



Senate Bill 645

Local Health Services Funding – Modifications

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: February 27, 2019

From: Natasha Mehu

The Maryland Association of Counties (MACo) **SUPPORTS** SB 645. Local Health Departments (LHDs) are the state's frontline for public health services and education. Recession-driven cuts to local health departments have lingered for years, despite well-documented public health crises with opioids, immunization, and contagions. SB 645 restores critical funding needed to combat these crises and continue to provide necessary public health services to Maryland's communities. The bill also prospectively updates the formula to recognize the growing costs of medical care provided by these departments.

State Core Funding for LHDs is tens of millions of dollars lower than it once was (a high of almost \$70 million in FY 2008) due to state fiscal constraints, cost containment measures, and new interpretations of inflationary increases. Currently, the statutory formula sets a minimum funding level with subsequent increases based on inflation and by population growth. Counties are required to match Core Funding. However, in a desperate effort to backfill dwindling State support, most counties already over-match by providing much more than required.

SB 645 would rebase the Core Funding formula to \$80,439,548 in FY 2021. This approximately amounts to what Core funding should be in today's dollars had it not been cut in the recession. It then ensures that the total amount of funding never falls below that new base. The bill would also change the inflationary index within the statutory Core Funding formula from a general cost-of-living adjustment (based on the generic Consumer Price Index) to a more relevant measure for medical costs. As medical inflation has historically exceeded general inflation, this change would better reflect and account for increased costs of medical care the LHDs provide as well as ensure that the buying power of state core funding remains as strong as intended. The changes begin in fiscal year 2021, and therefore avoid any effect on the current year's budget.

LHDs provide a range of important public health programs including preventative care, immunizations, substance and mental health counseling, communicable disease prevention, and health education. Over the years, dramatic and lasting funding reductions have threatened their capacity to provide these crucial services and have forced them to do more with increasingly fewer resources. SB 645 restores Core Funding and strengthens the formula moving forward, helping to ensure LHDs can effectively and efficiently continue to provide their valuable public health services to community members. For these reasons, MACo urges a **FAVORABLE** report on SB 645.