

MESSAGE FROM THE DIRECTOR OF HEALTH ON FY 08-09 BASE BUDGET

Introduction

Initial \$28 million target

We have made several revisions to the budget initiatives and at this point have met and exceeded the initial General Fund reduction target. The following table summarizes our progress towards the initial \$28 million target since the March 18 Commission meeting.

	Previous GF Impact 3/18	Updated GF Impact 4/1	Change
Revenue / Revenue Neutral	\$14,705,930	\$18,205,930	\$3,500,000
Regulatory	\$3,198,550	\$2,476,607	\$721,943
Inflationary	10,395,670	10,343,693	51,977
Structural	17,446,152	18,135,252	(689,100)
Subtotal	\$31,040,372	\$30,955,552	\$84,820
Healthy San Francisco	<u>(\$4,263,902)</u>	<u>(\$3,619,201)</u>	<u>(\$644,701)</u>
Increase to Expenses	\$26,776,470	\$27,336,351	(\$559,881)
Reductions - Approved	\$22,292,969	\$22,737,492	\$444,523
Reductions - Pending	<u>14,716,541</u>	<u>14,683,278</u>	<u>(33,263)</u>
Decrease to Expenses	<u>\$37,009,510</u>	<u>\$37,420,770</u>	<u>\$411,260</u>
General Fund Reduction	\$24,938,970	\$28,290,349	\$3,351,379
Initial General Fund Target	<u>(28,116,186)</u>	<u>(28,116,186)</u>	<u>0</u>
General Fund Target	<u>(\$3,177,216)</u>	\$174,163	\$3,351,379
Balance			

Additional \$18 million reduction target

In response to the increase in the City-wide deficit, we have been asked to make an additional \$18,000,000 reduction in our use of General Fund. Although the initial instructions were to deliver an 8% reduction in salary expense, we have been advised that the Department has already made sufficient reductions in our FTE count, and can meet this second target with revenues, and/or reductions in spending of any kind. We have identified additional initiatives that partially address this new target as summarized below and are discussed in further detail later in this report.

Additional General Fund Reduction Target	\$18,000,000
Balance forward (from above)	(\$174,163)
New Reduction Initiatives	<u>(5,014,990)</u>
Total progress toward target	<u>(\$5,189,153)</u>
Additional reduction needed	\$12,810,847

Revisions made since the March 18 presentation

The following section focuses on those initiatives that were presented at our last meeting and briefly discusses the changes from that presentation.

Revenues

We have increased our revenue budget \$3,500,000 from \$14,693,835 to \$18,193,835. We are working on our third quarter financial report for SFGH and have determined that improvements in payor mix, that indicate a shift towards Medicare and Commercial Insurance, and away from Medi-Cal and uninsured, enables us to recognize additional revenues. We believe this can be built into baseline projections.

Regulatory

We have deleted one initiative from Laguna Honda Hospital to increase porters and supervisors, and reduced three other items at Laguna Honda by half. We have made a 25% decrease in the pharmacy staffing item for San Francisco General Hospital. Following are the changes made since the last meeting.

	General Fund
Porters and Supervisor augmentation – LHH (deleted)	\$246,002
50% reduction to Chefs – LHH (C2, page 7.27)	61,864
50% reduction to Dieticians – LHH (C3, page 7.29)	60,306
50% reduction to Fall Risk Management (C4, page 7.31)	83,761
25% reduction in Pharmacy staffing initiative – SFGH (C8, page 7.33)	<u>270,010</u>
	\$721,943

Inflationary

The UCSF Staff Cost of Doing Business (non-faculty) item is reduced \$51,977 to adjust for staffing changes that will occur in the coming budget year.

Structural

We reduced one initiative to annualize the cost of 81 senior housing units and instead plan to fund 50 units with certificates of participation related to settlement of the Chambers case. This change saves \$310,900 in General Fund.

We added an additional item to annualize current year costs of stabilization housing. We have been working on this issue and had been reluctant to include it in our base budget request, pending finalization of a workorder from HSA that would partially fund this cost.

Annualization of 31 Senior Housing Units (E6, page 7.39)	\$ 310,900
Annualization of Stabilization Rooms for the Golden Gate Park Outreach Program and 150 Otis Street Transition (E10, page 7.41)	(1,000,000)
Total	(\$ 689,100)

Healthy San Francisco

We made a technical correction to the Healthy San Francisco budget to properly include funding for e-Referral, a program that facilitates communication between our community clinics and specialty services at SFGH. Development of e-Referral was initially funded with a grant but continued support of this will require ongoing funding. This resulted in an increase in General Fund of \$644,701 (HSF, page 7.45).

Reductions

We made minor corrections in 3 cuts that were previously approved by the Health Commission for a net General Fund savings of \$444,523. The Health-at-Home adjustment recognizes savings from vacant positions that will be in effect on July 1, two months earlier than the September 1 date for implementing the balance of the cut. The other two reflect minor revisions in administrative cuts.

	General Fund
30% reduction to Health at Home (F12, page 7.47)	\$121,256
Administrative and Operating reductions (F16, page 7.49)	501,324
Reduction of vacant positions (F32, page 7.51)	(178,057)
Total	<u>\$444,523</u>

Reductions Pending Health Commission Approval

Two proposed cuts, totaling \$14.7 million are still pending Health Commission approval. We have deleted the separate initiative related to the Buprenorphine acquisition and increased the overall reduction in funding for Community Programs for a like amount to maintain our General Fund savings. This addresses the concern about compounding cuts to residential and outpatient substance abuse programs but increases the across the board cut from 4% to 4.4% of total funding.

	General Fund
Buprenorphine Acquisition Offset by Reduction of Adult Residential and Outpatient Slots – Deleted	\$ 0
4.4 % Overall Reduction In Funding for Community Programs Contractors and Civil Service Clinics increased to include Buprenorphine savings (equal to 18% reduction to unmatched General Fund dollars) (F14, page 7.53)	10,567,432
Reduction in HIV Health Services	<u>4,200,000</u>
Total	<u>\$14,767,432</u>

We are submitting additional information to assist the Commissioners in evaluating each of these reductions. Following is a short discussion of each item:

Four Percent Overall Reduction In Funding for Community Programs Contractors and Civil Service Clinics

Enclosed is additional analysis of the impact of this reduction on Community Program contractors. We have updated our schedule that analyzes the impact by modality of service. We seek the Commission's input on how best to achieve the projected savings from the reductions. (F14, page 7.53)

Reduction in HIV Health Services

We are providing additional analysis of AIDS contracts and services that are funded with General Fund and would be impacted by the Reduction in HIV Health Services. Accompanying this report is the Planning Counsel's previous and current prioritization of services. We seek the Commission's input on a methodology to address a General Fund reduction to AIDS services that could be supported by the Health Commission. While the initiative to reduce AIDS Health Services totals \$4.2 million, it is important to also consider other increases to AIDS funding for next year, which include \$900,000 in net funding resulting from the restoration of AIDS cuts via the Pelosi earmark (\$4.9M received less \$4.0M that must be restored to the General Fund) and \$1.1 million in CMS funding that is available for programming. The CMS funding was last provided three years ago and therefore represents a real increase in available resources. Thus, the net impact of a \$4.2 million reduction in AIDS General Fund is a \$2.2 million net reduction in total funding. (\$4.2 M - \$0.9M - \$1.1M).

New Cuts in Response to the Additional Reduction Target

At the last Health Commission meeting there was discussion about eliminating the 2% Contractor Cost of Doing Business. Recognizing the seriousness of the deficit and the difficulty we face in meeting new targets, we are offering that item for consideration.

We are proposing revisions to our sliding scale discount program to limit eligibility to patients with income up to 300% of the federal poverty level (FPL), which is a reduction from 500% FPL. We are concurrently transitioning our sliding scale population to Healthy San Francisco (HSF). Enrollment in HSF is currently limited to persons with incomes up to 300% FPL but will soon expand to persons with incomes up to and above 500% FPL.

Following is a summary of these items:

	General Fund
CBO Cost of doing business, including UCSF	\$4,804,990
Limit Sliding Scale eligibility to 300% FPL (P2, page 7.57)	210,000
General Fund Reduction	<u>\$5,014,990</u>

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Conclusion

We are continuing to work on identification of additional initiatives to address the remaining \$12.8 million of General Fund reduction and will return to the Health Commission on April 15 to report our progress.

HIV HEALTH SERVICES
General Fund FY-2007-08 Programmatic Allocations
(Sorted by Priority of HIV Health Services Planning Council)

Contractor Name	Service Provided	Service Category	HHSPC Priority	FY 2007-08 General Fund Budget \$	Cumulative	Date added to HHS GF Budget
Positive Resource Center	Employment Services Programming	Rehabilitation Services	N/A	128,655.58		Prior to 2004
San Francisco AIDS Foundation/ Shanti Project	Emotional and Practical Support	Psycho-Social Support	N/A	192,243	\$320,899	Prior to 2004
San Francisco AIDS Foundation	Client Advocacy & Benefits Counseling	Referral for Health Care/ Supportive Services	N/A	394,514	715,413	Prior to 2004
SFDPH/ CHN/ PHP	Public Health Lab	Early Intervention Services	N/A	63,705	779,117	Prior to 2004
UCSF/ AHP	Short-term Psychotherapy for PLWHIV Returning to Work	Rehabilitation Services	N/A	48,709	827,827	Prior to 2004
UCSF/ AIDS Health Program	Peer Support Services	Psycho-Social Support	N/A	155,175	983,002	July 2006
Mission Neighborhood Health Center	HIV Outreach, Testing and Referral	Outreach	22	258,825	1,241,827	April 2007
HAFCl	Alternative/ Complementary Therapies	Complementary Therapies	21	99,599	1,341,225	July 2004
Immune Enhancement Project	Alternative/ Complementary Therapies	Complementary Therapies	21	198,824	1,539,849	July 2004
Quan Yin Healing Arts Center	Alternative/ Complementary Therapies	Complementary Therapies	21	154,970	1,694,819	July 2004
Immune Enhancement Project	Complementary Therapies services	Complementary Therapies	21	20,861	1,715,680	July 2005
Quan Yin Healing Arts	Alternative Medicines for Persons with HIV	Complementary Therapies	21	111,726	1,827,406	July 2006
Baker Places, Inc	HIV Detox	Res. Substance Abuse/ Detox	20	36,892	1,864,098	July 2005
Community Awareness and Tx Svcs	Men's HIV Residential Substance Abuse Services	Res. Substance Abuse/ Detox	20	11,174	1,875,272	July 2005
HAFCl	Lodestar	Res. Substance Abuse/ Detox	20	15,862	1,891,234	July 2005
HAFCl	WARH	Res. Substance Abuse/ Detox	20	13,682	1,904,916	July 2005
HAFCl	Smith Ryan Detox	Res. Substance Abuse/ Detox	20	51,395	1,956,312	July 2005
Latino Commission	Residential Substance Abuse Services for Latinos	Res. Substance Abuse/ Detox	20	13,901	1,970,212	July 2005
Walden House	Detox Services	Res. Substance Abuse/ Detox	20	136,701	2,106,913	July 2005
Walden House	Residential Substance Abuse Services	Res. Substance Abuse/ Detox	20	44,470	2,151,383	July 2005
Walden House (contracted through CBHS)	Meth. Treatment and Prevention	Res. Substance Abuse/ Detox	20	413,800	2,565,183	July 2006
AIDS Legal Referral Panel	Legal/ Immigrant Assistance & Client Advocacy	Legal Services	14	120,732	2,685,915	July 2004
Legal Services for Children	Legal/ Guardianship/ Children	Legal Services	14	95,486	2,781,402	July 2004
AIDS Legal Referral Panel	Legal Assistance	Legal Services	14	13,977	2,795,379	July 2005
Project Open Hand	Delivered meals/Grocery Center	Food/ Delivered Meals	12	67,798	2,863,177	July 2005
San Francisco Food Bank	Food solicitation	Food/ Delivered Meals	12	5,110	2,868,287	July 2005
AIDS Emergency Fund	Emergency Financial Assistance	Emergency Financial Asst.	11	35,106	2,903,392	July 2005
SFDPH - HUH	ALLOCATED to Housing and Urban Health Integrated Case Management Programs	Non-Medical Case Management	10	135,755	3,039,148	July 2004

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HIV HEALTH SERVICES
General Fund FY-2007-08 Programmatic Allocations
(Sorted by Priority of HIV Health Services Planning Council)

Contractor Name	Service Provided	Service Category	HHSPC Priority	FY 2007-08 General Fund Budget	Cumulative	Date added to HHS GF Budget
Shanti Project	Case Management, Peer Advocacy and Treatment Advocacy	Non-Medical Case Management	10	344,424	3,383,572	July 2004
Lutheran Social Services	Money Management & Representative payee services	Non-Medical Case Management	10	29,297	3,412,869	July 2005
Positive Resource Center	Benefits counseling	Non-Medical Case Management	10	14,802	3,427,671	July 2005
UCSF/AIDS Health Program	Intensive Case Management for Methamphetamine Users	Non-Medical Case Management	10	258,625	3,686,296	July 2006
Positive Resource Center	Benefits Counseling Services	Non-Medical Case Management	10	152,588	3,838,883	April 2007
SFDPH - HUH	Residential Programs and Subsidies (Absorbed CARE cut 2006)	Housing, Residential Programs & Subsidies	9.3	215,839	4,054,722	July 2006
Catholic Charities	Attendant Care/ Leland House	Facility-based Health Care	9.2	5,497	4,060,220	July 2005
Catholic Charities	Attendant Care/ Peter Claver Community	Facility-based Health Care	9.2	3,588	4,063,808	July 2005
Dolores Street Community Services	Richard Cohen- Nursing Case Management and Attendant Care	Facility-based Health Care	9.2	9,676	4,073,485	July 2005
Community Awareness and Tx Svcs	Therapy Psych Assmt & Crisis Intervention/A Women's Place	Residential Mental Health	9.1	11,046	4,084,530	July 2005
Maitri AIDS Hospice	AIDS dementia unit	Residential Mental Health	9.1	11,182	4,095,712	July 2005
UCSF/AIDS Health Program	Targeted Capacity Expansion Services for Substance Abuser with HIV	Outpatient Substance Abuse	8	54,877	4,150,589	April 2007
Maitri AIDS Hospice	Residential Nursing and Attendant Care	Hospice	7	50,393	4,200,981	July 2005

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HIV HEALTH SERVICES
General Fund FY-2007-08 Programmatic Allocations
(Sorted by Priority of HIV Health Services Planning Council)

Contractor Name	Service Provided	Service Category	HHSPC Priority	FY 2007-08 General Fund Budget	Cumulative	Date added to HHS GF Budget
SFDPH/ CHN/ Health at Home	Home Health Care	Home Health Care	6	385,670	4,587,652	Prior to 2004
SFDPH/CHN/Health at Home	Home Health Care	Home Health Care	6	3,818	4,591,470	July 2005
Westside Community Mental Health	Home care /Hospital/ Attendant care services	Home Health Care	6	10,601	4,602,071	July 2005
UOP/School of Dentistry	Centralized Dental Services	Dental/ Oral Health Care	5	28,810	4,630,881	July 2005
Native America AIDS Program	Case Management and Peer Advocacy for Native Americans	Medical Case Management	4	105,890	4,736,771	Prior to 2004
API Wellness Center	Case Management, Peer Advocacy and Treatment Advocacy	Medical Case Management	4	202,188	4,938,959	July 2004
Mission Neighborhood Health Center	Integrated Case Management Services	Medical Case Management	4	137,835	5,076,794	July 2004
Mission Neighborhood Health Center	Integrated Case Management Services	Medical Case Management	4	15,354	5,092,148	July 2005
SFDPH/CHN	Case Management	Medical Case Management	4	4,053	5,096,201	July 2005
Lyonn-Martin (contracted through CBHS)	Continuation of Services for Non-Severe Need Clients	Medical Case Management	4	51,726	5,147,927	July 2006
SFDPH/ CHN	Multi-Diagnosis Program/ Health Center #1	Mental Health Services	3	286,684	5,414,611	Prior to 2004
Instituto Familiar de la Raza	Case Management for Latinos	Mental Health Services	3	130,885	5,545,496	Prior to 2004
San Francisco AIDS Foundation/ UCSF/ AHP	Emotional Support	Mental Health Services	3	465,013	6,010,509	Prior to 2004
UCSF/ AIDS Health Project	HIV - IDU Case Management	Mental Health Services	3	59,449	6,069,957	July 2004
San Francisco Suicide Prevention	Nightline phone crisis hotline	Mental Health Services	3	5,605	6,075,562	July 2005
UCSF/ AIDS Health Project	HIV Cognitive Impairment Program	Mental Health Services	3	8,355	6,083,917	July 2005
UCSF/ AIDS Health Project	Outpatient Mental Health	Mental Health Services	3	18,390	6,102,307	July 2005
UCSF/ Dept of Psychiatry /AHP	Mental health crisis srvs	Mental Health Services	3	17,172	6,119,480	July 2005
UCSF/AIDS HEALTH	AHP Psychiatric Consult/ Liaison	Mental Health Services	3	3,539	6,123,018	July 2005
UCSF/AIDS HEALTH	AHP Ward 86/mental health services	Mental Health Services	3	3,499	6,126,517	July 2005
San Francisco General Hospital	Ward 93 HIV Medical/ Psych Clinic	Ambulatory/ Outpatient Med. Care	1	9,548	6,136,065	July 2005
SFDPH/ CHN	Primary Care Services: Tom Wadell, Castro Mission Health Center, Maxine Hall Health Center	Ambulatory/ Outpatient Med. Care	1	76,030	6,212,095	July 2005
SFDPH/ PHP	City Clinic	Ambulatory/ Outpatient Med. Care	1	9,161	6,221,256	July 2005
UCSF/Pediatric AIDS Program	Primary Care	Ambulatory/ Outpatient Med. Care	1	9,104	6,230,360	July 2005

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HIV HEALTH SERVICES
General Fund FY-2007-08 Programmatic Allocations
(Sorted by Priority of HIV Health Services Planning Council)

Contractor Name	Service Provided	Service Category	HHSPC Priority	FY 2007-08 General Fund Budget	Cumulative	Date added to HHS GF Budget
Native American Health Center	Native American CoE	Ambulatory/ Outpatient Med. Care	1	175,572	6,405,932	November 2005
SFDPH	Forensic AIDS Project CoE	Ambulatory/ Outpatient Med. Care	1	173,279	6,579,211	November 2005
UCSF/ Men of Color Program	HIV/AIDS Services for African-American Men	Ambulatory/ Outpatient Med. Care	1	284,488	6,863,699	July 2006
St. Mary's -- CHW	Continuation of Primary Care Services for Non-Severe Need Clients	Ambulatory/ Outpatient Med. Care	1	422,604	7,286,303	July 2006
SFGH - PHAST/Ward 88	PHAST Program	Ambulatory/ Outpatient Med. Care	1	182,200	\$7,468,503	April 2007
FY 2007-08 General Fund Budget for AIDS Medical Services				\$ 8,413,053	\$15,881,556	
N/A - These programs no longer have a priority assigned by the HHSPC and except for 1 date prior to 2004						

HIV HEALTH SERVICES
General Fund FY-2007-08 Programmatic Allocations
(Sorted by New Priority of HIV Health Services Planning Council)
As Passed by HHSPC on 03/24/08

HRSA Service Category	HHSPC Priority	Number of Programs in Service Category	TOTAL General Fund Award for FY-2007-08
Ambulatory/ Outpatient Medical Care	1	9	\$1,341,985
Pharmaceuticals	2	0	\$0
Mental Health Services	3	10	\$847,705
Medical Case Management	4	4	\$596,205
Dental/ Oral Health Care	5	1	\$28,810
Home Health Care	6	2	\$401,089
Hospice	7	1	\$50,393
Outpatient Substance Abuse	8	1	\$54,877
SUB-TOTAL CORE SERVICES		49	\$3,321,064
Housing: Emergency Housing	9	1	\$57,780
Housing: Transitional Housing	10	1	\$98,947
Housing: Residential Programs & Subsidies *	11	5	\$4,023,976
Food/ Delivered Meals	12	2	\$518,257
Medical Detox	13	1	\$130,158
Complementary Therapies *	14	4	\$657,414
Rehabilitation Services *	15	2	\$177,365
Psycho-Social Support	16	2	\$347,418
Outreach	17	1	\$258,625
Residential Mental Health	18	2	\$89,371
Facility-based Health Care	19	5	\$140,169
Non-Medical Case Mgmt. (Housing)	20	9	\$384,021
Legal Services	21	2	\$256,735
Non-Medical Case Mgmt. (Non-Housing)	22	9	\$1,069,106
Referral for Health Care/ Supportive Services	23	1	\$394,514
Emergency Financial Asst.	24	1	\$249,544
Res. Substance Abuse/ Non-Medical Detox	25	9	\$2,867,511
Early Intervention Services	26	1	\$63,705
SUB-TOTAL SUPPORT SERVICES		58	\$11,784,615
TOTAL			\$15,105,680
* HRSA Non-Allowable Service Category			**Service Categories are moving onto available RWPA Funds 7/1/08

