



Committee: HHS
Committee Review: Completed
Staff: Tara Clemons Johnson, Legislative Analyst
Purpose: To receive testimony/final action - vote expected
Keywords: #HHS #Hospitals

AGENDA ITEM #12
November 15, 2022
Public Hearing/Action

SUBJECT

Special Appropriation #23-29 to the Fiscal Year 2023 Operating Budget Montgomery County Government, Department of Health and Human Services: Montgomery County Hospital Response, \$10,000,000 (Source of Funds: Undesignated Reserves); Lead Sponsor: Council President at the Request of the County Executive

EXPECTED ATTENDEES

None.

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- This special appropriation was introduced on October 25, 2022.
- The HHS Committee held a worksession on November 10, 2022 and recommends approval (2-0, Councilmember Rice was absent).

DESCRIPTION/ISSUE

Hospitals in Montgomery County are facing continuing and persistent financial, operational, and workforce challenges emerging out of the COVID-19 pandemic. Funding is needed to support patient care and prevent reductions in services and delays in surgical care. The source of funds is undesignated reserves.

SUMMARY OF KEY DISCUSSION POINTS

- The County hospitals have an immediate need to support continuing financial, operational and workforce challenges associated with the residual effects of COVID-19. The labor shortage of health care workers has driven increased utilization of contract staff and inflationary pressures are affecting all parts of hospital operations (e.g., supplies, food, medications).
- The hospitals expressed their commitment to clinical excellence and patient safety. This special appropriation will support investments in workforce so staff can triage and serve patients and maintain surgical schedules with minimal delays.

This report contains:

County Executive transmittal memo
Special Appropriation Resolution
Racial Equity Impact Assessment
HHS Committee – Staff Packet from [Nov 10 2022](#)

© 1
© 2-3
© 4-8
[Online](#)

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov




OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

October 17, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Special Appropriation #23-29 to the FY23 Operating Budget
Montgomery County Government
Department of Health and Human Services
\$10,000,000 (Source of Funds: General Fund: Undesignated Reserves)
Hospital Response

I am recommending a special appropriation to the FY23 Operating Budget for the Department of Health and Human Services (DHHS) in the amount of \$10,000,000 for Hospital Response. This appropriation will fund the increase in operational costs needed to maintain services.

This increase is needed because of high personnel costs, inflation, and shortfalls due to delayed insurance reimbursements that have not kept pace with actual costs. Hospitals might need to cut back on services provided to County residents without this funding.

DHHS will develop a process to validate hospital-specific requests, ensure that funds will protect existing capacity in providing services to residents, and rebuild these services where they have been curtailed.

I recommend that the County Council approve this special appropriation in the amount of \$10,000,000 and specify the source of funds as General Fund: Undesignated Reserves.

ME:dl

Enclosure: Special Appropriation #23-29

cc: Jennifer R. Bryant, Director, Office of Management and Budget
Raymond L. Crowel, Psy.D., Director, Department of Health and Human Services

Resolution No: _____
Introduced: _____
Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Special Appropriation #23-29 to the FY23 Operating Budget
Montgomery County Government
Department of Health and Human Services
\$10,000,000 (Source of Funds: General Fund: Undesignated Reserves)
Hospital Response

Background

1. Section 308 of the Montgomery County Charter provides that a special appropriation: (a) may be made at any time after public notice by news release; (b) must state that the special appropriation is necessary to meet an unforeseen disaster or other emergency or to act without delay in the public interest; (c) must specify the revenues necessary to finance it; and (d) must be approved by no fewer than six members of the Council.
2. The County Executive has requested the following FY23 Operating Budget appropriation increases for the Department of Health and Human Services:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$10,000,000	\$0	\$10,000,000	General Fund: Undesignated Reserves

3. This increase is needed because of the increase in personnel costs, inflation, and shortfalls due to delayed insurance reimbursements that have not kept up to pace with actual costs. Without these services, hospitals might need to cut back on services provided to County residents.
4. DHHS will develop a process to validate hospital-specific requests, ensuring funds will be used to protect existing capacity in providing services to residents and to rebuild services for residents where they have been curtailed.
5. The County Executive has requested a special appropriation to the FY23 Operating Budget in the amount of \$10,000,000 for Hospital Response and specifies that the source of funds will be General Fund: Undesignated Reserves.
6. The public was notified by a news release.

Action

The County Council for Montgomery County, Maryland, approves the following actions:

1. A special appropriation to the FY23 Operating Budget of the Department of Health and Human Services is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$0	\$10,000,000	\$0	\$10,000,000	General Fund: Undesignated Reserves

2. The County Council declares that this action is necessary to be acted upon without delay in the public interest, and that this appropriation is needed to meet the emergency.

This is a correct copy of Council action.

Judy Rupp
Clerk of the Council



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE


Marc Elrich
County Executive

Tiffany Ward
Director and Chief Equity Officer

MEMORANDUM

November 2, 2022

To: Jennifer Bryant, Director
Office of Management and Budget

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) for Supplemental Appropriation (SA) #23-29
Hospital Response

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ)'s finding regarding Supplemental Appropriation #23-29 *Hospital Response* is inconclusive, as ORESJ could not determine the extent to which a racial equity lens was applied in the formula used to determine the distribution of supplemental aid across recipient hospitals. The distribution of assistance should consider hospital-related health disparities affecting Black and Latino residents in the County. Accounting for these disparities in the distribution of resources will help to prevent gaps from widening in the event of service interruptions or reductions.
- II. **BACKGROUND:** The purpose of Supplemental Appropriation #23-29 is to support Montgomery County hospitals, and help them maintain levels of service, as they respond to operational cost increases. Cost increases are largely due to financial, operational, and workforce challenges associated with the Covid-19 pandemic. In addition, nationwide inflation¹, and shortfalls due to delayed insurance reimbursements have put extra pressure on hospitals' operational capacity. The goal of this supplemental appropriation is to help hospitals avoid service interruptions or cutbacks—related to these pressures—and restore service when possible. The four hospitals slated to receive this support in the County are Adventist HealthCare, Holy Cross Health, Suburban Hospital, and MedStar Montgomery Medical Center. Available information indicates that the Department of Health and Human Services (DHHS) will create a process by which Hospital-specific requests will be reviewed.

¹ <https://www.aha.org/system/files/media/file/2022/04/2022-Hospital-Expenses-Increase-Report-One-Pager.pdf>

To assess the extent to which this supplemental appropriation has the potential to advance racial equity and social justice, we looked at the distribution of the 10 million dollars across the four hospitals and whether that distribution is equitable based on health inequities documented in the County’s February 2022 Health Equity report². Given the emphasis on hospitals, ORESJ reviewed the following data points related to hospitalization and ER visits (referred to throughout as “hospital-related health disparities”):

- Substance Abuse ER Visit
- Mental Health Related ER Visit
- Diabetes ER Visit
- Heart Disease ER Visit
- Chronic Lower Respiratory Disease ER Visit
- Firearm Hospitalization
- Fall Hospitalization
- Fall ER Visit
- Motor Vehicle ER Visit

The data show that for all the above hospital-related indicators, excluding “falls”, Latino (except for mental health-related ER visits) and Black residents experience disparities compared to their White counterparts. There were no disparities present in hospital-related indicators for Asian residents. The data also shows that the severity of disparities varies by geography.

Given higher rates of utilization (as a result of systemic health inequities) and the above disparities, we would expect hospitals serving larger percentages of Black and Latino residents to receive larger shares of supplemental aid, thereby reducing the chances of gaps or disparities growing because of service interruptions.

The below distribution was determined in partnership with Nexus Montgomery³.

Hospital name	Amount distributed	Percent of the total distribution
Adventist HealthCare	\$4,002,922	40%
Holy Cross Health	\$3,281,166	33%
Suburban Hospital	\$ 1,794,779	18%
MedStar Montgomery Medical Center	\$921,133	9%
Total	\$10,000,000	100%

²

https://www.montgomerycountymd.gov/HHS/Resources/Files/Reports/Health%20Equity%20Report_HM%20Core%20Measures%202010-2018.pdf

³ Nexus Montgomery is a partnership among the six hospitals in Montgomery County that connects people with resources in the community that will help them remain healthy and independent.

Specific information about the formula used to determine these amounts was not available at the time of this analysis, but background information suggests that factors such as volume of service and need were considered. ORESJ couldn't independently assess the extent to which the volume of service and need were disaggregated by race, ethnicity, or other relevant characteristics related to health inequities.

To estimate the volume of service and need by race and ethnicity, ORESJ used data from the American Hospital Directory⁴ and the American Community Survey. For each hospital, ORESJ found the top three zip codes for inpatient origin and then used American Community Survey data to determine the estimated demographic composition across those zip codes. Below are the top 3 zip codes for inpatient origin and total discharges at each hospital.

Hospital	Total Discharges	Top 3 Zip Codes for Inpatient Origin					
Adventist HealthCare (White Oak + Shady Grove)	32,095 ⁵	20904	20783	20705	20850	20878	20877
Holy Cross Health	22,259 ⁶	20910	20902	20904			
Suburban Hospital	11,485 ⁷	20852	20854	20817			
MedStar Montgomery Medical Center	5,031 ⁸	20906	20832	20853			

While imperfect in determining the demographics of all patients, the estimates that follow are a valuable proxy for the demographics of residents served by the hospital. Below are the estimates for the top three inpatient-originating zip codes at each hospital disaggregated by race and ethnicity.

Holy Cross Hospital

Summary Demographics of top 3 Zip Codes	2020 ACS Estimate (across Top 3 Originating Zip Codes)	Percentage
White	65,656	43%
Black or African American	52,653	35%
American Indian and Alaska Native	1,354	1%

⁴ <https://www.ahd.com/>

⁵ As of August 8, 2022.

[https://www.ahd.com/free_profile/210057/Adventist HealthCare Shady Grove Medical Center/Rockville/Maryland/](https://www.ahd.com/free_profile/210057/Adventist_HealthCare_Shady_Grove_Medical_Center/Rockville/Maryland/)

⁶ As of October 7, 2022. [https://www.ahd.com/free_profile/210004/Holy Cross Hospital/Silver Spring/Maryland/](https://www.ahd.com/free_profile/210004/Holy_Cross_Hospital/Silver_Spring/Maryland/)

⁷ As of September 12, 2022.

[https://www.ahd.com/free_profile/210022/Johns Hopkins Suburban Hospital/Bethesda/Maryland/](https://www.ahd.com/free_profile/210022/Johns_Hopkins_Suburban_Hospital/Bethesda/Maryland/)

⁸ As of August 4, 2022.

[https://www.ahd.com/free_profile/210018/MedStar Montgomery Medical Center/Olney/Maryland/](https://www.ahd.com/free_profile/210018/MedStar_Montgomery_Medical_Center/Olney/Maryland/)

Summary Demographics of top 3 Zip Codes	2020 ACS Estimate (across Top 3 Originating Zip Codes)	Percentage
Asian	17,743	12%
Native Hawaiian and Other Pacific Islander	279	0%
Some other race	23,059	15%
Hispanic or Latino (of any race)	34,692	23%

Source:

<https://data.census.gov/cedsci/table?t=Race%20and%20Ethnicity&g=860XX00US20902,20904,20910&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05>

Suburban Hospital

Race and Ethnicity	2020 ACS Estimate (across Top 3 Originating Zip Codes)	Percentage
White	95,399	71%
Black or African American	11,382	8%
American Indian and Alaska Native	786	1%
Asian	29,124	22%
Native Hawaiian and Other Pacific Islander	260	0%
Some other race	6,526	5%
Hispanic or Latino (of any race)	14,722	11%

Source:

<https://data.census.gov/cedsci/table?t=Race%20and%20Ethnicity&g=860XX00US20817,20852,20854&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05>

Medstar Montgomery Medical Center

Race and Ethnicity	2020 ACS Estimate (across Top 3 Originating Zip Codes)	Percentage
White	65,472	51%
Black or African American	25,601	20%
American Indian and Alaska Native	1,692	1%
Asian	18,663	15%
Native Hawaiian and Other Pacific Islander	103	0%
Some other race	23,538	18%
Hispanic or Latino (of any race)	34,302	27%

Source:

<https://data.census.gov/cedsci/table?t=Race%20and%20Ethnicity&g=860XX00US20832,20853,20906&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05>

Adventist Healthcare (Shady Grove and White Oak)

Race and Ethnicity	2020 ACS Estimate (across Top 3 Originating Zip Codes)	Percentage
White	115,365	41%
Black or African American	77,046	27%
American Indian and Alaska Native	2,556	1%
Asian	53,615	19%
Native Hawaiian and Other Pacific Islander	513	0%
Some other race	52,149	18%
Hispanic or Latino (of any race)	75,359	26%

Source:

<https://data.census.gov/cedsci/table?t=Race%20and%20Ethnicity&g=860XX00US20705,20783,20850,20877,20878,20904&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2020.DP05>

Given the presence of hospital-related disparities affecting Black and Latino residents in the County and how potential gaps in service could exacerbate those disparities, ORESJ determined which hospitals serve the largest share of Black and Latino residents (based on the above analysis).

Hospital	% Black residents (in Top 3 Originating Zip Codes)	% Latino residents (in Top 3 Originating Zip Codes)
Holy Cross Hospital	35%	23%
Suburban Hospital	8%	11%
Medstar Montgomery Medical Center	20%	27%
Adventist Healthcare	27%	26%

Based on these estimates, the hospital serving the largest share of residents experiencing hospital-related health disparities is Holy Cross Hospital, followed by Adventist Healthcare, Medstar Montgomery Medical Center, then Suburban Hospital. To account for racial health inequities, the distribution of supplemental aid should consider these estimates in assessing the volume of service or need.

Because ORESJ could not review the formula used by Nexus, it cannot determine whether the above (or similar) analysis was taken into consideration when determining the distribution of aid.

cc: Ken Hartman, Director, Office of Strategic Partnership, Office of the County Executive
Dr. Raymond Crowel, Director, Department of Health and Human Services