

**Oklahoma State Department of Health – 340**  
**FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

Reduction in appropriations to the department at the 10, 15 and 20% level equate to \$6.76 Million, \$10.13 Million and \$13.51 Million respectively. In addition to these proposed cuts, the department is preparing for increased costs for FY-11 related to employee retirement, longevity and health benefits totaling approximately \$3.0 Million. Thus, the total shortfall or reduction being planned for by the department, given the 10% and 15% scenarios requested, is \$9.76 Million at the 10% level and \$13.14 Million at the 15% level. The department was also asked to relate the impact of a possible 20% reduction in appropriated funding. At 20% the total shortfall plus projected increased costs total \$16.52 Million.

State appropriated reductions at this level will continue to erode the public health infrastructure across the state, impacting services that are imperatives of the department. Specifically, infectious disease control and emergency preparedness and response depend on a minimum level of infrastructure to mount a rapid and effective response. While the department has been able to meet the challenges presented thus far, erosion in the clinical nursing infrastructure over the past few years has left the State vulnerable. Continued reductions in this infrastructure may result in reduced response times and the inability of the department to protect the citizenry from natural or man-made disease occurrences and disasters.

Further, the programs of the department that are most dependent upon state appropriations are those that provide services to children. Currently targeted cuts are being implemented by the department that will have the effect of reducing children’s behavioral health services across the state. Additional assessments are being undertaken that may reduce services to special needs children and those most at risk of child abuse.

Table 1 provides a summary of the total proposed cuts or shortfall for FY-11 based on the requested cut scenarios and the projected increases in costs offset by proactive cost cutting measures undertaken by the department in anticipation of potential reductions in appropriated funding. Those proactive measures include; a Voluntary Out Benefit Offer (VOBO) to retirement eligible staff, Voluntary Out Benefit Offer to Guidance program staff, an initiative to decrease travel costs through assignment of state owned vehicles to field staff and reduced staffing in both the central office and county health departments statewide.

**Table 1**

	<u>10.0%</u>	<u>15.0%</u>	<u>20%</u>
Proposed Reduction in Appropriation	\$ 6,755,301	\$ 10,132,951	\$ 13,510,602
Add: Anticipated Increase Costs of Benefits	<u>3,006,000</u>	<u>3,006,000</u>	<u>3,006,000</u>
Net Effect of Proposed Reduction	\$9,761,301	\$ 13,138,951	\$ 16,516,602
Less: Retiree VOBO Savings 2011	2,325,353	2,325,353	2,325,353
Guidance VOBO – Reorganization	1,500,000	1,500,000	1,500,000
Savings – State Car Initiative	645,000	645,000	645,000
Reduced Staffing	<u>2,559,699</u>	<u>2,559,699</u>	<u>2,559,699</u>
Net Reduction Remaining	<u>\$ 2,731,249</u>	<u>\$ 6,108,899</u>	<u>\$ 9,486,550</u>

**Oklahoma State Department of Health – 340  
FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

The following sections discuss the impact on staffing and services of the various cuts and/or how the revenue generating and cost containment initiatives have or will mitigate the impact on core public health services. These initiatives cross a variety of department programs and each vary in relation to where the burden of additional fees charged by the department eventually lies and/or what impact such actions may have on the provision of services throughout the state. Cuts at the 20% level would potentially jeopardize state monies used to match federal programs thereby compounding the financial impact on Oklahoma’s public health infrastructure. Alternatively, cuts at the 20% level might dictate that targeted programmatic cuts be made potentially eliminating an entire program(s).

**Retiree VOBO – Savings for FY-11 – Impact on Services**

In February 2010 the department offered a Voluntary Out Benefit Offer (VOBO) to 354 retirement eligible staff. Acceptance of the offer was contingent upon an effective retirement date of May 1, 2010. This endeavor was undertaken with the full intention of reducing costs for the upcoming fiscal period. Ninety five (95) individuals initially expressed interest in the offer and 61 have subsequently completed the necessary paperwork and are now committed to the offer.

**Savings in FY-11 attributed to the annual personnel costs (salary, longevity and fringes) for these 61 staff are \$3.994 Million. The state appropriated portion of these savings is \$2.325 Million.** The department will hold these positions vacant for FY-11 thereby reducing costs and producing savings in that amount. These savings do however come with associated impact on the capacity to provide core public health services throughout Oklahoma. Those are summarized below and discussed in the following paragraphs.

<b>Summary Lost through VOBO</b>	<b>Number Positions</b>	<b>Costs(Savings)*</b>
<b>Centralized Health Services</b>	<b>31</b>	<b>\$ 2,176,714</b>
<b>County Health Services</b>	<b><u>30</u></b>	<b><u>1,817,808</u></b>
	<b>61</b>	<b>\$ 3,994,522</b>

**\*State Appropriated portion of total VOBO savings indicated in Table 1 = \$2,325,353**

Within the Administrative Services section of the central office, 11 full time positions accepted the retirement offer. The duties of the individuals involved in the VOBO are, in most cases, being assumed by another individual within the same Administrative Area. The clients for Administrative Services are the employees of the State Department of Health and they will be affected by the staff leaving through less efficient processing and longer time frames for internal and external stakeholders.

Central office administrative support within Community Health Services accepting the VOBO include: the Director for Turning Point responsible for supervising seven Turning Point field staff headquartered at county health departments and providing technical assistance to five county turning point partnerships, a Records Management Specialist which serves as a liaison between the front-line administrative support staff and programs and maintains many of the program procedures manuals used in clinic settings. Additionally, one Regional Health

**Oklahoma State Department of Health – 340**  
**FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

Consultant supporting the State Health Officer and Director of Scientific Affairs positions has accepted the VOBO.

Within Protective Health Services (PHS) the Director of Jails and one Administrative Programs Officer (APO) have accepted the VOBO. In Jails, 171 city and county jails will be affected as well as training for approximately 2,300 jailers statewide. This function is being absorbed with an existing FTE's duties and will increase response time by 60 to 80%. The APO position is located in Occupational Licensing and will affect approximately 3,600 barbers, 5,300 licensed alarm companies and individuals, and 700 fire extinguisher companies and individuals statewide. This will increase the processing time of licenses by approximately 33%.

In the Health Resources Development Services of PHS, one Administrative Programs Officer accepted the VOBO. This position is located in Nurse Aide Registry and will affect licensing and processing of applications for approximately 94,500 nurse aides statewide. This will result in an approximate 20% increase in the length of time it will take to issue Nurse Aide registrations.

Within the Long Term Care Service of PHS, one Clinical Health Facility Surveyor, one Programs Manager and one Health Facilities Consultant accepted the VOBO. The loss of the Surveyor position is equal to losing 37 surveys in a year and that affects approximately 417 clients in the southeast region. The loss of the Programs Manager position will affect the training of current and any future staff as well as the training and guidance of approximately 600 long term care facilities providers. The loss of the Director of Complaints (Health Facilities Consultant) will affect approximately 1300 complaints being investigated, triaged and resolved in a fiscal year. Long Term Care investigates an average of 1,409 complaints annually. The loss of this individual will result in a 25% increase in complaint response time.

Within the Medical Facilities Service of PHS, the Director of Complaints/Certification Review and one Clinical Health Facility Surveyor accepted the VOBO. The loss of the Director of Complaints will affect approximately 150 complaints being triaged, investigated and resolved in a fiscal year. In fiscal year 2009, Medical Facilities investigated 147 complaints in Hospitals, End Stage Renal Disease facilities, Ambulatory Surgical Centers, Hospice and Home Health Agencies. This will result in a 50% increase in response time to complaints. The loss of the Surveyor position is equal to the loss of 37 surveys in a year.

Within the Plan Review Section of PHS, one Health Facility Life Safety Code Consultant accepted the VOBO. In Plan Review, approximately 120 plans to renovate or expand Hospitals, Ambulatory Surgical Centers, Long Term Care facilities and Swimming Pools statewide will not be reviewed or reviews will be delayed due to the loss of this position. This will result in a 25% increase in response time for plan reviews.

Four positions within the central office's Prevention & Preparedness Services will be reduced as a result of the VOBO. Within the Public Health Laboratory, one Administrative Programs Officer position which performs purchasing, p-card and other administrative functions will be eliminated. Within the Acute Disease Service, a Preventive Medical Consultant serving as the Directly Observed Treatment (DOT) Coordinator for Tuberculosis Program will be eliminated.

**Oklahoma State Department of Health – 340**  
**FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

The impact of this vacant position will be felt across the state at all county health departments and may impede the care of TB patients. We have approximately 129 TB cases statewide a year that will need monitoring and evaluation of DOT practices to ensure compliance with ordered treatment and reduce the possibility of spread of disease. The Director of the Office of Scientific Affairs, responsible for overseeing the department's Institutional Review Board (IRB), supervision of the department's Centers for Disease Control (CDC) Epidemic Intelligence Service Officer and coordinating the implementation of the healthcare associated infection stimulus grant will be lost through the VOBO. Within the Injury Prevention Service one Preventive Medical Consultant will be lost through the VOBO. This position is responsible for abstracting data, data entry, quality control, file maintenance, hospital site visits and other duties related to the collection and analysis of data on approximately 3,100 injured persons statewide annually. For all four of these positions the listed duties will be absorbed by existing staff.

Also at the central office, three administrative support positions within Family Health Services accepted the VOBO. The programs affected include the Supplemental Nutrition Program for Women, Infants and Children (WIC) and the Maternal and Child Health Program (MCH). One administrative support position accepted the VOBO from the Tulsa Regional Guidance Center. Additionally, the program director for the SoonerStart program accepted the VOBO. This position monitors all professional service contracts, monitors caseloads, provides service provider consultation, responds to service-related complaints and provides information as assistance to lead agency as needed.

Within Community Health Services, clinical staff monitor and respond to communicable disease outbreaks, emergency preparedness events, investigate and follow-up on active or potentially active tuberculosis cases and sexually transmitted diseases. Other services include childhood immunizations, influenza vaccinations, pregnancy prevention, WIC, breast and cervical cancer screening, and prenatal care. Each county health department clinical nurse serves approximately 2,000 Oklahoma citizens per year. Each Children First (C1) nurse serves approximately 25 families per year. The following locations have nursing positions that accepted the VOBO: Creek, Garfield, McIntosh, Pontotoc, Pottawatomie, and Pushmataha potentially affecting 12,000 clients across those jurisdictions. One C1 nurse in Kiowa County accepted the VOBO affecting approximately 25 families in that county.

Support staff within Community Health Services schedule clinic appointments, prepares Medicaid claims, collect fees, provide case management, respond to calls by the public, manage WIC caseloads and facilitate distribution of WIC vouchers. The following locations have administrative support staff who accepted the VOBO: Carter, Choctaw, Comanche, LeFlore, Logan, Marshall, Muskogee (2), Ottawa, Pushmataha, Sequoyah, Wagoner and Washington Counties.

Other staff that have accepted the VOBO include two Child Development Specialists (Adair & Bryan), one Speech/Language Pathologist (Muskogee) and two Psychologists (Pittsburg & Washington). These disciplines are part of the Guidance and/or Early Intervention Programs. Each of these positions provide screening, evaluation, and consultation with parents and other professionals to identify and diagnose psychological, social, emotional, behavioral, parenting, developmental, and communication issues. One Environmental Technician (Choctaw)

**Oklahoma State Department of Health – 340**  
**FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

and one Public Health Specialist (Caddo) have accepted the VOBO. These positions conduct inspections and investigations of public nuisances, food establishments, animal bites, rabies, and other disease outbreaks. Additionally, one Licensed Practical Nurse (Garfield), one Patient Care Assistant (Payne County) accepted the VOBO. These positions provide clinical support for Public Health Nurses and Advanced Practice Nurses in the counties indicated.

**Utilization of State Owned Vehicles – Savings for FY-11**

Beginning in October 2009, the department, in collaboration with the Department of Central Services (DCS) – Motor Pool Division, implemented an effort aimed at reducing travel costs associated with mileage reimbursement for employee use of personally owned vehicles. At that point in time, the department identified approximately 200 staff whose monthly mileage claims placed them above a breakeven point in relation to the monthly lease rate for a state owned vehicle at the DCS “value plus” price level.

To date, approximately 65 individuals have been placed in state-owned vehicles with each generating approximately \$300 monthly in savings for the department. Additional staff will be placed in state-owned vehicles as those can be acquired by DCS and delivered to the department. **Potential cost savings to the department for FY-11 are estimated at \$645,000.**

**Child Guidance Program Reorganization - Savings for FY-11 – Impact on Services**

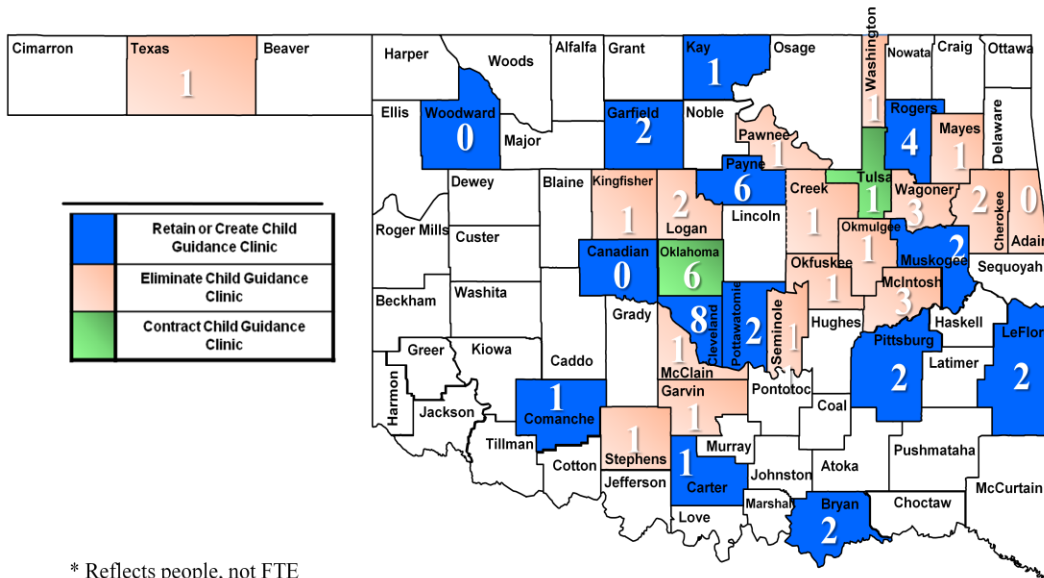
Evaluation of the programmatic model in place for delivery of children’s behavioral health services through the Child Guidance Program precipitated efforts to reorganize the program with the intent to develop regional teams of individuals serving core disciplines and provide for an overall more efficient delivery model. As a result of this reorganization, a Voluntary Out Benefit Offer has been made to all 68 staff serving Child Guidance functions. The goal of the reorganization effort will reduce program staff from 68 to approximately 45 statewide including 3 staff in the central office performing program oversight and evaluation functions. **Savings for FY-11 as a result of the VOBO are estimated at \$1.5 Million.**

Figure 1 is a map of the proposed Child Guidance program reorganization. In counties where services are to be reduced or eliminated, 2,745 individual (unduplicated) clients were served in calendar year 2009.

**Oklahoma State Department of Health – 340  
FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

**Figure 1**

**Proposed Child Guidance Clinic Modifications  
and Current Number of Child Guidance Staff\***



**Reduction in Staffing – Savings for FY-11**

Throughout the current fiscal period, in anticipation of a difficult budget situation for FY-11, the department has reduced staff through attrition in numerous areas. Positions within the administrative functions of Finance, Human Resources, Procurement, Building Management, Internal Audit, Legal, Vital Records and others have been **reduced by 7 full-time and 13 seasonal staff over the course of FY-10. Savings generated through attrition related to these positions are estimated at \$460,000 for FY-11.** The duties of the individuals involved are, in most cases, being assumed by another individual within the same administrative area.

**A Clinical Laboratory Scientist within the Public Health Laboratory vacated in August 2009 and remains vacant and will produce savings for FY-11 of \$63,000.** The duties of this position have been absorbed by existing qualified staff. This affects the other personnel negatively by not being able to provide complete attention to their current assignments. Efficiency of performing their duties decreases over time with the added assignments resulting from the absence of the position lost through attrition. Approximately 14,000 additional tests must be performed annually by existing staff.

**Oklahoma State Department of Health – 340  
FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

**One Epidemiologist position within the Acute Disease Service vacated this fiscal year and has been held vacant producing savings for FY-11 of \$69,000.** The loss of this position has contributed to the Acute Disease Service’s inability to conduct approximately 675 disease investigations within the expected response time and, an inability to review, update, or create 200 fact sheets, educational materials and bulletins provided to 5,700 Oklahoma health care providers and the general public.

**One Epidemiologist position within the Office of Child Abuse Prevention (OCAP) vacated this fiscal year and has been held vacant producing savings for FY-11 of \$69,000.** Duties of this position have been assumed by staff within the Children First Program. Also within OCAP, **one Family Support Worker in Pittsburg County has been lost through attrition producing savings for FY-11 of \$43,000.** Caseload in this geographic area will be reduced by one half, eliminating services to approximately 20 families.

**Two administrative support positions and one child health epidemiologist in the Maternal and Child Health program vacated and have not been refilled producing savings for FY-11 of \$155,000.** These actions results in an inability to respond effectively to requests for data and program information

In addition to the positions vacated by the VOBO, County Health Departments have also held positions vacant in order to reduce future personnel expenditures. **A net reduction of 33 full time positions throughout county health departments produces savings for FY-11 of \$1,881,000.**

Listed below is partial detail of the classifications and number of positions lost this fiscal period through attrition which significantly impact public health services throughout Oklahoma. **Each Public Health Nurse serves approximately 2,000 clients annually.** Public Health Nurses and Advanced Nurse Practitioners (ARNP) are difficult to hire and retain and serve an integral role in the provision of clinical services. Administrative Support positions schedule clinic appointments, prepare Medicaid claims, collect fees, provide case management, respond to calls by the public, manage WIC caseloads and facilitate distribution of WIC vouchers.

- Administrative Support - (Loss of 12 positions)
- Advanced Practice Nurses (ARNP) - (Loss of 4 positions)
- Registered Nurses - (Loss of 7 positions)
- Speech/Language Pathologists - (Loss of 3 positions)

<b>Summary Lost through attrition</b>	<b>Number Positions</b>	<b>FY-11 Cost Savings*</b>
<b>Centralized Health Services</b>	<b>18.5</b>	<b>\$ 816,000</b>
<b>County Health Services</b>	<b><u>33.0</u></b>	<b><u>1,881,000</u></b>
	<b>51.5</b>	<b>\$ 2,697,000</b>

\*State Appropriated portion of Reduced Staff savings indicated in Table 1 = \$2,559,699

**Oklahoma State Department of Health – 340  
FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

**Although reductions in the number of employees by these various methods may meet the immediate needs of addressing revenue shortfalls and budgetary concerns, the long-term impact is detrimental in terms of maintaining Oklahoma’s public health infrastructure.** The loss of public health services will negatively impact the health status of infants and children, at-risk youth, women, persons with disabilities, the elderly, and all Oklahomans, because routine public health services play such a significant role in protecting the health and safety of each and every Oklahoman.

**Business Enhancements - Revenue Generation**

**Newborn Screening** – Raising newborn screening fees to the full Medicaid rate which is allowed under the existing Board of Health rule would generate an approximate \$1,648,000 in CY-11. **The top five birthing facilities and the estimated impact of the additional costs not covered by Medicaid are listed below:**

<u>Facility</u>	<u>Amount</u>
<b>Saint Francis Hospital</b>	<b>\$ 182,981</b>
<b>Mercy Health Center</b>	<b>161,052</b>
<b>Saint John Medical Center</b>	<b>128,231</b>
<b>OU Medical Center Hospital</b>	<b>113,014</b>
<b>Integrus Baptist Medical Incorporated</b>	<b>98,526</b>

**Child Guidance** – The business model adopted by the department for **Child Guidance services** requires that a **minimum of 50% of services provided shall be Medicaid compensable family services.** These services already have an approved sliding fee schedule for private pay clients (from 100% of FPL for \$0 to 250% of FPL for full pay). It is estimated that the Child Guidance staff will generate approximately \$2 Million through this level of effort which will be used to offset the \$4.5 Million cost of the program.

**Influenza vaccinations** - The department is developing an implementation plan for a fee for the provision of influenza vaccine. This plan will have to ensure that no person is denied service for the inability to pay and consider the department’s role as a mass vaccinator. The fee will be variable based on the cost of the vaccine but is expected to be approximately \$29.98 per vaccination. The department has not previously collected eligibility information on the approximately 180,000 clients 19 years of age or older.

**Projected Revenue** **\$1,173,060**

**Tuberculosis (TB) Fees** - Proposed fees have been approved by the Board of Health and went into effect in 2009. The department intends to collect fees only for services provided outside of disease and case contact investigation. For example, work-related tuberculin skin tests (TSTs) are administered at county health departments on demand and would be amenable to an

**Oklahoma State Department of Health – 340**  
**FY-11 – 10, 15 and 20% Budget Reduction Scenarios**

established fee schedule. The following amounts in fees from “non-contact investigation related services” performed are estimated at the following:

9,085 TSTs on non-contacts \* \$45 = \$408,825  
200 x-ray consultations on non-contacts \* \$84 = \$16,800

**Projected Revenue** **\$425,625**

**Business Model Modification – Early Intervention**

Changes in the delivery model for Early Intervention Services through Sooner Start would generate \$3.5 Million to \$5.4 Million in savings for FY-11. These savings would be created via limitation of program expenditures strictly to monies provided through the contractual arrangement with the Oklahoma State Department of Education (OSDE). Items or categories of costs specifically limited by contractual and/or statutory language would be eliminated producing savings for this department in FY-11.

**Reduction in Line Item Appropriations**

Unless the burden of budget cuts or revenue losses are shared across these specific items of appropriated funding, the impact and effect of the proposed cuts will deepen the detrimental effect on the basic public health infrastructure which is critical for the protection of the health and safety of all Oklahomans.

Included in the reductions indicated in Table 1 are across-the-board cuts of all pass-through appropriations to the department.

	<b>10%</b>	<b>15%</b>	<b>20%</b>
<b>Line-item appropriations</b>	<b>\$1,176,785</b>	<b>\$1,765,117</b>	<b>\$2,353,570</b>

Reductions in line-item appropriations will certainly have considerable influence on the lives of both providers and clients and this should not be discounted. Eliminating these funds may create severe hardships for many of these contract providers and most importantly the clients and families receiving those services. These services include dental services to the disabled and elderly, perinatal services to high-risk youth and women, Federally Qualified Health Centers, Hearts for Hearing, mobile dental services to rural areas, Area Health Education Centers, and child abuse prevention services, just to name a few.