with several other agencies, is also exploring concepts for increased sharing of

technology related services. These efforts are ongoing. It is premature to speculate if actual savings will result or if costs will be avoided in future years. These, as well as an ongoing review of contractual services as contract periods end, or as services are terminated, will be discussed with the Division of the Budget in periodic meetings.

**K. Potential Future Savings Opportunities/Operational Improvements (indicate if statutory change is required)**

In developing its plan for 2008-09 the Department has also attempted to determine what savings opportunities may be available for the future. The Department plans to critically examine programs during the internal 2009-10 budget development process. An array of options will be considered.

Primary among these options is an examination of public health/prevention programs in light of the health care reimbursement and health insurance related reforms enacted in the 2008-09. Over the next several years the health care delivery system will be significantly changed as new payment reform significantly alter the current incentives and disincentives affecting the health care delivery system. Current program delivery models in categorical contract programs must be thoughtfully reviewed to determine if they are still effective and efficient considering new, emerging patterns. Where appropriate, the Department may decide to alter existing program designs to foster efficiency.

The Department will consider whether programs should be consolidated with others to produce cost reductions. Alternatively, programs may be assessed as no longer effectively meeting the State's public health goals and no longer receive State support. Depending on the program and the final decisions, statutory changes may be required.

During the same period the Department will evaluate whether permanent statutory change to entitlement formulas are appropriate or if costs should continue to be controlled through use of appropriation language.

In the State Operations category, the miscellaneous services and other contractual reviews mentioned in Section J will be completed and reflected in future budget requests, if warranted, to lock in program efficiencies.

**ATTACHMENTS:**

- A. Non-Personal Service Controls
- B. All Fund Summary
- C. Fund Type Projections

## **Department of Health 2008-09 Non-Personal Service Control Program**

- Overtime - All existing overtime authorizations must be re-examined and revised to ensure that only essential overtime services are authorized.
- Travel and Training - Limit travel to the minimum level necessary to carry out the statutory, regulatory and administrative missions of the Department. When possible, conference calls should replace travel. Training and out of state travel, particularly to conferences, should be evaluated to ensure that it is federally required or otherwise critical to the Department's mission. The number of attendees to conferences should be kept to a minimum consistent with achieving a meaningful benefit.
- Office Equipment and Furniture - Purchases and rentals should be restricted to the absolute minimum required to maintain operations. All new purchase requisitions for equipment and furniture must be endorsed by an organization's respective Executive staff member or it will be returned without action.
- Publications - Only those publications that are essential and/or statutorily required should be printed. Justification for printing must be provided using the Executive clearance process. Other publications should be made available on the Department's website.
- Postage and Mass Mailings - Current usage of overnight delivery services should be re-evaluated and the least expensive means, consistent with the nature of the communication, must be used. Use of the least expensive means of mailing, consistent with mission requirements, should be used in all cases. The need for mass mailing should be re-evaluated to ensure lowest cost and maximum use of current technical capabilities, i.e. electronic distribution methods.
- Subscriptions - As subscriptions end, Executive staff should ensure that non-essential subscriptions are eliminated.
- Contractual Services - Contracts for miscellaneous services, consultants, temporary staff and other non-grant contracts should be reviewed to determine if they are critical. Less critical contracts should be reduced or discontinued, as determined appropriate.

**Department of Health**  
**All Funds Workforce; General Fund, Special Revenue Funds - Other, Capital Disbursement**  
**Monthly Projections**  
**May 16, 2008**

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
<b>A. Workforce - All Funds</b>													
Est FTEs Month-end													
Personal Service													
General Fund	2,016	2,020	2,028	2,034	2,041	2,049	2,058	2,065	2,073	2,082	2,091	2,100	
Special Revenue Funds - Other	2,784	2,787	2,793	2,799	2,807	2,814	2,822	2,830	2,838	2,850	2,885	2,895	
Federal Funds	881	885	889	894	899	905	912	918	925	933	936	942	
Subtotal PS	5,681	5,692	5,710	5,727	5,747	5,768	5,792	5,813	5,836	5,865	5,912	5,937	
<b>B. General Fund</b>													
Personal Service	\$16,865	\$11,580	\$11,585	\$11,586	\$11,587	\$11,589	\$17,730	\$11,591	\$11,596	\$11,597	\$11,598	\$11,599	\$150,503
Non Personal Service	\$1,250	\$13,377	\$12,899	\$15,445	\$13,900	\$15,000	\$14,500	\$14,900	\$16,500	\$16,005	\$13,050	\$13,693	\$160,519
Less Offsets	\$0	\$0	-\$28,206	\$0	\$0	-\$28,206	\$0	\$0	-\$28,206	\$0	\$0	-\$28,206	-\$112,824
Total State Purposes	\$18,115	\$24,957	-\$3,722	\$27,031	\$25,487	-\$1,617	\$32,230	\$26,491	-\$110	\$27,602	\$24,648	-\$2,914	\$198,198
<b>C. Local Assistance</b>													
	\$405	\$20,650	\$50,650	\$70,800	\$50,650	\$50,650	\$70,800	\$50,650	\$70,800	\$50,650	\$50,650	\$70,445	\$607,800
<b>D. Special Revenue Funds - Other</b>													
State Operations	\$11,100	\$31,300	\$31,300	\$31,300	\$31,500	\$31,500	\$31,500	\$35,300	\$35,300	\$35,300	\$35,300	\$35,372	\$376,072
Aid to Localities	\$35,000	\$50,500	\$50,500	\$400,000	\$110,000	\$110,000	\$400,000	\$110,000	\$400,000	\$110,000	\$235,389	\$500,000	\$2,511,389
Total Special Revenue Funds - Other	\$46,100	\$81,800	\$81,800	\$431,300	\$141,500	\$141,500	\$431,500	\$145,300	\$435,300	\$145,300	\$270,689	\$535,372	\$2,887,461
<b>E. Capital Projects</b>													
HEAL NY	\$10,149	\$2,370	\$8,190	\$13,041	\$8,833	\$11,385	\$16,243	\$8,003	\$2,762	\$13,268	\$3,682	\$1,768	\$99,694
Institutional Management	\$256	\$635	\$256	\$445	\$531	\$413	\$326	\$591	\$385	\$761	\$533	\$1,377	\$6,509
Wadsworth Center	\$1,483	\$952	\$2,093	\$652	\$366	\$445	\$1,234	\$2,146	\$678	\$4,154	\$488	\$970	\$15,661
All other Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Disbursements - Capital	\$11,888	\$3,957	\$10,539	\$14,138	\$9,730	\$12,243	\$17,803	\$10,740	\$3,825	\$18,183	\$4,703	\$4,115	\$121,864

**Department of Health 2008-09 SFY  
General Fund - State Purposes Account  
Cash Disbursement Projection  
May 16, 2008**

Program	2007-08 SFY Carryover	2008-09 SFY Personal Service	2008-09 SFY Non Personal Service	2008-09 SFY Offsets	Reappropriation	2008-09 SFY Total
ADM	\$4,800,000	\$8,680,000	\$20,500,000	\$0	\$6,075,000	\$40,055,000
AIDS	\$1,345,109	\$10,588,583	\$4,362,779	\$0	\$0	\$16,296,471
CEH	-\$1,200,400	\$8,868,700	\$2,256,150	\$0	\$0	\$9,924,450
CCH	\$2,808,408	\$2,804,742	\$7,295,357	\$0	\$0	\$12,908,507
WCLR	\$3,526,320	\$26,151,317	\$13,073,087	\$0	\$0	\$42,750,724
OMC	\$1,165,000	\$11,100,000	\$6,000,000	\$0	\$0	\$18,265,000
OHSM	\$5,983,343	\$18,901,400	\$6,300,000	\$0	\$0	\$31,184,743
HCF	\$655,000	\$4,678,000	\$1,500,000	\$0	\$700,000	\$7,533,000
OHIP	\$3,496,441	\$33,071,557	\$29,632,000	\$0	\$0	\$66,199,998
MMIS	\$10,919,000	\$0	\$3,064,707	\$0	\$10,281,000	\$24,264,707
OLTC	\$0	\$25,659,400	\$15,980,000	\$0	\$0	\$41,639,400
Subtotal	\$33,498,221	\$150,503,699	\$109,964,080	\$0	\$17,056,000	\$311,022,000
Grand Total	\$33,498,221	\$150,503,699	\$109,964,080	-\$112,822,000	\$17,056,000	\$198,200,000

**Department of Health 2008-09 SFY  
General Fund - Local Assistance Account  
Cash Disbursements Projection  
May 16, 2008**

Program	Appropriation	Carry-in	New Appropriations	Reappropriations	Offsets	2008-09 SFY Total
ADM	\$595,000	\$260,000	\$250,000	\$0	\$0	\$510,000
AIDS	\$29,071,200	\$3,414,856	\$16,574,000	\$3,995,093	\$0	\$23,983,949
CEH	\$7,990,000	\$2,050,000	\$6,019,600	\$0	\$0	\$8,069,600
CCH	\$710,834,441	\$178,692,843	\$348,204,649	\$13,233,856	\$0	\$540,131,348
WCLR	\$912,000	\$1,730,615	\$801,500	\$1,063,635	\$0	\$3,595,750
OHSM	\$16,452,000	\$2,902,000	\$10,951,000	\$9,974,000	-\$7,288,000	\$16,539,000
HCF	\$798,000	\$25,000	\$690,000	\$100,000	\$0	\$815,000
OHIP	\$1,480,000	\$1,387,494	\$0	\$1,500,000	\$0	\$2,887,494
LTC	\$20,374,000	\$0	\$11,267,859	\$0	\$0	\$11,267,859
Total	\$788,506,641	\$190,462,808	\$394,758,608	\$29,866,584	-\$7,288,000	\$607,800,000



**Department of Health 2008-09 SFY  
Special Revenue Funds - Other  
State Operations  
Cash Disbursement Projection  
May 16, 2008**

Program	2007-08 SFY Carryover	2008-09 SFY Personal Service	2008-09 SFY Non Personal Service	2008-09 SFY Indirect	Reappropriation	2008-09 SFY Total
ADM	\$4,048,000	\$17,064,120	\$12,376,705	\$2,247,157	\$0	\$35,735,982
CEH	\$2,259,795	\$7,489,353	\$7,383,413	\$1,040,653	\$0	\$18,173,214
CCH	\$806,303	\$2,241,339	\$1,491,062	\$552,659	\$425,663	\$5,517,026
WCLR	\$8,404,420	\$10,090,345	\$10,749,625	\$6,782,901	\$16,150,001	\$52,177,292
OHSM	\$5,123,892	\$15,284,710	\$22,575,575	\$1,890,600	\$1,980,000	\$46,854,777
HCF	\$695,000	\$3,317,013	\$2,085,975	\$1,506,270	\$0	\$7,604,258
OHIP	\$870,542	\$1,276,813	\$5,294,490	\$542,700	\$0	\$7,984,545
OLTC	\$221,690	\$164,157	\$4,525,650	\$59,400	\$0	\$4,970,897
HFM	\$11,912,880	\$89,730,520	\$61,801,982	\$0	\$0	\$163,445,382
EPIC	\$1,300,000	\$1,731,467	\$15,338,209	\$496,900	\$0	\$18,866,576
CHIP	\$657,000	\$1,105,000	\$12,500,000	\$480,000	\$0	\$14,742,000
Total	\$36,299,522	\$149,494,837	\$156,122,686	\$15,599,240	\$18,555,664	\$376,071,949

**Department of Health 2008-09 SFY  
Special Revenue Funds - Other  
Aid to Localities Cash Disbursement Projection  
May 16, 2008**

<b>Program</b>	<b>2007-08 SFY Carryover</b>	<b>2008-09 SFY New Appropriation</b>	<b>Reappropriation</b>	<b>2008-09 SFY Total</b>
AIDS	\$15,149,702	\$56,836,048	\$544,979	\$72,530,729
CCH	\$9,588,875	\$38,040,982	\$726,547	\$48,356,404
CEH	\$13,500	\$182,400	\$0	\$195,900
OLTC	\$451,405	\$0	\$4,294,960	\$4,746,365
CHIP	\$0	\$342,000,000	\$0	\$325,000,000
EPIC	\$12,283,000	\$532,717,000	\$0	\$545,000,000
HCRA	\$143,500,000	\$984,250,000	\$57,300,000	\$1,185,050,000
FSHRP	\$0	\$0	\$210,000,000	\$210,000,000
OFFSETS		\$120,510,000		\$120,510,000
<b>Total</b>	<b>\$180,986,482</b>	<b>\$2,074,536,430</b>	<b>\$272,866,486</b>	<b>\$2,511,389,398</b>

Department of Health 2008-09 SFY  
Federal Funds  
Cash Disbursements Projection  
May 16, 2008

Program	Projected Disbursements
Community Health	\$629,711,000
WCLR	\$8,296,000
Environmental Health	\$12,156,000
Administration	\$4,726,000
Medicaid Management Information System	\$100,800,000
OHIP	\$45,900,000
Medical Assistance & Administration	\$511,790,000
CHIP	\$355,740,000
OHSM	\$250,000
Total Federal Disbursement	\$1,709,369,000