



## **Senate Bill 976**

### *Local Health Services Funding - Modifications*

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: March 14, 2018

From: Natasha Mehu

The Maryland Association of Counties (MACo) **SUPPORTS** SB 976 as it aims to ensure that Core Funding for Local Health Departments (LHD) appropriately accounts for the growing costs of medical care these departments provide and sufficiently meets the needs of delivering vital public health services.

LHDs are the state's frontline for public health services and education. Each of Maryland's 24 jurisdictions has an LHD that administers and enforces state and local health laws and regulations. These departments 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 much less resources.

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, most already over-match by providing much more than required.

SB 976 would 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, also maintained by the US Department of Labor. The change begins in fiscal year 2020, and therefore avoids any effect on the current year's budget. 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.

While ideally, local governments would seek to restore local health funding to historic levels, SB 976's altering of the inflationary index recognizes the growing costs of medical care being shouldered by the LHDs and leads the state one reasonable step in the right direction. For these reasons, MACo urges a **FAVORABLE** report on SB 976.