

# Impacts of Reductions to OSDH State General Appropriation & Trauma Care Assistance Revolving Fund

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The Oklahoma State Department of Health was notified, upon release of the General Appropriations Bill (SB2127), that SFY 2015 funding to the Department will be reduced by \$2.28 million or 3.6% over SFY 14 appropriation levels. In addition, a cash transfer of \$5 million from the State Trauma Care Assistance Revolving Fund and \$50 thousand from the Kidney Revolving fund into the Special Cash Fund of the State Treasury was authorized by the Oklahoma Legislature effective July 1, 2014.

## General Appropriation

OSDH will take the following actions to mitigate the impact of the reductions to agency state appropriations. Note: Reduction amounts are listed as approximate until the budgetary process is complete at the end of June and the budget for SFY 2015 is finalized:

- Reduce State Coordinated Healthy Homes/Lead Exposure Program - Approx. \$150,000  
The Healthy Homes program was originally funded by a federal grant that expired in 2013. The federal grant dollars helped to augment and support a state mandated requirement to perform follow-up for childhood exposure to lead. The OSDH will continue to fulfill minimum statutory requirements for testing and follow-up by forwarding referrals to county health department staff and eliminate coordination and management from the central office, as well as a lead exposure health education position. The potential risk of elimination includes having children testing positive for lead exposure being lost for follow up through reduced coordination, limited assessment of environmental exposures locally and less comprehensive health education to care givers of children with documented lead exposure.
- Reduce Oklahoma Child Abuse Program (OCAP) – Approx. \$150,000  
The OSDH will reduce funding by \$150,000 to the OCAP program in SFY 2015 resulting in one fewer OCAP contract. One OCAP contractor has provided early notification to the OSDH of their desire not to renew in SFY 2015. Funding for this contract will be eliminated and not redistributed to other vendors. The potential program impact of the reduction of OCAP funding is 50 fewer at-risk families receiving home-based education and support in order to prevent or reduce child maltreatment.
- Eliminate State Funding for Child Abuse Training Council (CATC) - Approx. \$300,000  
OSDH will eliminate funding for the CATC program in the SFY 2015 budget. This program was transferred by the legislature to the Oklahoma Commission on Children and Youth (OCCY) and a separate appropriation was awarded for the implementation of these services.
- Reduce State Support for the Federal Women, Infants and Children (WIC) Supplemental Nutrition Program – Approx. \$1.3 Million  
The OSDH will eliminate all state funding used as support to county health department WIC operations. **This reduction will not impact the amount of supplemental food instruments or nutrition services offered to clients nor will it impact WIC contractors.** The reductions have the potential to impact local health departments in the following ways: reduce screening for public health services to required minimum for WIC program, assume overhead costs in excess of federal funding and realize operational efficiencies to reduce administration of administering WIC program.

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- Reduce State Budget by Amount of Cost Saving Due to Central Office Printer Consolidation – Approx. \$300,000

The OSDH will reduce the state budget by the amount of estimated SFY 2015 savings due to undertaking a printer consolidation project in the OSDH Central Office.

## **Cash Transfer from Trauma Care Assistance Revolving Fund**

The OSDH was informed through the release of the general appropriations bill that a \$5 million transfer from the State Trauma Care Assistance Revolving Fund (or “Trauma Fund”) into the Special Cash Fund of the State Treasury was authorized effective July 1, 2014. The Trauma Fund was created to help sustain a network of life saving trauma services and support a system of care that has been developed and refined over a 15 year period. Funds are awarded to physicians, hospitals and EMS providers for providing uncompensated major trauma clinical services after all reasonable opportunities to collect have been exhausted.

The transfer of \$5 million on July 1, 2014 would significantly reduce payments to hospitals and EMS providers during the October 2014 distribution (\$5 million is approx. 46% of the normal distribution to these healthcare entities). Upon notification the OSDH, believing it necessary for the preservation of these life-saving services, has taken or will take following actions:

1. Early Disbursements to Allow Hospitals and EMS Providers the Opportunity to Prepare for Reduced Uncompensated Care Dollars

The OSDH issued two immediate disbursements from the Trauma Fund (including all available administrative funds) to hospitals and EMS providers that had documented uncompensated trauma costs that exceeded the amount of the Trauma Fund during that distribution period. These disbursements allowed hospitals and EMS providers to receive approximately 76% of the average distribution as compared to 54% of the average distribution if disbursements had been made after the cash transfer. Early distributions will essentially eliminate October disbursements for hospital and EMS providers. **Early disbursements will not impact uncompensated care disbursements to physicians.**

2. Opportunities to Distribute the Reductions Across Multiple Disbursements

The OSDH is currently analyzing the statutory and regulatory framework to ensure authority to spread the impact of the cash transfer across two distributions thereby assisting EMS and hospitals with planning for the reductions. This analysis and estimates of budgetary impact per facility (based on average disbursements) will be complete by June 30, 2014.

3. Reduce the Amount of Budgetary Impact by Utilizing One-Time Budget Flexibility to Augment Disbursements to Hospitals and EMS

The OSDH, utilizing short term budget flexibility provided by the legislature in SFY 2015, will apply the following to the uncompensated trauma costs in SFY 2015:

- *Federally Qualified Health Centers (FQHC) Start Up Funding- \$319,531*

The OSDH will apply amounts normally available to FQHCs or communities to conduct needs assessments and prepare planning documents to open a new primary care center to the trauma distribution. Disbursements from these funds are periodic and dependent upon HRSA new access funding announcements. The

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OSDH will seek a carryover request from OMES to make any remaining SFY 2014 funds available in SFY 2015 to FQHCs.

- *FQHC Uncompensated Care reimbursements - \$1,062,230*  
Uncompensated care funds will be reduced to qualifying FQHCs thereby spreading the impact of the reduction of uncompensated care funds to all providers receiving this type of funding support through the OSDH. FQHC uncompensated care funding is specific to primary care services and will be reduced to \$2,060,000 in SFY 2015.
- *Cord Blood Bank - \$500,000*  
The OSDH will eliminate support in SFY 2015 for cord blood bank planning efforts in the amount of \$500,000 and will apply these funds to the Trauma distribution. The OSDH will request a one-time carry forward of any unspent funds from SFY 2014 to support the development of a cord blood bank in Oklahoma.

The OSDH will continue to look for opportunities to support the Trauma Fund, educate lawmakers and OMES on the importance and value of the Trauma Fund and Oklahoma trauma system, and create efficiencies in the distribution of the Trauma Fund to qualifying entities.