

San Francisco
 Department of Public Health
 Budget Update To Stakeholders
 FY 2011-2012

March 31, 2011

DPH Budget Target Overview

	Base Budget	Contingency	Total
Budget Target	\$34.8M	\$34.8M	\$69.6M
Mid year reductions 10-11	(10.2M)		(10.2M)
Base Budget Plan 11-12	<u>(24.6M)</u>	<u>(8.9M)</u>	<u>(33.5M)</u>
Remaining Deficit	0.0M	25.9M	25.9M
Contingency Plan	<u>0.0M</u>	<u>(13.0M)</u>	<u>(13.0M)</u>
Remaining Deficit	0.0M	12.9M	12.9M

Base Budget

DPH was asked to reduce its use of General Fund by 10% with at least 2.5% of that reduction in savings from mid-year cuts to the current year.

Increased revenues at our hospitals from a new Medi-Cal Waiver and changes in skilled nursing per diem rates enabled the Department to meet the mid year and base budget target without reductions in services and make an \$8.9M contribution to the contingency plan.

Contingency Budget

We have not been required to meet the full contingency cut pending resolution of certain revenue items that have a potential 1-time value of \$12M. However it has been necessary to make service cuts to deliver the additional \$13M in reductions.

How does DPH deliver General Fund savings?

Increased revenue that leverages available General Fund to draw down federal matching revenue. 75% of DPH is funded with revenues and much of this revenue is funded from state and federal sources that are matched with local contributions.

Other revenue increases through improved collections and changes in pricing

Efficiencies in operations through consolidation, & deferral of spending where possible

Civil Service and Contractor reductions with a focus on "unmatched general fund"

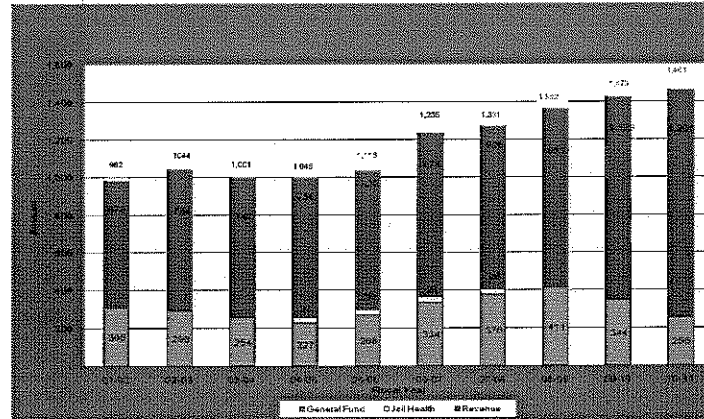
Where have budget cuts been taken?

Over the past three budget years, 08/09, 09/10 and 10/11, 79.3% of all budget cuts have been taken from DPH run programs and support compared to 20.7% from community partners.

Among the cuts taken by DPH were:

- Elimination of several clerical classifications
- Closure of a building on the Laguna Honda Campus reducing the number of beds & FTEs
- Elimination of Health Care Directors in the Community Clinics
- Elimination of Health Care Directors in Behavioral Health Clinics
- Restructure of inpatient Psychiatry to cohort non acute patients
- Elimination of the Worker's Compensation Clinic at SFGH
- Closure of the Adult Day Health Center at Laguna Honda
- Downsizing Health at Home and eliminated Chronic Care Public Health Nurses
- Restructure of the Mental Health Rehabilitation Facility

DPH Budget History – Revenue Growth as a Budget Solution (In Millions of Dollars)



This chart shows how much of the Department's spending is funded with revenues (in red) and in GF (in blue).

General Fund Map

Division	2011 - 12				
	Revenue	Appropriations	General Fund	Realignment	Total GF & Realignment
SFGH	553,087	753,777	150,448	50,242	200,690
Laguna Honda	134,195	186,400	52,205	-	52,205
Primary Care	20,657	58,405	37,748	-	37,748
Health at Home	2,319	5,856	3,537	-	3,537
Jail Health	161	27,608	27,447	-	27,447
Public Health (1)	97,051	175,730	45,474	34,204	79,678
Mental Health	88,733	194,445	53,940	51,772	105,712
Substance Abuse	21,172	59,225	38,053	-	38,053
Total	917,375	1,461,446	408,852	136,218	545,070
(1) Public Health Detail:					
Environmental Health	16,334	14,947	(1,387)	-	(1,387)
AIDS Office	3,882	12,237	8,355	-	8,355
Disease Control	944	12,998	13,054	-	13,054
Housing & Urban Health	1,000	17,912	16,912	-	16,912
Health Education	2,026	4,805	2,779	-	2,779
Maternal Child Health	5,876	15,638	9,762	-	9,762
Central Admin and Other	66,969	97,193	(4,000)	34,204	30,204
Total	97,051	175,730	45,475	34,204	79,679

General Fund Leverages Federal Funding

Funding Stream	Total Cost	Federal Match	Local Share
Med-Cal Waiver			
- Inpatient	\$123M	\$61.5M	\$61.5M
- Uninsured and Other	253.9M	120.4M	133.5M
LIHP (Healthy SF and coverage expansion)	59.2M	29.6M	29.6M
Distinct Part Nursing Supplemental	55.4M	16.7M	38.7M
AB915 (SFGH OP supplemental)	13.6M	6.8M	6.8M
Healthy Workers	28.1M	15.4M	17.8M
TCM and MAA	16.0M	8.0M	8.0M
California Children's Services	8.1M	4.5M	3.6M
Short-Doyle MCAL			
- Inpatient	13.5M	5.4M	8.1M
- Outpatient	119.4M	51.7M	67.7M
CARE Formula Grant	<u>31.1M</u>	<u>21.8M</u>	<u>9.3M</u>
Total	\$716.9M	\$341.8M	\$375.1M

General Fund Leverages Federal Funding

In addition to the items above, we also rely on General Fund to pay for Jail Health services, Primary Care services to the uninsured, costs of supportive housing, and other public health functions such as disease control, and prevention which together account for more than \$100 million in General Fund.

General fund leveraging federal funding from previous slide	\$375.1M
Additional services at DPH that rely on General Fund	<u>100.0M</u>
Total	\$475.1M
Total available GF and Realignment	<u>\$545.7M</u>
Estimated available unmatched General Fund	\$ 70.6M

This funding is primarily in community programs

Revenue at our Hospitals Requires Investment

SFGH

We have forecast revenue increases of \$40M from the new Medi-Cal waiver intended as a "Bridge to Reform." To capture these revenues and meet the "milestones" in decreased wait times and improved outcomes required under the Waiver, we must invest in expansion of our primary and specialty care delivery capability. \$20.5M of the revenue has therefore been invested in our hospitals and clinics to accomplish this. DPH worked hard to minimize the investments and return the \$20.0M revenue to address GF Targets.

We are also investing \$9M, funded with payments from ARRA stimulus funding, to achieve meaningful use of electronic medical records to improve quality of care and qualify SFGH for Medicare incentive revenues in future years.

SFGH is contributing \$36M towards the DPH General Fund reduction targets above the amounts reinvested.

LHH

LHH is contributing \$8M towards reduction targets but as we enter our first full year of operation of the new facility, we must also absorb \$1M of new costs associated with the systems that support the hospital. *LHH is contributing \$7M to the DPH reduction targets.*

It is difficult to propose cuts to our hospitals in a year when additional investments are required.

Available Non-Matched General Fund for CBO Reductions

FY 10-11 Non Matched General Fund Monies Available for CBO Reductions

	CBHS	Housing	HIV Prev	Total
GF Non-match	22,512,305	1,342,600	5,028,700	28,883,605
Realignment Non-match	1,520,833	0	0	1,520,833
SA Block Grant	1,912,229			1,912,229
Subtotals	25,945,367	1,342,600	5,028,700	32,316,667
Less				
FY 10-11 One-time funding	(848,941)		(119,000)	(967,941)
Total Non-Matched General Fund	25,096,426	1,342,600	4,909,700	31,348,726
Total FY 10-11 Contractual Funding	173,109,847	18,727,634	11,740,516	203,577,997

Contingency Cuts

Our contingency plan includes \$9M in service reductions and \$4M in efficiency measures. We have made no cuts to children's services, prevention or AIDS health services

	FTE's	General Fund Savings
Community Programs CBO and Civil Service Reductions	10.0	\$5,550,000
Relocation of Clients to ADA Accessible Housing	2.0	1,074,054
Residential Treatment		3,450,000
Outsource Security	<u>71.0</u>	<u>2,976,312</u>
Total Reductions	83.0	\$13,050,366

Contingency Cuts

	Proposed Initiative	FY11-12 Proposed Reduction	FY12-13 Ongoing Reduction	Comments
1	Across the Board Civil Service and CBO Reduction of Non-Matched General Fund Monies CBHS CBO 15.5% HUH CBO 15.5%	4,172,545 <u>207,487</u>	4,172,545 <u>207,487</u>	Non-Residential Treatment Programs 2% Cut to Total Funding 1% Cut to Total Funding
	Subtotal CBO Reduction	4,380,032	4,380,032	
	Civil Service Across the Board Staff Reduction	1,168,968	1,344,878	12.0 FTE (10.0 in FY11-12) of Psychiatric Social Workers across Adult CBHS Clinics
	Total Across the Board Reduction	5,550,000	5,724,910	
2	Across the Board Residential Treatment Reduction	3,450,000	4,140,000	9.71% Reduction to Total Funding.
3	Transfer of 125 Clients to Newly Developed ADA Accessible Permanent Housing	1,074,054	1,761,082	Loss of 3.0 FTE (2.0 FTE in FY10-11) Civil Service Staff
	Total Reduction	10,074,054	11,625,992	

CBHS = Community Behavioral Health Services, HUH = Housing and Urban Health