

Department of Public Health

It Faces Significant Fiscal Challenges and Lacks Transparency in Its Administration of the Every Woman Counts Program

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This report concludes that the Department of Public Health (Public Health) could do more to maximize the funding available to pay for breast and cervical cancer screening services, which is—in our opinion—the primary focus of the program. Although total tobacco tax revenues supporting the Every Woman Counts (EWC) program are declining and costs to administer the program are rising, state law requires that Public Health provide services at the level of funding appropriated by the Legislature. When it requested \$13.8 million in additional funding from the Legislature in June 2009, Public Health claimed that redirecting funds from other areas of the EWC program—such as efforts aimed at providing health education to women and technical assistance to medical providers—to pay for additional screening services would not be possible given federal requirements and would jeopardize federal funding. However, our review of federal requirements and discussions with the Centers for Disease Control and Prevention indicate that Public Health has the flexibility to redirect funding to screening activities without risking the loss of federal funds. Unfortunately, Public Health's ability to identify and redirect funds toward paying for clinical aspects of the EWC program is hampered by the fact that it does not know how much its contractors are spending on specific activities. As a result, in an environment of scarce fiscal resources, Public Health lacks a basis to know whether paying for certain contract activities are a better use of funds than paying for additional mammograms or other screening procedures.

Finally, our audit found that Public Health should do more to improve the public transparency and accountability with which it administers the EWC program. For example, state law requires Public Health to develop regulations to implement the EWC program in a manner that considers the public's input. However, nearly 16 years after the program began, such regulations still have not been developed. Public Health cited staff and funding limitations as the cause for the delay. State law also requires Public Health to report on the activities and effectiveness of the EWC program and submit an annual report to the Legislature. Although Public Health has provided information on an ad hoc basis, including during the State's budgetary process, it has provided only one formal report to the Legislature—in August 1996. This lack of information on the effectiveness of the EWC program limits Public Health's ability to effectively advocate for appropriate funding and hampers the Legislature's and the public's ability to exercise effective oversight.

In the report, the California State Auditor (state auditor) made the following recommendations to Public Health. The state auditor's determination regarding the current status of recommendations is based on Public Health's response to the state auditor as of June 2011 and a follow-up interview with Public Health's staff in July 2011.

Recommendation 1.1—See pages 23—26 of the audit report for information on the related finding.

To ensure that Public Health maximizes its use of available funding for breast cancer screening services, it should evaluate each of the EWC program's existing contracts to determine whether the funds spent on nonclinical activities are a better use of taxpayer money than paying for a woman's breast or cervical cancer screening. To the extent that Public Health continues to fund its various contracts, it should establish clearer expectations with its contractors concerning how much money is to be spent directly on the different aspects of the EWC program and should monitor spending to confirm that these expectations are being met.

Public Health's Action: Partially implemented.

Public Health provided members of the Legislature with a briefing on the EWC program on November 5, 2010. During that briefing, Public Health reported that it had renegotiated its contracts with many of the regional centers that had previously provided support services to the EWC program. The result of these renegotiations often reduced the total amounts to be paid to these contractors. For example, Table 4 of our audit report shows that the contract amounts for these regional centers, which expired on June 30, 2010, varied between \$332,000 and \$489,000 per year. In its November 2010 briefing, Public Health informed members of the Legislature that the budgeted amounts for each of these contracts for fiscal year 2010–11 had been reduced to roughly \$200,000 per year. In its one-year response to the audit, Public Health reported that it has completed its review of the EWC program's remaining contracts and has reduced the funds committed to one of its contracts with the San Diego State University Research Foundation by nearly 50 percent.

We reviewed several of Public Health's current contracts with its regional centers and observed that the value of these contracts had been reduced. However, our review found that Public Health has not developed budgets within these contracts indicating how much is to be spent on specific scope-of-work items. Instead, Public Health's process is to make payments to its contractors based on invoices that identify costs by type—such as salary or equipment costs—but not by specific task or objective. As a result, as we state on page 23 of the audit report, Public Health cannot measure the true cost of specific contractor activities and evaluate whether its spending on these areas is the best possible use of program funds.

Recommendation 1.2.a—See pages 26—28 of the audit report for information on the related finding.

To ensure that Public Health can maintain fiscal control over the EWC program, we recommend that it develop budgets for the EWC program that clearly communicate to the Legislature the level of service that it can provide based on available resources. One way Public Health could do this would be to estimate the number of women that can be screened at different levels of funding.

Public Health's Action: Fully implemented.

In its one-year response, Public Health indicated that it had developed a formal budget estimate package for the EWC program that was included in the Governor's Budget for fiscal year 2011–12. This package contained the estimated number of women served based on its projection of the amount of clinical claims the EWC program would pay during the fiscal year.

We reviewed the formal budget estimate package that Public Health provided to the Legislature as part of the fiscal year 2011–12 budget process and confirmed that it provided the Legislature with information on the expected number of women to be served. We also noted that Public Health has posted its estimate packages on the EWC program's Web site. Public Health's one-year response also indicated that it is attempting to track the social security numbers of the women who access the EWC program in an effort to better track caseload.

Recommendation 1.2.b—See page 28 of the audit report for information on the related finding.

To ensure that Public Health can maintain fiscal control over the EWC program, we recommend that it seek legislation or other guidance from the Legislature to define actions the program may take to ensure that spending stays within amounts appropriated for a fiscal year.

Public Health's Action: Fully implemented.

Public Health's one-year response to this recommendation focused on its efforts to develop and promulgate regulations that will direct its future administration of the EWC program, and discussed its efforts to develop a formal caseload estimation process as a tool to better communicate to the Legislature the affect of proposed appropriations.

Legislative Action: Legislation enacted.

Chapter 717, Statutes of 2010 (Senate Bill 853), requires Public Health to provide the Legislature with quarterly updates on caseload, estimated expenditures, and related program monitoring data for the EWC program. Moreover, Assembly Bill 1640 of the 2009–10 Regular Legislative Session would have, among other things, required Public Health to notify the Legislature at least 90 days prior to changing EWC eligibility requirements. However, the governor vetoed this bill on September 29, 2010

Recommendation 1.3.a—See pages 29 and 30 of the audit report for information on the related finding.

To ensure better public transparency and accountability for how the EWC program is administered, Public Health should comply with state law to develop regulations, based on input from the public and interested parties, that will direct how Public Health administers the EWC program. At a minimum, such regulations should define the eligibility criteria for women seeking access to EWC screening services.

Public Health's Action: Partially implemented.

Public Health's one-year response acknowledged that it had only partially implemented this recommendation, indicating that it has identified the necessary steps to promulgate effective regulations and has formed an internal rulemaking team to provide program-specific expertise throughout the regulation-making process. Public Health indicated that it is developing draft articles to address key program components, such as definitions, patient eligibility, provider participation, clinical standards, and other program considerations. Public Health has not yet developed an expectation on when its draft regulations for the EWC program will be available for public comment.

Recommendation 1.3.b—See pages 30 and 31 of the audit report for information on the related finding.

To ensure better public transparency and accountability for how the EWC program is administered, Public Health should provide the Legislature and the public with a time frame indicating when Public Health will issue its annual report on the effectiveness of the EWC program. Further, Public Health should inform the Legislature and the public of the steps it is taking to continue to comply with the annual reporting requirement in the future.

Public Health's Action: Fully implemented.

Although Public Health acknowledged in its one-year response that it had not submitted its annual report to the Legislature regarding the effectiveness of the EWC program, we noted that it released its report on June 21, 2011. The report is available on Public Health's Web site under the EWC program's web page. According to the annual report, Public Health anticipates releasing its next report on the EWC program's effectiveness in February 2012.