

**DEPARTMENT OF PUBLIC HEALTH
PROPOSED FY 04-05 BASE BUDGET**

PRESENTED TO THE HEALTH COMMISSION

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Director of Health
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MESSAGE FROM THE DIRECTOR OF HEALTH ON FY 04-05 BUDGET

I. Introduction

On February 5th I presented the first part of the Department of Public Health's FY 04-05, which included a review of the Mayor's Budget instructions, a discussion of the inflationary/unavoidable increases in doing business, structural problems, new regulatory requirements, revenue neutral, and increased revenues.

Today I will present changes that have been made to the February 5th proposals since our meeting and the remainder of the base budget for consideration and approval by the Health Commission. We will continue to work with the Mayor's Finance Office on our contingency plan and we will forward it to the Health Commission for consideration and approval at a later date.

II. Updates of Structural, Inflationary, Regulatory Issues, Revenue Neutral Programs, and Revenue Projections

A. Structural Problems

Since we last met the Department of Human Resources has provided us with an actuarial estimate for worker's compensation that is \$1.6 million greater than what was presented at the February meeting. Two proposals have also been developed since we last met. CalWORKS funding has been identified to offset General Fund requirements for the Perinatal Residential program provided by the Latino Commission. The Maternal and Child Health program requirements lessen the need for funding from the General Fund. The overall effect of these changes is to increase our structural needs by \$1.2 million and thereby worsen our fiscal situation.

Worker's compensation expenses SFGH, PC, Jail Health	\$3,324,468
Premium & holiday pay – SFGH	\$1,608,975
Backfill mandatory paid time off for Nurse training	\$1,067,000
Jail Staffing at Required Levels, including fringe benefits	\$2,280,258
Laguna Honda Staffing at required levels	\$1,500,000
Radiology, Pharmacy and Nurse Registry contracts – SFGH	\$891,000
Siemens Invision increases to processing SFGH & PC billings	\$240,000
RN Uniform Allowance	\$221,300
Environmental Services staffing to industry benchmarks –SFGH	\$219,957
Underfunding of Pharmacy Service Contract (PCN)	\$651,000
Underfunding for materials and supplies – SFGH	\$2,804,000
Increased security costs for Ward 93 – SFGH	\$110,720
Increased Utilization of NAPA beds	\$403,286
Laundry contract for 04-05 outsourcing of LHH Laundry	(\$104,358)
Latino Commission – Perinatal Residential	(\$293,581)
Maternal & Child Health funding requirements	(\$141,712)
Total Increases due to Structural problems	\$14,782,313

B. Inflationary Increases/Unavoidable Increases in doing business

Since our last meeting we have decided to seek non-General Fund funding for the inflationary cost of building maintenance for the Direct Access to Housing sites. We have also removed the UC contract increase for the time being because the Mayor will be convening a discussion with the University on how to strengthen our beneficial partnership.

Pharmaceutical Utilization at SFGH, Community Programs, LHH, & Jail Health	\$1,385,370
Rent Increases – Direct Access to Housing	<u>\$85,550</u>
Total Inflationary increases	\$1,470,920

C. New regulatory requirements

We have worked with the Controller’s Office and have identified services that we can fund through Proposition C.

Nursing Ratio Title 22 Staffing	\$966,250
Proposition C funding to City Controller	\$1,871,173
SB151 Compliance – Pharmacy	<u>\$100,000</u>
Total Increases due to regulatory environment	\$2,937,423

Total Increases due to Structural, Inflationary and Regulatory requirements	\$19,190,656
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D. Revenue Neutral Programs

No changes have been made since our last meeting.

	<u>Expend</u>	<u>Revenue</u>	<u>General Fund</u>
Expand PC Medi-Cal eligibility staff	\$70,131	\$132,193	(\$62,062)
Expand interventional drug studies	\$49,091	\$60,000	(\$10,909)
DHS CALWORKS backfill	\$150,000	\$150,000	0
Cover increased Expenses in the Adult Immunization Clinic with Revenues	\$197,817	\$214,020	(\$16,203)
Annualization of EPSDT Pilot Project	\$119,016	\$119,016	0
Replace Mayor’s local Law Enforcement Block Grant	\$89,980	\$89,980	0
Women’s Health Center Business Expansion Plan	\$332,083	\$332,083	0
Other	845	0	845
Mobile Ophthalmology Service (Eye Van)	<u>\$127,000</u>	<u>\$159,822</u>	<u>(\$32,322)</u>
Total Revenue Neutral Programs	\$1,136,463	\$1,257,114	(\$120,651)

E. Revenue

Additional revenue generating proposals have been identified since we met on February 5th. By increasing revenues we are able to decrease the size of the general fund reductions that we must make.

We have added a new proposal for the SFGH product Standardization/OR program and we have reanalyzed several proposals. Additional GF savings will be generated at SFGH for a contract support proposal and the proposal for implementation of the co-payment for outpatient pharmacies has been moved from this section to the section on using data to reorganize, reprioritize or eliminate services (page 8) since it reflects a decrease in utilization of pharmaceuticals. The parking proposal should result in an additional revenue increase of \$452,552. We have also added a 15% increase in charges for food in the cafeteria at Laguna Honda Hospital. Finally, the Mayor's Office has given us permission to carryforward \$0.8 million in surplus revenue from FY 03-04 into FY 04-05.

SFGH	\$8,717,558
Central Admin (Initiative to charge for parking at all DPH sites)	\$1,075,020
Public Health	\$1,248,300
LHH	\$671,293
Mental Health	\$4,165,000
Environmental Health	\$999,976
Substance Abuse	\$458,889
Carryforward of FY 03-04 surplus revenue	\$775,927
Total Revenues	\$18,111,963

III. Development of General Fund Eliminations / Reductions

After accounting for our structural issues, inflation, regulatory issues, revenue neutral programs and increases in revenue we must cut an additional \$14.0 million to meet the Mayor's Finance office base budget target of 5.5% and an additional \$37.1 million to meet the contingency target. We will focus our discussion today on the reductions necessary to meet the \$14.0 million target.

As I am sure the Commission appreciates, it is impossible for us to make such substantial cuts without proposing serious programmatic eliminations. This is especially true given that we have made many of the less serious administrative cuts and programmatic eliminations in prior years.

In this budget, we propose laying off a substantial number of civil service workers. This is painful for us. The good work of the Health Department is due entirely to our staff. Layoffs are harmful in that they result in many hardworking employees being left without a way to support their families. Beyond the loss to the specific employee, lay offs hurt the morale of the remaining employees, increase their workload, and cause bumping of

employees (employees with greater seniority displace less senior employees), which is very disruptive to the work environment.

Although we have been able to avoid large-scale program reductions, the base budget eliminates many useful programs and requires that our community based agencies decrease their administrative expenses.

Technical notes about the base budget

In order to allow for a full review of proposed service cuts by the Board of Supervisors, all service reductions are budgeted for a ten-month period to begin on September 1 of 2004. This is significant in that we have to cut more in order to achieve our targets. If the City were to be able to do some of the cuts earlier than September 1, we would be able to decrease the number of cuts we have made.

No dollars in the budget are allocated to resume paying the 7.5% of retirement that City workers agreed to pay in this year. If City workers do not continue to pay the 7.5%, our expenses will increase markedly (about \$17 million based on the 03-04 budget) and we will likely be asked to increase the size of our cut.

No dollars in the budget are allocated to paying cost of living adjustments to our contractors. As with the case of our Department, these agencies are also experiencing unavoidable increases in the cost of doing business. The Department has approximately \$107 million dollars of contracts with service providers. If we were to grant a COLA, the cost would be \$1.07 million per 1% COLA.

We also have not allocated any additional funding to deal with the massive cuts (\$4.1 million) of our Ryan White Care award. We are continuing to work with our federal delegation to mitigate the impact of this cut on our City.

IV. Process

As we did last year, we built the budget around the Department's Strategic Plan. For this reason, the presentation is by strategic goal, not by division. On the detail sheets the division is listed, however, so that people can see in what division the cut is occurring.

As was the case last year, we attempted to minimize the cuts to parts of the Department that bring in a large proportion of revenue. The reason is that if you cut these areas you will magnify the service loss and the employee cuts because you will lose revenue when you cut the programs. This principle is especially true at SFGH and LHH, which together account for 54% of our budget. At these two facilities, based upon our 03-04 budget, 79% of the cost of the services we provide are reimbursed by third-party payors (Medicare, Medicaid, private insurance).

Institution	Total Budget	General Fund	Revenues	% that GF represents of Total Budget
SFGH	\$388.1 M	\$80.8 M	\$307.4 M	21%
LHH	\$146.7 M	\$31.3 M	\$115.4 M	21%

Translated in dollars, a cut of a \$5 million dollar program at either of these institutions would result in a general fund savings of \$1 million dollars at most. I say, at most, because when we decrease the census we have to spread the fixed costs of the hospital (utilities, maintenance and administration) across a smaller base; the result is that decreases in census may produce no savings at all or may in some cases actually increase our need for general fund. For this reason we have not proposed any decreases in the census of SFGH or LHH.

V. Principles Used in Identifying Cuts

Whether we are expanding in size as a Department or whether we are contracting, we look to our Strategic Plan for guidance in making decisions.

Our Strategic Plan lists 4 principles to adhere to in times of fiscal constraints:

1. Expand community-based alternatives – decrease need for institutional care.
2. Target populations receiving services - allocate resources to those most in need and who lack options.
3. Strengthen and promote prevention.
4. Use data to reorganize, reprioritize, reduce or eliminate services – based on priorities, performance measures and the Strategic Plan.

We followed these principles, to the best of our ability.

1. Expand community-based alternatives – decrease need for institutional care.

A. Change license for Mental Health Rehabilitation Facility (MHRF).

On January 20, 2004, the Health Commission approved the unanimous recommendation of the MHRF Blue Ribbon Committee to restructure the existing facility from a 147-bed Skilled Nursing Facility to a model that provides multiple levels of care in a re-licensed complex consisting of a 47-bed Mental Health Rehabilitation Center, a 59-bed Skilled Nursing facility, and a 27-bed residential facility and a 14-bed residential treatment facility with day program.

Savings due to change in MHRF license \$1,791,899

B. Replacement of 5 IMD beds with 10 lower cost residential beds. Replacement of 6 high cost RCF beds with lower \$304,033

cost residential beds

- C. Use Federal Housing Grant to create 150 units of housing.

As reported to the Health Commission, the Department received a \$4.3M, 3-year federal grant based on our successful supportive housing model. This will allow us to create about 150 units of housing in the next year.

- D. Increase methadone and other forms of opiate-based treatment in place of outpatient substance abuse services. (\$1,235,111)

Fund methadone and other forms of opiate based treatment over other types of substance abuse treatment because of the proven track record of methadone in decreasing substance use, decreasing other medical expenses of users, and overall harm. This General Fund increase provides a total of 388 slots of which 188 will be new and 200 will be existing slots, which would have otherwise been lost due to expiration of substance abuse grants.

	Expense	Revenue	General Fund
Maxine Hall (92 slots)	\$192,832	\$160,014	(\$32,818)
Bayview Hunters Pt (96 slots)	\$347,109	\$75,000	(\$272,109)
Methadone Van (100 slots)	\$327,298	0	(\$327,298)
Replace SAMHSA Grant (100 slots)	<u>\$602,886</u>	<u>0</u>	<u>(\$602,886)</u>
Total General Fund Impact			(\$1,235,111)

- E. Maintain Walden House Rep Payee program (\$75,000)

Total General Fund reduction 785,821

2. Target populations receiving services -- allocate resources to those most in need and who lack option

In following this principle, we have focused on making administrative and or operations cuts instead of service cuts whenever possible. Administration and

operation cuts will be made across the department. These cuts will include high-level administrators, middle managers, IS, fiscal, and clerical staff. Our goal is to make these cuts without impacting service levels.

This will increase the administrative and operations workloads for the remaining staff and result in delays in completing work. Our remaining workforce will be required to work harder. The decrease in administration is particularly noteworthy given our commitment to increasing revenues. Generally, it takes more administrative work to obtain increased revenue because of the added burden of documentation.

15% Reduction in Public Health Director's Salary	\$37,229
Decreased Administration and Operations positions (85 FTEs)	\$5,070,202
Reorganization of Utilization management & Nursing Education at SFGH and LHH	\$563,603
Anticipated administrative efficiencies due to Prop C findings	\$750,000
Primary Care administrative decreases	\$1,038,627
Consolidate the Southeast Mission Geriatric and Team II Mental Health clinics with OMI Mental Health Clinic to achieve rent and personnel savings.	\$195,818
Eliminate UCSF Psych Social Workers who perform overlapping functions performed Behavioral Health Social Workers	\$538,837
Jail Health Staffing Restructure	\$79,990
Walden – Residential program efficiencies	\$292,212
Reorganize Asthma Prevention Program to decrease General Fund use	\$40,369
SFGH Patient Referral/Urgent Care consolidation	\$270,723
Total Administrative, Operations, and Referral Reductions	\$8,877,610

2. Strengthen and promote prevention

As part of our commitment to strengthen and promote prevention we have made no cuts in these programs. Rather we plan to increase capacity at Women's Health Center funded with revenues, and establish a mobile Ophthalmology Service to screen and treat children and adults for eye disease before they create loss of vision. (Detail in section on revenue neutral programs).

3. Use data to reorganize, reprioritize, or eliminate services based on priorities, performance measures, and the Strategic Plan

Even with data it is difficult to choose among our programs because the vast majority of them are extremely useful and while data is helpful in prioritizing

programs in the same category, it is harder to use data to prioritize programs across categories (e.g., comparing an outpatient day program for seniors to a residential program for youth). Nonetheless, we made the following difficult choices:

- A. Institute copay for pharmaceuticals to patients with incomes greater than 100% of the Federal Poverty Level.

	Expense	Revenue	General Fund
Pharmaceutical Co-payment	\$96,667	\$135,833	\$232,500

Other county health care systems charge a copay for pharmaceuticals. Also if our clients were to become insured (a major goal of the Commission) clients would have to pay a copay for pharmaceuticals. Clients in Healthy Workers, Healthy Families, and Healthy Kids all pay pharmaceutical copays.

We propose a copay of \$5.00 for generic drugs and \$10 for proprietary drugs for clients at greater than 100% of poverty (11% of uncompensated clients). For the Commission's knowledge, 100% of the Federal Poverty Level is currently \$748 per month or \$8,976 per year for a single individual and \$1,533 per month or \$18,396 per year for a family of four. Based on our volume of prescriptions for this population we estimate that institution of a copy will result in 13.3% decreased utilization yielding a savings of \$232,500.

- B. Behavioral Health Cuts

Substance Abuse services

We are proposing the following substance abuse cuts in order to maintain our residential, detoxification, and methadone capacity.

	Amount Saved
<u>Mt. St. Joseph's Epiphany Center</u>	\$260,000
One time allocation to backfill 3 year SAMHSA grant. Agency would require \$580,000 of new dollars to continue.	
<u>Walden House – Intensive Treatment Services (WHITS)</u>	\$191,554
Facility is not licensed or licensable. The Department proposes reallocation \$83,330 for	

psychiatric services to be provided to these clients at a different Walden House site.

Walden House – Parenting \$91,956

We have discussed family unification services with DHS. They have indicated that if this program were cut there is sufficient capacity in the area of family reunification services to provide for these families.

San Francisco Study Center \$40,000

An important program but not a direct treatment program. Technical support in cultural competency will be provided by our EEO and Cultural Competency programs.

Short-Doyle Medi-Cal revenue that replaces General Fund \$130,985

Total \$714,495

Mental Health services

Amount Saved

Conard House – Transitional Residential Treatment \$100,000

One-time expense in FY 03-04.

Private Provider Network (PPN)- Outpatient Mental Health Services \$352,500

Reduction of 10% Private Network by (1) Civil Service clinic directors increasing client loads, (2) denying service to indigent clients who have some form of insurance, but choose not to use it; and (3) restricting language premium payment for only monolingual and limited English speaking clients as opposed to all clients in the caseload of eligible, bilingual clinicians.

Anchor Project – OP Program \$33,825

Reduction of a vacant position in the Anchor Pilot program, which provides outpatient and case management to developmentally disabled clients with mental illness. Since there has been high turnover, there is no expected impact on clients as a result

Total Mental Health Reductions	\$486,325
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C. Other Eliminations/Reductions or Reprogramming

	Amount Saved
<u>Bayview Hunter's Point Adult Day Health</u>	\$46,295

This contract provides enhanced services (1 FTE) to estimated 150 clients. This is a billable MediCal program. We believe the program can continue without this position. We do not subsidize other community adult day health centers.

<u>Homeless Seniors Housing Project</u>	\$240,000
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Reduced funding is sufficient to continue existing effort. The program will still be funded at \$570,000 per year.

<u>Medical Respite</u>	\$500,000
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The program has not begun.

<u>Ark of Refuge Ark House</u>	\$236,208
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Reduction in funding provides sufficient funds to continue existing effort. The program will still be funded at \$400,000 per year.

<u>Standardized Contractors Indirects</u>	\$1,500,000
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Each City Department has an indirect expense designated to pay for the unavoidable administrative costs of doing business (e.g., portion of the Executive Director's salary, accounting expenses, and utilities). These are distinct from the direct program expenses (e.g., program staff and supplies). Currently our indirects range from 9% to 15%. Neither the City nor the Health Department have had a standard policy regarding the size of indirects; generally they have been proposed and approved on the individual contract level or based on the decision of a granting authority (i.e., the CARE Council decided at the start of its work that it would not

pay an indirect larger than 9%).

The City will be determining a uniform policy for assigning indirects.

Interpreter Services

\$372,018

Based on what we learned about interpreter services in last year's budget crisis, when funds were restored to interpreters we moved positions from the night shift to the day and evening shift. This change was made because we learned that few calls for translation were made at night and for those that were made we could instead utilize our bilingual staff or phone translation services. Although the positions have been moved to the day shift, most of the positions added back are currently vacant due to our budget deficit in the current year and the City-wide freeze on hiring.

California Acupuncture Resources

\$33,333

Elimination of accupuncture services will eliminate services to 76 homeless clients and approximately 250 units of service.

Total

\$2,927,854

VI. Conclusion

Although the base budget results in the loss of a substantial number of health department staff and reductions in important health programs we have been able to avoid large-scale program eliminations. It will be markedly harder to reach our contingency target (\$37.1 million) without large-scale program reductions.

We are currently working closely with the Mayor's Budget Office to mitigate the impact of contingency cuts. We will bring the contingency plan to the Health Commission for consideration and approval at a later date.

II. SUMMARY OF PROPOSED BUDGET FOR FY 04-05

Baseline Budget

The total proposed budget for FY 04-05 for the Department of Public Health, including grants is \$1,012.7 million. The proposed expenditure budget is a \$12.1 million increase over the current year budget of \$1,000.6 million.

Operating revenues are projected to increase by \$24.1 million from \$650.7 million in FY 03-04 to \$674.8 million in FY 04-05.

Grant and project revenues are projected to increase by \$0.3 million from \$96.2 million in FY03-04 to \$96.5 million in FY 04-05.

Surplus revenue from FY 03-04 will be carried over into FY 04-05 in the amount of \$0.8 million.

If the budget is approved as requested, the FY 04-05 City and County General Fund allocation to the Department of Public Health will decrease by \$13.1 million. The General Fund budget decreases from \$253.7 million in FY 03-04 to \$240.6 million in FY 04-05.

The following report provides details for the Department of Public Health's budget. It includes proposed revenue, capital and equipment budgets. We are continuing to work with the Mayor's Finance Office on the contingency plan and it will be forwarded to the Health Commission for consideration and approval at a later date.

The following page provides a department-wide summary of the revenues, expenditures and grant fund request in the proposed budget for FY 04-05.

Department of Public Health
 Revenues, Expenditures and General Fund By Division
 FY 04-05 Budget - Baseline & Program Changes

	Revenues			Expenditures			General Fund		
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)
<u>Department of Public Health</u>									
San Francisco General Hospital	307,386,354	322,110,653	14,724,299	388,197,433	401,140,981	12,943,548	80,811,079	79,030,328	(1,780,751)
Health at Home	1,397,384	1,397,384	-	4,109,138	4,113,938	4,800	2,711,754	2,716,554	4,800
Primary Care	15,188,571	15,480,586	292,015	43,682,316	43,249,215	(433,101)	28,493,745	27,768,629	(725,116)
Jail Health Services	881,440	881,440	-	21,730,183	24,301,426	2,571,243	20,848,743	23,419,986	2,571,243
Laguna Honda Hospital	115,389,666	116,060,959	671,293	146,683,180	148,840,117	2,156,937	31,293,514	32,779,158	1,485,644
Public Health	56,690,984	58,999,033	2,308,049	85,322,111	85,524,450	202,339	28,631,127	26,525,417	(2,105,710)
Mental Health	129,730,012	134,900,993	5,170,981	158,385,407	159,799,210	1,413,803	28,655,395	24,898,217	(3,757,178)
Substance Abuse	24,052,489	23,906,392	(146,097)	56,303,179	55,818,736	(484,443)	32,250,690	31,912,344	(338,346)
Department-wide		1,075,020	1,075,020	(6,570,202)	(6,570,202)	(6,570,202)		(7,645,222)	(7,645,222)
Operating Budget	650,716,900	674,812,460	24,095,560	904,412,947	916,217,871	11,804,924	253,696,047	241,405,411	(12,290,636)
Grants	89,844,335	90,326,381	482,046	89,844,335	90,326,381	482,046	0	0	-
Projects	6,354,802	6,177,782	(177,020)	6,354,802	6,177,782	(177,020)	0	0	-
Carryforward	-	775,927	775,927	-	-	-	-	(775,927)	(775,927)
Total DPH	746,916,037	772,092,550	25,176,513	1,000,612,084	1,012,722,034	12,109,950	253,696,047	240,629,484	(13,066,563)

III. GENERAL FUND

The current year's General Fund adjusted subsidy for the Department of Public Health is \$253.7 million. If approved, the Department's general fund will be \$240.6 million in FY 04-05, a decrease of \$13.1 million.

IV. REVENUES

Total revenue funds for the Department of Public Health, including operating revenues, grants, ongoing projects, and carryforward are projected to increase \$25.2 million from \$746.9 million in FY 03-04 to \$772.1 million in FY 04-05. In the proposed budget, revenues would comprise 76.2% of our total budget.

Revenue (In Millions)			
	FY03-04	FY 04-05	Variance
Operating Revenues	\$650.7	\$674.8	\$24.1
Special Revenues/Grants	\$89.8	\$90.3	\$0.5
Projects	\$6.4	\$6.2	\$(0.2)
Carryforward	\$0	\$0.8	\$0.8
Total	\$746.9	\$772.1	\$25.2

Specific revenues Department-wide and by Division are presented in the pages that follow:

**Department of Public Health
FY 04-05 Revenues**

Department of Public Health - Total				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens.Svcs / CHDP	6,015,257	6,015,257	-	
Comm Mental Health	11,911,866	11,623,316	(288,550)	
State Alcohol Funds	15,578,982	15,358,989	(219,993)	
Prop 99 - Tobacco Tax - AB75	4,533,145	2,909,664	(1,623,481)	
State Mandated Cost	<u>1,585,361</u>	<u>1,972,594</u>	<u>387,233</u>	
Total - Other State	39,624,611	37,879,820	(1,744,791)	
Realignment				
Health	87,500,508	90,240,508	2,740,000	
Mental Health	60,728,000	62,433,000	1,705,000	
Social Services	<u>508,492</u>	<u>523,492</u>	<u>15,000</u>	
Total - Realignment	148,737,000	153,197,000	4,460,000	
Fees & Charges for Svcs				
	9,376,491	10,590,487	1,213,996	
Capitation Fees/Health Plan				
	19,029,720	19,167,713	137,993	
Bad Debt				
	(25,800,000)	(31,900,000)	(6,100,000)	
Medicare				
	56,267,694	57,752,041	1,484,347	
Medi-Cal				
SB855 Gross	98,224,658	98,224,658	-	
SB855 Net	29,672,342	34,419,917	4,747,575	
SB1255 Gross	-	-	-	
SB1255 Net	22,900,375	24,000,000	1,099,625	
MAA/TCM	6,577,275	7,101,275	524,000	
GME Gross	-	-	-	
GME Net	1,300,000	1,300,000	-	
Other Revenue	179,942,786	183,944,189	4,885,718	
Short-Doyle Medi-Cal	<u>45,228,579</u>	<u>48,150,904</u>	<u>2,922,325</u>	
Total Medi-Cal	383,846,015	397,140,943	14,179,243	
Insurance & Patient Revenue				
	70,969,448	81,252,571	10,283,123	
Property Rentals				
	1,863,067	1,863,067	-	
Miscellaneous Revenues				
	5,046,892	5,653,521	606,629	
Revenue Fr PH & Other City Dept				
	38,480,620	38,480,620	-	
Transfers/Other				
	(98,224,658)	(98,224,658)	-	
Fund Balance				
	1,500,000	-	(1,500,000)	
Parking				
	-	<u>1,075,020</u>	<u>1,075,020</u>	
Total Operating Revenues				
	\$ 650,716,900	\$ 674,812,460	\$ 24,095,560	
Grants				
	<u>89,844,335</u>	<u>90,326,381</u>	<u>482,046</u>	
Special Revenues/Projects				
	<u>6,354,802</u>	<u>6,177,782</u>	<u>(177,020)</u>	
Carryforward				
	-	<u>775,927</u>	<u>775,927</u>	
Total				
	\$ 746,916,037	\$ 1,446,020,695	\$ 25,176,513	

**Department of Public Health
FY 04-05 Revenues**

San Francisco General Hospital				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	2,686,000	1,414,466	(1,271,534)	FY 03-07 State reduction
State Mandated Cost	-	-	-	
Total - Other State	2,686,000	1,414,466	(1,271,534)	
Realignment				
Health	57,239,000	59,072,000	1,833,000	Per Controller's
Mental Health	3,875,000	3,875,000	-	
Social Services	-	-	-	
Total - Realignment	61,114,000	62,947,000	1,833,000	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	17,609,320	17,960,369	351,049	Based on PY Actuals + enrollment growth
Bad Debt				
	(23,900,000)	(30,000,000)	(6,100,000)	Based on PY actuals
Medicare				
	50,818,604	51,380,512	561,908	
Medi-Cal				
SB855 Gross	98,224,658	98,224,658	-	
SB855 Net	29,672,342	34,419,917	4,747,575	Based on PY actuals
SB1255 Gross	-	-	-	
SB1255 Net	22,900,375	24,000,000	1,099,625	PY actuals
MAA/TCM	4,000,000	4,000,000	-	
GME Gross	-	-	-	
GME Net	1,300,000	1,300,000	-	
Other Revenue	58,599,068	62,608,056	4,008,988	Based on revenue buildup, payer mix, new asthma initiative
Short-Doyle Medi-Cal	5,215,436	5,215,436	-	
Total Medi-Cal	219,911,879	229,768,067	9,856,188	Net Medi-Cal is less SB855 IGT of \$98M
Insurance & Patient Revenue				
	62,277,563	73,048,491	10,770,928	Based on revenue build up; payor mix
Property Rentals				
	1,824,214	1,824,214	-	
Miscellaneous Revenues				
	867,204	1,089,964	222,760	
Revenue Fr PH & Other City Dept				
	10,902,228	10,902,228	-	
Transfers/Other				
	(98,224,658)	(98,224,658)	-	
Fund Balance				
	\$ 1,500,000	-	-	\$ (1,500,000)
Total Operating Revenues				
	\$ 307,386,354	\$ 322,110,653	\$ 14,724,299	
Grants				
	-	169,204	169,204	
Special Revenue/Projects				
	-	-	-	
Total				
	\$ 307,386,354	\$ 322,279,857	\$ 14,893,503	

**Department of Public Health
FY 04-05 Revenues**

Health At Home				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	-	-	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	-	-	-	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	-	-	-	
Bad Debt				
	-	-	-	
Medicare				
	746,000	746,000	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	549,012	549,012	-	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	549,012	549,012	-	
Insurance & Patient Revenue				
	30,000	30,000	-	
Property Rentals				
	-	-	-	
Miscellaneous Revenues				
	-	-	-	
Revenue Fr PH & Other City Dept				
	72,372	72,372	-	
Transfers/Other				
	-	-	-	
Total Operating Revenues				
	\$ 1,397,384	\$ 1,397,384	\$ -	
Grants				
	-	-	-	
Special Revenue/Projects				
	-	-	-	
Total				
	\$ 1,397,384	\$ 1,397,384	\$ -	

**Department of Public Health
FY 04-05 Revenues**

Primary Care				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	-	-	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	-	-	-	
Fees & Charges for Svcs	350,000	350,000	-	
Capitation Fees/Health Plan	1,420,400	1,207,344	(213,056)	
Bad Debt	(1,000,000)	(1,000,000)	-	
Medicare	825,000	834,096	9,096	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	1,443,000	1,443,000	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	6,417,500	6,004,965	471,780	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	7,860,500	8,332,280	471,780	
Insurance & Patient Revenue	1,256,001	1,280,196	24,195	
Property Rentals	-	-	-	
Miscellaneous Revenues	448,000	448,000	-	
Revenue Fr PH & Other City Dept	4,028,670	4,028,670	-	
Transfers/Other	-	-	-	
Total Operating Revenues	\$ 15,188,571	\$ 15,480,586	\$ 292,015	Result of program cuts
Grants	581,044	865,663	284,619	
Special Revenues/Projects	-	-	-	
Total	\$ 15,769,615	\$ 16,346,249	\$ 576,634	

**Department of Public Health
FY 04-05 Revenues**

Jail Health Services				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	-	-	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	-	-	-	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	-	-	-	
Bad Debt				
	-	-	-	
Medicare				
	-	-	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	-	-	-	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	-	-	-	
Insurance & Patient Revenue				
	-	-	-	
Property Rentals				
	-	-	-	
Miscellaneous Revenues				
	25,000	25,000	-	
Revenue Fr PH & Other City Dept				
	856,440	856,440	-	
Transfers/Other				
	-	-	-	
Total Operating Revenues				
	\$ 881,440	\$ 881,440	\$ -	
Grants & Special Revenue				
	-	-	-	
Special Revenues/Projects				
	-	-	-	
Total				
	\$ 881,440	\$ 881,440	\$ -	

**Department of Public Health
FY 04-05 Revenues**

Laguna Honda Hospital				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	-	-	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	-	-	-	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	-	-	-	
Bad Debt	(900,000)	(900,000)	-	
Medicare	3,277,090	4,190,433	913,343	Based on revenue build up
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	105,528,592	105,843,542	314,950	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	105,528,592	105,843,542	314,950	
Insurance & Patient Revenue	7,077,884	6,565,884	(512,000)	
Property Rentals	-	-	-	
Miscellaneous Revenues	325,000	280,000	(45,000)	
Revenue Fr PH & Other City Dept	81,100	81,100	-	
Transfers/Other	-	-	-	
Total Operating Revenues	\$ 115,389,666	\$ 116,060,959	\$ 671,293	
Grants & Special Revenue	-	-	-	
Special Revenue/Projects	-	-	-	
Total	\$ 115,389,666	\$ 116,060,959	\$ 671,293	

**Department of Public Health
FY 04-05 Revenues**

Public Health				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	6,015,257	6,015,257	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	1,847,145	1,495,198	(351,947)	State Allocation decreased
State Mandated Cost	-	-	-	
Total - Other State	<u>7,862,402</u>	<u>7,510,455</u>	<u>(351,947)</u>	
Realignment				
Health	30,261,508	31,168,508	907,000	Controller's estimate
Mental Health	-	-	-	
Social Services	508,492	523,492	15,000	Controller's estimate
Total - Realignment	<u>30,770,000</u>	<u>31,692,000</u>	<u>922,000</u>	
Fees & Charges for Svcs	9,026,491	10,240,487	1,213,996	EHS and AIC fees
Capitation Fees/Health Plan	-	-	-	
Bad Debt	-	-	-	
Medicare	1,000	1,000	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	1,134,275	1,658,275	524,000	New program
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	1,092,168	1,092,168	-	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	<u>2,226,443</u>	<u>2,750,443</u>	<u>524,000</u>	
Insurance & Patient Revenue	65,000	65,000	-	
Property Rentals	38,853	38,853	-	
Miscellaneous Revenues	1,966,956	1,966,956	-	
Revenue Fr PH & Other City Dept	4,733,839	4,733,839	-	
Transfers/Other	-	-	-	
Total Operating Revenues	<u>\$ 56,690,984</u>	<u>\$ 58,999,033</u>	<u>\$ 2,308,049</u>	
Grants	<u>80,782,771</u>	<u>81,897,202</u>	<u>1,114,431</u>	
Special Revenue/Projects	<u>1,944,958</u>	<u>1,767,938</u>	<u>(177,020)</u>	
Total	<u>\$ 139,418,713</u>	<u>\$ 142,664,173</u>	<u>\$ 3,245,460</u>	

**Department of Public Health
FY 04-05 Revenues**

Mental Health				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	11,911,866	11,623,316	(288,550)	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	<u>1,585,361</u>	<u>1,972,594</u>	<u>387,233</u>	
Total - Other State	13,497,227	13,595,910	98,683	
Realignment				
Health	-	-	-	
Mental Health	56,853,000	58,558,000	1,705,000	Controller's estimate
Social Services	-	-	-	
Total - Realignment	<u>56,853,000</u>	<u>58,558,000</u>	<u>1,705,000</u>	
Fees & Charges for Svcs	-	-	-	
Capitation Fees/Health Plan	-	-	-	
Bad Debt	-	-	-	
Medicare	600,000	600,000	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	7,756,446	7,846,446	90,000	Controller's estimate
Short-Doyle Medi-Cal	<u>36,462,711</u>	<u>39,230,029</u>	<u>2,767,318</u>	
Total Medi-Cal	44,219,157	47,076,475	2,857,318	
Insurance & Patient Revenue	263,000	263,000	-	
Property Rentals	-	-	-	
Miscellaneous Revenues	981,739	1,491,719	509,980	
Revenue Fr PH & Other City Dept	13,315,889	13,315,889	-	
Transfers/Other	<u>-</u>	<u>-</u>	<u>-</u>	
Total Operating Revenues	\$ 129,730,012	\$ 134,900,993	\$ 5,170,981	
Grants	<u>6,734,293</u>	<u>6,247,606</u>	<u>(486,687)</u>	
Special Revenue/Projects	<u>-</u>	<u>-</u>	<u>-</u>	
Total	\$ 136,464,305	\$ 141,148,599	\$ 4,684,294	

**Department of Public Health
FY 04-05 Revenues**

Substance Abuse				
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	15,578,982	15,358,989	(219,993)	Reduced State Allocation
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	<u>15,578,982</u>	<u>15,578,982</u>	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	<u>-</u>	<u>-</u>	-	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	-	-	-	
Bad Debt				
	-	-	-	
Medicare				
	-	-	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	-	-	-	
Short-Doyle Medi-Cal	<u>3,550,432</u>	<u>3,705,439</u>	<u>155,007</u>	
Total Medi-Cal	3,550,432	3,705,439	155,007	
Insurance & Patient Revenue				
	-	-	-	
Property Rentals				
	-	-	-	
Miscellaneous Revenues				
	432,993	351,882	(81,111)	Cost report settlement repayments
Revenue Fr PH & Other City Dept				
	4,490,082	4,490,082	-	
Transfers/Other				
	<u>-</u>	<u>-</u>	<u>-</u>	
Total Operating Revenues	\$ 24,052,489	\$ 23,906,392	\$ (146,097)	
Grants	<u>1,746,227</u>	<u>1,146,706</u>	<u>(599,521)</u>	
Special Revenue/Project	<u>4,409,844</u>	<u>4,409,844</u>	<u>-</u>	
Total	\$ 30,208,560	\$ 29,462,942	\$ (745,618)	

GRANTS

The grant budget for the Department of Public Health for FY 04-05 is \$90.3 million. This is a \$0.5 million increase from FY 03-04 budget as follows:

Grant Revenues		
FY 03-04	FY 04-05	Increase
\$89.8 million	\$90.3 million	\$0.5 million

Grant Revenues

Changes in grant budgets by program are as follows:

Grant Budget by Program			
FY 04-05			
	FY 03-04	FY 04-05	Increase / (Decrease)
AIDS/HIV Services	\$58,508,143	\$56,922,973	(\$1,585,170)
Environmental Health	1,346,947	1,565,021	\$218,074
Epidemiology	2,155,986	1,726,039	(\$429,947)
Health Education	2,622,467	2,878,054	\$255,587
Housing & Urban Health	599,737	2,035,653	\$1,435,916
STD	2,426,938	2,720,246	\$293,308
Administration	16,483	13,483	(\$3,000)
Maternal and Child Health	7,581,653	8,888,470	\$1,306,817
Public Health Lab	400,000	550,000	\$150,000
TB	5,124,417	4,597,263	(\$527,154)
Mental Health	6,734,293	6,247,606	(\$486,687)
Emergency Medical Services	0	-	\$0
Substance Abuse	1,746,227	1,146,706	(\$599,521)
Primary Care	581,044	865,663	\$284,619
SFGH	0	169,204	\$169,204
Total	\$89,844,335	\$90,326,381	\$482,046

AIDS/HIV Grants

In FY 04-05 grants associated with the AIDS/HIV programs are budgeted to increase \$1.6 million. The bulk of the decreases are due to:

- \$1.3 million increase for the HIV Prevention Project which provides prevention services including counseling, testing, partner notification, health education, risk reduction, public information, minority initiatives and evaluation services
- \$1.7 million increase for the HIV/AIDS Surveillance and Seroprevalence project which provides resources to measure and track the AIDS epidemic in San Francisco and generate epidemiological data
- \$4.1 million decrease for the Ryan White Care Title I program that provides outpatient and clinical services for people living with HIV and AIDS. We are working with the elected officials on the federal, State and local levels to address the funding issue.
- \$0.6 million decrease in the Minority AIDS Initiative Award.

Other significant changes in AIDS/HIV grants in FY 04-05 include the loss of \$1.0 million for the Technical Assistance and Capacity Development demonstration program which provides management training, organizational development and fiscal and accounting training for non-profit agencies that have contracts with the city. An additional \$0.67 million is expected for the new grants shown on the table *New Grants*.

Other DPH Grants

Major changes in grant revenues for other DPH programs are as follows:

- Environmental Health – grant revenues are increasing primarily due to a new grant shown on the table *New Grants*.
- Epidemiology – grant revenues are decreasing primarily due the transfer of the Forecasting HIV Evolution grant to a private institution, non-renewal of the Biosurveillance System for Advance Medical Readiness grant, and end of the project term for the Integration of Viral Hepatitis Preventions grant.
- Health Education/Prevention – grant revenues are increasing primarily due to two new grant shown on the table *New Grants*
- Housing and Urban Health – grant revenues are increasing primarily due to the new grant from SAMHSA, HRSSA and HUD for the collaborative initiative to help end chronic homelessness found in the table *New Grants*.
- STD – grant revenues are increasing primarily due to an increase in the Efficacy of Condom Skills demonstration project to determine whether a single session group based condom skills intervention is effective in reducing STD infections.
- Maternal and Child Health – grant revenues are increasing primarily due to an additional \$1.3 m for health care for children in foster care.
- Public Health Lab – grant revenues are increasing for the HIV Viral Load Testing I project.
- TB – grant revenues are decreasing primarily due to reductions in grant awards identification of strategies for the control and elimination of TB.
- Mental Health – grant revenues are increasing primarily due to an increase of \$1.0 million for the San Francisco Children’s System of Care and \$0.4 million for community placement of African American IMD Clients. The increase is offset by a decrease in funding primarily for the Primary Care/Mental Health Integrated Behavioral and Physical Health project (\$0.1 million), expanding mental health services to transgenders (\$0.6 million), youth development and crime prevention initiative (\$0.3 million) and older adult partnership assessment and care management project (\$0.9 million).

- Substance Abuse – grant revenues are decreasing primarily due to a reduction of \$1 million in grant funding for the treatment on demand for methadone addiction, which is offset \$0.4 million increase in funding for the drug court.
- Primary Care – grant revenues are increasing primarily due to San Francisco Health Plan Access Enhancement grant for mobile ophthalmologic services and chronic care for treatment of diabetes and a HIV II grant from the Tenderloin Aids Resource Center for HIV/AIDS services as shown in the table *New Grants*.
- SFGH – grant revenues are increasing due to funding from a San Francisco Health Plan Access Enhancement grant as shown in the table *New Grants*.

New Grants

The following outlines the \$3.0 million in new grants for FY 04/05:

New Grants FY 04-05

	Program	Amount
Attitudes & DUI Prevention	Health Education and Prevention	\$ 212,455
GIS Analysis and Countermeasure Evaluation	Health Education and Prevention	93,766
HIV Vaccine Trials Network Scholars Program	AIDS/HIV Services	74,732
HIV Risk Behavior Surv. Among Men Who Have Sex with Men	AIDS/HIV Services	172,882
Preexposure and Prophylaxis (PREP) Among Men Who Have Sex with Men(MSM)	AIDS/HIV Services	123,837
Using Rapid Testing To Improve Outcomes of Partner Counseling and Referral Services	AIDS/HIV Services	198,171
Transgender Cultural Competency Training	AIDS/HIV Services	75,000
Estimating Unmet Need for HIV Primary Care	AIDS/HIV Services	22,224
Jornaleros Unidos con el Pueblo	Environmental Health	212,584
Collaborative Initiative to Help End Chronic Homelessness	Housing & Urban Health	1,436,400
SF Health Plan Access Enhancement	SFGH	169,204
SF Health Plan Access Enhancement	Primary Care	133,500
HIV III Grant from Tenderloin Aids Resource Center	Primary Care	151,119
		<hr style="width: 100%; border: 0.5px solid black;"/> \$ 3,075,874

State Budget Update

Governor Schwarzenegger announced his proposed budget on Friday, January 9, 2004. The State's \$26 billion budget deficit reflects a \$9 billion year-end deficit in FY 2002-2003, a current year (FY 2003-2004) shortfall of \$3 billion, and a budget year (FY 2004-2005) shortfall of \$14 billion. The Governor's proposed solution to close the budget gap relies mostly on borrowing (\$12 billion) and reductions in program spending (\$11 billion). A combination of fund shifts, debt service savings, transfers, and other revenues are used to close the remaining \$3 billion gap

As expected, there are a number of proposals that would, if enacted, have a significant effect on the Department. Though the proposed cuts will have a real negative impact on San Francisco and the Department, public health programs were mostly spared, with the bulk of the health reductions (totaling \$880 million) coming from Medi-Cal. The following issues would have a direct financial impact for FY 2004-2005 if implemented:

Reducing Medi-Cal Provider Rates

The Governor proposes to reduce Medi-Cal rates by an additional 10 percent on top of the 5 percent reduction made in the Budget Act of 2003. This would apply primarily to the managed care capitation rates, and would not include rates at Laguna Honda Hospital. The United States District Court recently issued a preliminary injunction stopping the implementation of the five percent reduction on fee-for-service reimbursement rates. The Department budgeted \$7 million in capitation revenues for FY 2004-2005 before the reduction. A 10% reduction in this line item would reduce payments \$0.7 million.

Reducing Federally Qualified Health Center (FQHC) Payments

The Governor proposes to significantly alter the existing prospective rate methodology for FQHCs by eliminating the "alternative rate methodology" payment system as of April 1, 2004. This would reduce our prospective rate for our hospital-based FQHC clinics by \$35-40 per visit, decreasing revenue by \$1.8 million 45,000 visits. The Governor's proposal would also base payment on audited cost reports, perhaps further impacting rates, although the effect is difficult to determine.

Capping Enrollment in the AIDS Drug Assistance Program (ADAP)

ADAP provides uninsured patients with very costly drugs that extend their lives. The Department would continue to provide needed medications to wait-listed clients. This would cost the Department \$1.4 million in FY 2004-2005.

Eliminate Children's System of Care

This program provides medically needed mental health services to children with severe emotional disturbances. The proposal mentions that enhancements in the Early Periodic Screening and Diagnosis and Treatment (EPSDT) program would take the place of these services, though the details are unclear. This would result in a \$500,000 reduction in funding to the Department.

Though there are other cuts that would impact the Department's funding scenario for the next fiscal year, these are the most significant, representing \$4.4 million. Other proposals that are important for the future, but do not necessarily have a quantifiable financial impact on the Department are summarized below:

Capping Enrollment in Healthy Families, California Children's Services (CCS) and Genetically Handicapped Persons Program (GHPP)

The Governor proposes capping these programs at January 1, 2004 levels. In a year's time, there would be approximately 759 individuals on a waiting list for Healthy Families and 480 on a waiting list for CCS. These caps would result in an increase of approximately 1,239 children throughout the year, with children requiring complex and costly care on the waiting list for CCS. (An equivalent number for GHPP has not yet been obtained, but the proposed statewide enrollment cap for this program is only 1,679 individuals, making the local enrollment number quite small.)

Medi-Cal Reform

The budget proposes to restructure the Medi-Cal program by obtaining a Medicaid Demonstration Waiver. Due to the time needed to obtain and implement a waiver, no savings are included in this budget. Ideas put forth include simplify eligibility, multi-tiered benefit/premium structure, co-payments, managed care reform, and more.

Restructure Immigrant Programs

The budget proposes to restructure and consolidate a number of programs for immigrants and to fund them in a single block grant to counties for provision of basic safety net services. This would include a number of programs, including, but not limited to Healthy Families and the California Food Assistance Program.

Next Steps

The Legislative Analysts Office (LAO) has released a preliminary budget overview that notes that the Governor's budget is a good starting point, but questions a few of the proposals, including the 10 percent provider rate reduction given the preliminary court injunction on the 5 percent rate reduction from last year's budget. At this time the State's legislators have yet to take any actions on either the mid-year budget reduction proposal or the FY 2004-2005 proposal. Senate President Pro Tem John Burton has criticized the budget proposal, and began staking out a counterproposal centered around an increase in income taxes on the wealthiest Californians. Senator Burton dismissed the Republican governor's financial plan as "unworthy" of Californians because of its proposed cuts in programs for the poor — cuts he blamed on Schwarzenegger's decision to reduce the vehicle license fee by \$4 billion.

V. EXPENDITURES

Total expenditures for the Department of Public Health base budget are projected to increase by \$12.1 million from \$1,000.6 million in FY 03-04 to \$1,012.7 million in FY 04-05.

A complete list of changes in expenditures contained in the FY 04-05 budget is found in the Summary of FY 04-05 Baseline Adjustments. Expenditures by division are as follows:

Department of Public Health
Expenditures By Division
FY 04-05 Budget - Baseline & Program Changes

Division	Expenditures		
	FY 03-04 Budget	FY 04-05 Budget	Increase / (Decrease)
<u>Department of Public Health</u>			
San Francisco General Hospital	388,197,433	401,140,981	12,943,548
Health at Home	4,109,138	4,113,938	4,800
Primary Care	43,682,316	43,249,215	(433,101)
Jail Health Services	21,730,183	24,301,426	2,571,243
Laguna Honda Hospital	146,683,180	148,840,117	2,156,937
Public Health	85,322,111	85,524,450	202,339
Mental Health	158,385,407	159,799,210	1,413,803
Substance Abuse	56,303,179	55,818,736	(484,443)
Department-wide		(6,570,202)	(6,570,202)
Operating Budget	904,412,947	916,217,871	11,804,924
Grants	89,844,335	90,326,381	482,046
Projects	6,354,802	6,177,782	(177,020)
Total DPH	1,000,612,084	1,012,722,034	12,109,950

Contractor Services

The base budget does not contain cost of living adjustments (COLAs) to community-based agencies that contract with the Department to provide healthcare services, nor to the UC contract. If a COLA is not funded by the Mayor or the Board of Supervisors during the budget deliberations, the Department will work with its contractors to determine the impact on the service delivery system. Contractors will likely need to reduce their services in order to provide for required wage increases to their employees.

University of California Contract

The proposed budget includes expenditures for the contract with the University of California to provide a wide array of medical care for patients at SFGH. This allocation includes payment for services in the AIDS clinic, Oncology Clinic, Anesthesia, Cardiology, Clinical Laboratory, Emergency Services, Family and Community Medicine, Psychiatry, Pathology, Respiratory Therapy, Substance Abuse Services, among others. The budget is estimated at \$73.7 million, which represents the same amount of funding as in the current year budget, plus \$871,000 for the Orthopedic Surgery/Podiatry/Trauma Service initiative.

As stated earlier in this report, the base budget does not contain cost of living increases to contracted programs. If UC provides cost of living increases and/or merit increases to UC employees, then the UCSF and SFGH managers will quantify and prioritize the service impact in the contracted services for next year.

CAPITAL PROJECTS

Capital projects include construction, renovation, large maintenance projects, and routine maintenance of buildings and structures. The Department's Facilities Management staff manages minor projects, whereas the City's Bureau of Architecture staff manages major capital improvement projects. Most projects are contracted out, either by the Department of Public Health, or through the Bureau of Architecture.

The proposed FY 04-05 capital budget is \$5.4 million. This is a \$2.8 million increase over the current year capital budget of \$2.6 million, excluding the pending supplemental for the Laguna Honda Replacement Project which is pending at the Board of Supervisors. The FY 04-05 request, once approved by the Health Commission will be forwarded to the City's Capital Improvement Advisory Committee (CIAC). The CIAC will review and prioritize capital improvement projects citywide. In the spring, the Mayor's Office will determine the amount of general funds available to fund citywide capital projects.

The following provides a summary of capital improvement projects proposed for FY 04-05. The total amount proposed is \$5.40 million.

Rank	Project Title	2004/05	Revenue	General Fund
1	Facilities Maintenance - SFGH	1,500,000		1,500,000
2	Facilities Maintenance - LHH	900,000		900,000
3	Facilities Maintenance - Health Centers	320,000		320,000
4	Facilities Maintenance - Mental Health Clinics	120,000		120,000
5	Facilities Maintenance - Grove Street	60,000		60,000
6	SFGH Lifesafety Implementation of JCAHO 2005	400,000		400,000
7	SFGH 3M Radiographic Equipment Replacement	420,000		420,000
8	LHH Replace Load Center A1	300,000		300,000
9	SFGH Ortho Surgical Light - note b	100,000	100,000	0
10	SFGH Computed Radiography Processor Installation	85,000		85,000
11	LHH MIS Re-Cabling Wings A, B, C, H	150,000		150,000
12	SFGH Delivery Room Surgical Lights	120,000		120,000
13	SFGH House Video Medical Interpretation Project	30,000		30,000
14	SFGH Improvements for new dialysis clinic	500,000		500,000
15	SFGH Helipad Construction - note c	0		0
16	SFGH I/S Data Center Relocation	500,000		500,000
	REQUESTED TOTAL	\$5,505,000	\$100,000	\$5,405,000

Notes:

a - Three year implementation plan

b - Construction cost of \$100,000 self-funded through Trauma revenue plan

c - Placeholder for construction cost account, assumed to be funded through non-GF sources.

EQUIPMENT

Equipment is defined as items having a unit cost over \$5,000 and a useful life of three years. The FY 04-05 equipment request for the Department of Public Health is \$3.9 million of which \$3.2 is requested from the General Fund. This General Fund request is \$0.2 million greater than the equipment budget that was funded in this fiscal year. The list of equipment is presented with priority ranking.

Consistent with the strategic plan, the Department has requested an adequate budget to purchase the most high need items. The following chart provides a summary of the Department's equipment budget over the past five years.

DPH History of Equipment Budget

	FY 98-99	FY 99-00	FY 00-01	FY-01-02	FY-02-03	FY03-04	FY 04-05 Proposed
Equipment	\$7.7 million	\$1.8 million	\$5.5 million	\$4.7 million	\$3.0 million	\$4.9 million	\$3.9 million

Equipment Purchase

The FY 04-05 budget request of \$3.9 million includes equipment purchases for:

• San Francisco General Hospital	\$2,806,519
• Laguna Honda Hospital	916,528
• Primary Care	119,872
• Public Health Programs	<u>28,210</u>
Total	\$3,871,129

Detail of equipment items requested for FY04-05 is provided on the following table:

Division	Item	Qty	Estimated Cost	Revenue	General Fund
SFGH	Replacement Server/Occupational Hlth Server Required/New Dialysis System		44,346	-	44,346
SFGH	Edoscopic Ultrasound System with Scopes	1	249,550	-	249,550
SFGH	EMG Portable System	1	23,205	-	23,205
SFGH	Cardio and Pulmonary Testing System	1	103,220	-	103,220
SFGH	Staff Assisted Motorized Wheelchair	2	22,352	-	22,352
SFGH	Rider/Burnisher/Scrubber	1	21,092	-	21,092
SFGH	Adult Pediatric Ventilator *	18	700,445	-	700,445
SFGH	C-Arm	1	309,225	-	309,225
SFGH	Berchtold Chromophare Surgical Lights	2	18,020	-	18,020
SFGH	Berchtold Surgical Lights	1	21,760	-	21,760
SFGH	Berchtold Surgical Lights	1	35,918	-	35,918
SFGH	Ultrasound Machine	1	31,963	-	31,963
SFGH	Patient Monitor Upgrade	1	157,186	-	157,186
SFGH	Phillips Telemetry Monitor Upgrades	1	37,975	-	37,975
SFGH	Page Writer XLI Cardiograph	1	13,821	-	13,821
SFGH	Defibrillator -- HearthStart XL	4	42,633	-	42,633
SFGH	CMS Flatscreen Bedside Monitors	7	79,325	-	79,325
SFGH	Transesophageal Doppler Probe	1	32,550	-	32,550
SFGH	Bipolar Irrigating Coagulator	1	13,020	-	13,020
SFGH	Ultrasound Machine	1	31,963	-	31,963
SFGH	Orthopantomograph, OP 100 D Digital	1	22,972	-	22,972
SFGH	Viridia Cardiac Monitors	6	97,637	-	97,637
SFGH	Avalon Fetal Telemetry	2	21,023	-	21,023
SFGH	Transport Monitors	3	36,547	-	36,547
SFGH	Berchtold Surgical Lights	1	21,760	21,760	-
SFGH	Podiatry Oxygen and Pressure Monitor	1	11,935	11,935	-
SFGH	Flourosan	1	173,600	173,600	-
SFGH	Anspac Drill System	1	146,475	146,475	-
SFGH	OR Instrumentation		250,000	250,000	-
SFGH	Podiatry Instrumentation		35,000	35,000	-
	Total SFGH Requests for FY 04-05		2,806,519	638,770	2,167,748

Division	Item	Qty	Estimated Cost	Revenue	General Fund
LHH	Abstractor Software	1	90,000	-	90,000
LHH	Healthstream - Training	1	29,145	-	29,145
LHH	Bladder Scanner	1	12,518	-	12,518
LHH	Lifts	15	66,345	-	66,345
LHH	Workstations for 40 Nursing Units	1	101,990	-	101,990
LHH	Endo-,Colono-,Sigmoidoscopes Project	1	47,000	-	47,000
LHH	Hearing Aid Analyzer	1	11,501	-	11,501
LHH	Burnisher, Ausoscrubber Project	1	40,000	-	40,000
LHH	Endo-,Colono-,Sigmoidoscopes Project	1	43,000	-	43,000
LHH	Ergo Powered Pull Device for Tray Delivery Carts	2	18,000	-	18,000
LHH	Bladder Scanner	2	25,036	-	25,036
LHH	Dual Photon Bone Densitometer	1	42,858	-	42,858
LHH	Podiatry Chair	1	7,710	-	7,710
LHH	Mat Mgme/CSR Inpatient Billing Pilot	1	50,000	-	50,000
LHH	Bariatric Mat Platform 6'x8'	1	7,161	-	7,161
LHH	Stretchers/Stretcher Chairs	10	54,047	-	54,047
LHH	Lightwriter Communication Device	1	9,865	-	9,865
LHH	Wheelchairs OT	1	9,174	-	9,174
LHH	Enhancement for Nursing Units	1	109,043	-	109,043
LHH	Citrix Servers and Licenses	1	77,035	-	77,035
LHH	Workstations for 30 Units	1	65,100	-	65,100
	Total LHH Request for FY 04-05		916,528	-	916,528
PC	Bladder Scanner	1	14,627	-	14,627
PC	Hospital Beds	2	23,870	-	23,870
PC	Portable X-Ray Machine	1	58,590	-	58,590
PC	ADA Exam Tables	3	22,785	-	22,785
	Total Primary Care Request for FY 04-05		119,872	-	119,872
PHP	Hardware, software for digital imaging		28,210	-	28,210
	Total DPH FY 04-05 Request		3,871,129	638,770	3,232,359

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
Structural Issues							
A1	DEPT	Worker's Compensation Structural Issue		3,324,468		3,324,468	Based on projections provided by the Workers Compensation section of the Human Resources Department.
A2	GH	Premium & Holiday Pay Underfunding		1,108,975	-	1,108,975	Based on projected actuals vs. budget, no adjustment since FY 97/98
A3	GH	Underfunded Pharmacy Outpatient Svc Contract (PCN)		651,000	-	651,000	Increase in fee to administer contract tied to increased pharmaceutical drug costs and O/P pharmacy volume
A4	GH	Underfunded overtime and premiums for 24 by 7 operations		500,000		500,000	Reduce salary savings in hiring plan to reflect the reality that in 24 by 7 operations, vacancies are covered by increased use of overtime and premiums.
A5	GH	Adjust Support Services Staffing towards Benchmark Level	5.00	219,957		219,957	Maintain environmental services at required standards at regular time instead of overtime. Benchmark standards would mean adding 8.33 positions but only adding 5 positions.
A6	GH	Materials and Supplies variance		2,804,000		2,804,000	To balance to the hospital-wide projected variance for 2003-2004 v. budget (\$1.0 M supplemental given in FY 2002-2003)
A7	GH	Mandatory Nursing Education/Training		1,067,000		1,067,000	Funding is required to cover the cost to release staff and backfill the direct care clinical employees while they attend education and training mandated by regulatory agencies. This impacts all clinical areas required to be tested on clinical competencies and updated on new clinical procedures/equipment/health and safety requirements.
A8	GH	Underfunded Pharmacy Registry Contract		375,000	-	375,000	Based on projected usage and new market rates.
A9	GH	Underfunded Radiology Registry Contract		116,000	-	116,000	Based on projected usage and new market rates.
A10	GH	RN Uniform Allowance		221,300		221,300	Required by MOU, not separately budgeted previously
A11	GH	Underfunded Nurse Registry Contract		400,000		400,000	Based on FY 03/04 budget allocation.
A12	PC	McMillan Stabilization Center-Annualization	0.10				After six-months of the pilot project, there are certain staffing patterns that need to be adjusted, including the addition of relief workers and the substitution of various positions to reflect actual staffing. The downward substitutions cover the cost. \$33k to be transferred to CMHS-HMH-MCC730515 to pay for the Head Nurse upgrade.
A13	JH	OT/P103/Holiday Backfill		412,838		412,838	RN/LVN down time includes average use of sick days, vacation days, longevity days, floating holidays, regular holiday, and education leave that are backfilled with P103 or Overtime.
A14	JH	Other P103 use		265,408		265,408	Jail Health uses apx. 232 hours of P103 use every pay period to (232 X \$44 X 26 pp) fill vacant slots due to contract obligations (i.e. two weekends off per month per rn)
A15	JH	RN and LVN Salary Svgs		936,761		936,761	Jail Health cannot accrue salary savings for RN and LVN positions as every vacant RN and LVN position is backfilled with P103 or Overtime to meet contract obligations and minimum staffing levels
A16	JH	Fringe Adjustment		423,000		423,000	Jail Health begins each fy with -423,000 in fringe adjustment. This structure problems has been present in Jail Health's budget for many years
A17	JH	Variable Fringe		242,251		242,251	Estimated variable fringe adjustment (15%) for RN/LVN salaries
A18	LH	Address LHH Salary Deficit		1,500,000		1,500,000	Premium pay, continuing education, separation pay, floating holidays, and uniform allowances are not adequately funded. This proposal would address the resulting annual salary deficit.
A19	LH	Oyster Point Laundry Adjustments for Year 2		(104,358)		(104,358)	No need for Laundry Contract during interim installation. Other start-up costs also deleted.
A20	PH	Siemens Invision Patient Accounting		240,000		240,000	On-going cost - \$240,000 a year at SF-GH

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
A21	PH	Position Clean-Up		1,230	-	1,230	Downward substitution of a 1.0 2820 Sr. Program Planner to a 1.0 2825 Senior Health Educator to reflect the actual duties of this position. Substitution of 1.0 2244 Health Center Director to 1.0 0923 Manager II position to reflect new management classification.
A22	PH	Reduction in funding to actual projected usage for rehabilitative services in Maternal and Child Health		(142,942)	-	(142,942)	Reduction of \$142,942, or 13% of the budget for the City match for the mandated cost of medication and treatment services for youth with handicapping conditions. The reduction is to projected actual usage, and shouldn't impact any clients.
A23	MH	Napa Hospital Shortfall		403,286		403,286	Increased cost based on FY03-04 rate increases, and actual usage. May be higher in FY04-05 if rates increase.
A24	SA	SFGH Ward 93		110,720		110,720	CBHS provided one-time funding in FY03-04 for Ward 93 security for weekends and holidays. Ongoing funding would be used for 0.88 FTE Deputy Sheriff, (\$78,686) via the Sheriff's Department. Corresponding counselor time would be added to the SFGH/UC-CBHS-Substance Abuse MOU to be provided by UC staff (\$32,034).
A25	SA	Latino Commission - Perinatal Residential		(293,581)		(293,581)	The General Fund reduction for this program will be backfilled by CalWORKS funding.
Subtotal Structural Issues				14,782,313		14,782,313	
Inflationary Issues							
B1	DEPT	Pharmaceutical Increases		1,385,370		1,385,370	Net increase in drug costs. Includes \$200,000 for SFGH, \$4,800 for Health at Home, \$48,000 for Primary Care, \$142,703 for Jail Health and \$989,867 for Mental Health.
B2	HUH	Annual Direct Access to Housing (DAH) rent increases and building maintenance and operating expenses.		85,550		85,550	Funding for the automatic annual rent increases at each of the Dept's six DAH sites (\$85,550).
Subtotal Inflationary Issues				1,470,920		1,470,920	
Cost Increase Due to Regulatory Environment							
C1	GH	Nurse Ratio Annualization	10.50	966,250		966,250	Statutory requirement effective 01/01/04
C2	GH	SB151 Compliance-Pharmacy		100,000		100,000	In order to comply with SB151, starting July 2004, we will be required to print our blank prescriptions on special paper purchased from vendors approved by the State Board of Pharmacy. The annual cost of the new paper is estimated at \$100,000.
C3	DEPT	Estimate for amount for Prop C		1,871,173		1,871,173	Estimate from Controller's Office for the amount due to fund Controller's Audit Program resulting from Prop C. Includes \$585,626 for SFGH, \$297,179 for LHH, and \$988,368 for PHP.
Subtotal Regulatory Environment				2,937,423		2,937,423	
Revenue Neutral Programs							
D1	GH	Investigational Drug Services/Revenue Enhancement	0.75	49,091	60,000	(10,909)	Starting January 2004, JCAHO mandates hospital pharmacy departments to manage all investigational drug studies. In order to manage all studies and bill for services provided, additional pharmacy staffing is needed.
D2	PC	Homeless (TWHC) and Family Health Service (High Ctr 3)	(0.50)	-	-	-	Conversion of civil service to UC contract physicians. Expense neutral.
D3	PC	Eligibility Float Pool	1.67	70,131	132,193	(62,062)	1.00 FTE Eligibility Worker 2903 (\$64,675) AND 1.0 fte Medical Eligibility Worker 2908 to support registrations and encounter data entry for client volume increases. Funded by offsetting savings in overtime at SFGH and additional MediCal outpatient revenue in Primary care.

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
D4	PH	Increased Revenues - Adult Immunization Clinic	0.83	197,817	214,020	(16,203)	Baseline revenue increase for the Adult Immunization Clinic to be used for vaccine cost, other materials and supplies, and increase in personnel cost (position changes as follows: substitute 1.00FTE2589 to 1.00FTE 2591, substitute 1.00FTE 2586 to 1.00FTE 2587, add 0.58FTE 2320, substitute 1.00FTE 2320 to 1.00FTE 2328).
D5	MH	Department of Human Services Work Order Reduction		150,000		-	Short Doyle MediCal funding to backfill FY03-04 reduction to DHS Calworks Workorder based on State allocation reduction.
D6	MH	Annualization of EPSDT Pilot Project		119,016	119,016	-	Annualization of Pilot Project started in FY03-04 with Dept Child, Youth and Families providers. Funding sources are Short Doyle MediCal, State EPSDT Match and DCYF match.
D7	MH	Mayor's Local Law Enforcement Block Grant (MYLEB7) Replacement	1.00	89,980	89,980	(0)	Funding from U.S. Behavioral Health and Managed Care Network will be used to fund a 1.0 2930 Psych. Social Worker to provide child crisis services to their members. This Child Crisis clinic position would otherwise be eliminated due to the expiration of the grant on 6/30/04.
D8	HUH/MH	Position Clean-Ups	0.03	845		845	The following substitutions are to address position clean-ups in HUH: substitute 0.25 FTE 2230 Physician Specialist and transfer \$3,774 from temporary nurses to permanent nurses to fund substitution of 0.75 2320 Nurse to 1.0 2320 Nurse and substitute 0.85 Nurse Manager to 1.0 nurse Manager. The substitutions are cost neutral. The following substitutions are to address position clean-ups in MH: (1) .03 2930 Psych Social Worker unfunded due to workorder not funding COLAS, (2) delete .15 FTE 2454 Clinical Pharmacist to fund substitution of (3) 1.0 1635 Health Care Billing Clerk I to 1.0 1636 Health Care Billing Clerk II, (4) Subs 1.0 1662 Patient Accounts Asst. Sup to 1.0 1663 Patient Accounts Sup, (5) Subs 0.5 2312 LVN to .5 2305 Pysch Tech, and (6) Subs 1.0 2320 Nurse to 1.0 2322 Head Nurse
D9	GH	Women's Health Center Business Expansion Plan	3.38	332,083	332,083	-	To increase the capacity at Women's Health Center to care for prenatal patients. Currently the demand for service exceeds the ability to effectively initiate care and there is insufficient staff to efficiently tend to the high volume of drop-in clients. This initiative is to redesign the port of entry with additional staffing.
D10	PC	Mobile Ophthalmology Service (Eye Van)		127,500	159,822	(32,322)	To establish a mobile eye service that screen and treat children and adults for eye disease and prevent loss of vision through timely diagnosis and treatment.
Subtotal Revenue Neutral				1,136,483	1,257,114	(120,651)	
Increased Revenues							
E1	GH	Baseline Revenue Increase/(Decrease)			5,394,818	(5,394,818)	Based on latest revenue build-up detail.
E2	GH	Breast Cancer Nurse Practitioner Program	0.38	42,282	79,337	(37,055)	The December 2000 Mammography Task Force Report indicated that SFGH will double its capacity to provide mammography service when it open the Avon Breast Center at SFGH in May 2004. In order to handle the increased capacity, a Nurse Practitioner is required.
E3	GH	Orthopedic Surgery/Podiatry/Trauma Services	12.60	3,855,430	6,379,971	(2,524,541)	Improve patient care services for patients requiring orthopedic surgery, podiatry care and trauma services for all types of injuries by providing an eighth operating room at SFGH, improve access to podiatry service, and stabilizing the number of personnel and resources.
E4	GH	Product Standardization/OR Program	0.75	(16,670)		(16,670)	The program will allow Materials Management to fully explore and realize savings through standardization of products used in high cost procedures and services culminating in the creation of a product formulary.

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
E5	GH	Restructure of MediCal Capitation Split		1,484,670	1,896,144	(411,474)	Reduce the physician portion of the Managed Care Capitation paid by the San Francisco Health Plan. This generates additional Hospital Capitation and additional MediCal FQHC wrap-around payments.
E6	GH	Health Realignment Revenues			333,000	(333,000)	Per Controller's calculations
E7	LH	Revenue Projection			641,293	(641,293)	Multiple increases, decreases, and shifts detailed in Budget Change Request
E8	LH	Increase Prices of food			30,000	(30,000)	Increase prices of food in cafeteria by 15%
E9	EH	Massage Establishment Fees			163,000	(163,000)	Annual fee for massage establishment regulatory program transferred from SFPD
E10	EH	Fee increases for Food Program			520,928	(520,928)	Proposal to increase fees in the Food Program and institute a new Reinspection Fee
E11	EH	Fee increases for HMUPA Program			192,847	(192,847)	Proposal to increase fees in the HMUPA (Hazardous Materials Unified Program Agency) Program
E12	EH	New Tobacco Inspection Fee			225,000	(225,000)	Proposal to create a new annual fee for inspection of facilities that sell tobacco in San Francisco
E13	EH	Fee increases for Medical Waste Program			15,406	(15,406)	Proposal to increase fees in the Medical Waste Program
E14	EH	Monitoring wells workload reduction			(117,205)	117,205	Based on current year revenues and workload
E15	MH	Pharmacy MediCal Revenue			90,000	(90,000)	MediCal Revenue increase based on the increasing level of prescriptions filled by the in-house pharmacy
E16	MH	CMHS Misc. Revenue (63599)			420,000	(420,000)	Based on FY03-04 actual clients, revenues for capitated payments are expected to increase by \$420K as follows: \$126K for IHHS, 210K for Healthy Families and \$84K for Healthy Kids.
E17	MH	SSI Pilot Project		350,000	650,000	(300,000)	Funding to continue the SSI Pilot Project in FY04-05. The purpose of this pilot project is to assist clients in getting onto SSI, which will result in MediCal reimbursement. The pilot is expected to result in approx. \$650K in additional Short Doyle MediCal revenues, and 75 or more clients becoming eligible for SSI.
E18	MH	Federal Short Doyle MediCal Increase-Sharing Ratio			1,500,000	(1,500,000)	As a result of the Federal Government increasing its share of the cost of services to MediCal clients in FY03-04, the Department will generate additional MediCal revenues without providing additional services.
E19	MH	Health Realignment Revenues			1,705,000	(1,705,000)	Per Controller's calculations
E20	MH	Short Doyle MediCal Increase to Offset General Fund Reductions		296,985	446,985	(150,000)	(1) 150k in one-time Short Doyle MediCal generated by grant funded staff in FY04-05, (2) \$130,985 generated by five substance abuse programs to backfill General Fund reductions, and (3) \$146k in contractor requests to offset other program losses.
E21	PH	Health and Social Services Realignment			922,000	(922,000)	Per Controller's calculations
E22	PH	Targeted Case Management		197,700	524,000	(326,300)	Implementation of the new Targeted Case Management (TCM) program as the result of a class action lawsuit settlement will be overseen by the DPH Community Programs section. The purpose of the program is to ensure that clients transferred to or living in Laguna Honda Hospital receive screening and assessments for community based placements.
E23	SA	State Alcohol General Fund Revenue Reduction			(300,000)	300,000	Reflects actual State FY03-04 allocation.
E24	SA	Miscellaneous Fees			(81,111)	81,111	Projected reduction in cost report settlement repayments

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
E25	SA	Walden House Residential - Department of Human Services (DHS) Workorder- Food Stamp Eligibility and Training Funds (FSET)		(500,000)	-	(500,000)	DHS has included in its Federal FY03-04 FSET proposal, an amount of funding that would be claimed as a result of including an eligible CSAS residential program in the plan. Eligible programs provide job related services more than 20 hrs. per week to clients on food stamps, and do not receive other Federal funds for these services. It is expected that notification of the FY03-04 plan will occur in March. If FY03-04 is approved, then it is assumed that FY04-05 will be also. The eligible program identified for FY03_04 and FY04_05 is Walden House Adult Residential. Therefore, the General Fund allocation to Walden House will be reduced by \$500,000 which will be backfilled by FSET funds.
E26	SA	Unallocated Savings		(340,000)		(340,000)	The FY03_04 closure of the Medically Managed Detox at Ozanam Center and the defunding of the Women and Children's Family Services program resulted in savings that were not reallocated in FY03_04. As a result of these savings, the Department reduced CSAS' FY03_04 General Fund allocation in mid-year by \$340,000.
E27	DEPT	Charge Parking at all DPH Sites			1,075,020	(1,075,020)	Charge parking at Laguna Honda, 1380 Howard, 101 Grove, and Health Clinics with indoor parking. Currently charging at SFGH.
E28	Dept	Carryforward from FY 2003-2004			775,927	(775,927)	Carry forward of surplus from FY 2003-2004
		Subtotal Increase Revenues	13.73	5,370,397	23,482,360	(18,111,963)	
Expand Community Based Alternatives							
F1	GH	Mental Health Rehab Facility Conversion	(22.3)	(1,714,373)	77,526	(1,791,899)	This conversion will allow MHRF to transition from a 147 bed licensed Skilled Nursing Facility to a hybrid program model which adds to skilled nursing a mental health rehabilitation center, a residential care facility, and a residential treatment facility that offers day treatment.
F2	MH	Reallocation of savings from Long-Term Care Bed/IMD reductions and replacement of higher cost residential care facility beds with lower cost beds		(304,033)		(304,033)	(1) Replacement of five high cost IMD beds (\$260,425) with 10 lower cost residential care beds, \$48,454 enabling clients to move to SF County to a lower level of care, and (2) Replacement of six high cost RCF beds from Page Street Facility (\$235,425) with additional lower cost beds \$143,001 for a total reduction of (\$304,033). Effective for 10 months.
F3	SA	Maintain 200 methadone slots that would otherwise be lost due to lost grants and create 188 new slots	5.00	1,470,125	235,014	1,235,111	Replace funding to maintain SAMHSA Grant loss for physician based opiate treatment (100 slots), and SAMHSA Grant loss for Methadone Van (100 slots) and expand methadone treatment slots at Maxine Hall (92 slots), and Bayview Hunters Point Foundation (96 slots).
F4	SA	Maintain Walden House Rep Payee Program		75,000		75,000	Funding to maintain the Walden House Rep Payee program that serves 250 clients, and is slated to close in April, 2004 because the fees do not cover the expenditures. Services include initial intake for all participants, housing placement assistance, receipt of monthly entitlement, payment of rent and monthly bills, and weekly pickup and/or distribution of spending money. Virtually all of the rep payee participants are homeless at the point of intake.
		Subtotal Community Based Alternatives	(17.30)	(473,281)	312,540	(785,821)	
Focus Resources To Those Most in Need							
Administration and Operations Reductions							
G1	PH	15% Reduction in Public Health Director's Salary		(37,229)		(37,229)	

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
G2	PH	AB75 Project	(2.00)	(351,947)	(351,947)	-	Based on the FY03-04 State allocation of tobacco tax monies, the allocation to AB75/CHIP program has been reduced by half. (In FY03-04, the Mayor's Office covered the shortfall.) As a result of the reduction, reimbursement to SFGH and six private hospitals will be reduced for inpatient and outpatient visits to medically indigent (\$102,464), \$46,124 for the Fiscal Intermediary, as well as \$305 in administrative operating costs, and \$55,155 in overhead. Additionally, the following administrative positions will be eliminated: 0.5 1654 Principal Accountant; 0.75 1632 Senior Account Clerk; 0.25 1426 Sr. Clerk Typist; 0.25 1823 Administrative Analyst, and 0.25 2588 Health Worker IV.
G3	GH	Administrative Efficiencies		(750,000)		(750,000)	Anticipated savings due to Prop C findings.
G4	GH	Reorganization of Department of Training and Quality Management at SFGH	0.83	(449,050)		(449,050)	Reorganization of job classes and assignments in Nursing Education and Utilization Management.
G5	LH	Reorganization of Department of Training and Quality Management at LHH		(114,553)		(114,553)	Reorganization of job classes and assignments in Nursing Education and Utilization Management.
G6	MH	CMHS Civil Service Clinic consolidation	(0.83)	(195,818)		(195,818)	Proposal to consolidate the Southeast Mission Geriatric and Team II Mental Health Clinics with OMI Mental Health Clinic to achieve rent and personnel savings. The Clinic Director of Southeast Mission Geriatric would revert back to a full-time clinician. The Directors at each of the other two clinics would be deleted and replaced by a new 1.0 0931 Manager who would oversee the management of all three clinics at the new consolidated site.
G7	GH	Eliminate UCSF Social Workers in UCSF Department of Psychiatry		(538,837)		(538,837)	Overlap exists between Community Behavioral Health Social Work and UCSF Psychiatry Social Work. Discharge planning to be done by Community Behavioral Health.
G8	PC	Primary Care Restructure - Administration	(10.94)	(1,038,627)	-	(1,038,627)	Decrease Primary Care administrative positions
G9	DEPT	Administration Reductions	(85.00)	(5,070,202)		(5,070,202)	Administrative Position Reductions
G10	JH	Jail Health Staffing Restructure based on Skill Sets		(79,990)		(79,990)	Lower the ratio of RNs to LVNs
G11	SA	Walden - Residential Program Efficiencies		(292,212)		(292,212)	The Department will fund 12 fewer beds. However, as the result of the utilization review procedures are implemented to ensure the clients leave residential treatment as soon as they are ready, the length of stay for some clients will decrease, with the overall result that the same number of unduplicated clients will receive services.
G12	GH	Asthma Prevention Program	1.5	(4,782)	35,587	(40,369)	Currently, San Francisco State University operates an asthma prevention program that provides education, prevention and home visits to pediatric clients who have been recently diagnosed with asthma for an annual cost of \$125k. Under the contractual arrangement, the Dept. is not able to generate revenues to offset the cost. Therefore, the Department is proposing to reduce the contract effective October 1, and create 2.0 FTE 2587 Health Worker II positions, effective October 1. These positions will be created within the Maternal and Child Health section to enable MediCal generation which will offset the cost of the program.
Subtotal Administration and Operations Reductions				(8,923,247)	(316,360)	(8,606,887)	

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Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
Referral Services Reductions							
H1	GH	SFGH Patient Referral/Urgent Care Consolidation	(3.00)	(270,723)	-	(270,723)	Patients will be directed to Urgent Care to make appointments with unit clerks and health workers and would talk to a triage nurse for advice. No reduction in number of patients referred but reduction in referral service venue. There are vacant positions in Urgent Care which will be eliminated. One position will remain in the lobby.
Subtotal Referral Services Reductions							
			(3.00)	(270,723)	-	(270,723)	
Behavioral Health							
Subtotal Focus Resources							
			(103.01)	(4,296,854)	23,478,540	(27,715,394)	
Substance Abuse							
I1	SA	Mt. St. Joseph's Epiphany Center		(260,000)		(260,000)	Reduction of one-time allocation to Mt. St. Joseph to partially backfill its three-year SAMHSA grant that expired June 30, 2002. The agency would require \$580k to continue. Maximum service reduction to 11 unduplicated clients and 1,188 units of service. Many clients may be transitioned to other programs.
I2	SA	Revenue Offset to General Fund Reduction: Four substance abuse youth services contractors providing day treatment and outpatient services, and one substance abuse contractor providing outpatient detoxification services.		(130,985)		(130,985)	Reduction of General Fund in five substance abuse programs will be replaced by Short Doyle MediCal funding resulting in an enhanced scope of blended services for dually diagnosed clients. (effective 9/1/04)
I3	SA	San Francisco Study Center - Cultural Competency Training		(40,000)		(40,000)	Reduction of Cultural competency training funds for over 180 community based organizations in San Francisco. Loss of funds will limit the ability of the Department to assist contractors in the development of effective cultural and linguistic competent programs.
I4	SA	Walden House - Intensive Treatment Services (WHITS)		(191,554)		(191,554)	Reduction of WHITS five-bed program, located at a facility that is neither licensed nor licensable. Accordingly, treatment services are currently provided offsite. The Department proposes treating WHITS clients at one of Walden's licensed residential facilities and reallocating \$83,330 to this facility to preserve on-site psychiatric services for these clients. There should be no client impact.
I5	SA	Walden House - Support for Parents		(91,956)		(91,956)	Elimination of program designed to assist single parents (who have successfully completed Walden's residential program) who are working towards reunification with their dependent children. To ensure that these clients continue to receive reunification services, they will be referred to the Department of Human Services who will provide assistance through one of their existing family reunification programs. As a result, there should be no reduction in services or units of service provided.
Subtotal Substance Abuse							
			0.0	(714,495)	-	(714,495)	
Mental Health							
J1	MH	Conard House - Transitional Residential Treatment		(100,000)	-	(100,000)	\$100k will be deleted because funding used primarily for one-time costs in FY03-04. Therefore, there should be no direct client impact. Effective July 1, 2004.

Base Budget - FY 04-05

Item	Div	Description	FTE's	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
J2	MH	Private Provider Network (PPN)-Outpatient Mental Health Services		(352,500)		(352,500)	Reduction of 10% in the Private Provider Network by: (1) Civil Service clinic directors increasing client loads, (2) denying service to indigent clients who have some form of insurance, but choose not to use it, and (3) restricting language premium payment for only monolingual and limited English speaking clients as opposed to all clients in the caseload of eligible, bilingual clinicians. The proposed reductions are expected to displace 177 clients from the PPN and move 53 clients to the civil service clinics.
J3	MH	Anchor Project-OP Program		(33,825)		(33,825)	Reduction of vacant position in the Anchor Pilot program which provides outpatient and case management to developmentally disabled clients with mental illness. (program funded through Bayview Hunter's Point Foundation which serves as a Fiscal Intermediary). Since there has been high turnover, there is no expected impact on clients as a result.
		Subtotal Mental Health	0.0	(486,325)		(486,325)	
		Other Eliminations/Reductions or Reprogramming					
K1	PC	Bayview Hunter's Point Adult Day Health		(46,295)		(46,295)	Eliminate adult day health services to 125 elderly clients & 7,500 units of service.
K2	HUH	Homeless Seniors Housing Project		(240,000)		(240,000)	Reduction of funding to develop a Senior Housing Project. The reduced funding will allow for the same number of beds through a lease with two non-profit hotels. There will be no affected seniors as a result of the reduction.
K3	HUH	Medical Respite		(500,000)		(500,000)	An amount of \$500K was provided in FY 03-04 to develop a Medical Respite site with implementation to be FY 04-05. However, because the FY 04-05 baseline doesn't include funds to annualize this project, the project implementation will be delayed until full funding is available.
K4	HUH	Ark of Refuge: Ark House		(236,208)		(236,208)	In FY 03-04 the Board of Supervisors added \$335,393 to Ark House's base budget of \$300,815 for a total contract of \$636,208. These funds were used, in part, to fund one-time site relocation costs. The Dept. has determined that the Ark House can operate efficiently on a \$400K budget at its new site.
K5	Dept	Standardized Contractors Indirects		(1,500,000)		(1,500,000)	Implementation of City wide schedule for indirect charges to contracts.
K6	GH	Pharmaceutical Co-Payment		(96,667)	135,833	(232,500)	This proposal will require a \$5 per generic prescription or \$10 per non-generic prescription co-payment from patients whose incomes exceed 100% of the Federal Poverty Level (FPL), with copy there is an estimated decrease in utilization of pharmaceuticals.
K7	GH	Interpreter Services	(5.0)	(372,018)		(372,018)	Based on what we learned about interpreter services in last year's budget crisis, when funds were restored to interpreters we moved positions from the night shift to the day and evening shift. This change was made because we learned that few calls for translation were made at night and for those that were made we could instead utilize our bilingual staff or phone translation services. Although the positions have been moved to the day shift, most of the positions added back are currently vacant due to our budget deficit in the current year and the City-wide freeze on hiring.
K8	PC	California Acupuncture Resources		(33,333)		(33,333)	Elimination of acupuncture services effective September 1, which will eliminate services to 76 homeless clients and 250 units of service.
		Subtotal Other	(5.0)	(3,024,521)	135,833	(3,160,354)	
		Grand Total	(5.0)	11,804,924	24,871,487	(3,066,564)	