

**MESSAGE FROM THE DIRECTOR OF HEALTH ON FY 06-07 CONTINGENCY
BUDGET**

Introduction

On February 21, we presented the FY 06-07 Base Budget for the Department of Public Health. The Base Budget produced a General Fund reduction of \$7,323,694, which exceeded the Mayor's base budget instructions to absorb a \$7,132,741 cost equal to one-half of the \$14.26M employee retirement pickup for DPH.

The Mayor's Budget office has advised us of the need develop a plan to further reduce our General Fund subsidy by 3%. We are therefore submitting our contingency plan for your consideration. A 3% reduction would reduce our General Fund subsidy an additional \$7,802,877. The accompanying plan, which has been approved by the Mayor, would reduce our General Fund an additional \$6,809,883. This amount, combined with the excess reduction of \$190,953 in our base budget produces a General Fund contingency reduction of \$7,000,836.

Additional Revenue Projections - \$6,500,000

Since submitting the Base Budget at the end of February, we have continued to review our forecasts for opportunities to further increase the revenue budget. An increase in revenues reduces our reliance on General Fund. To the extent we can meet our contingency reductions with revenue increases, we avoid the far more difficult task of identifying reductions in expenditures. We are fortunate to have identified \$6,500,000 in additional revenues for 2006-07.

<u>Revenues</u>	<u>General Fund</u>
SFGH - Medi-Cal Payments	(\$3,300,000)
The base budget included \$8M in additional Medi-Cal revenues associated with the Medi-Cal Waiver. It now appears that the level of growth funding will be greater than earlier anticipated.	
SFGH - Capitation Revenue	(\$1,000,000)
We anticipate that we will receive a distribution of surplus funds from the SFHP early next fiscal year.	
Mental Health - Short Doyle Medi-Cal	(\$1,200,000)
We have analyzed trends in Short Doyle Medi-Cal reimbursement rates and audit settlements over the past several years and are able to project growth in payments for 2006-07 associated with expected increases in reimbursement rates and release of settlement reserves.	

Mental Health - SB90 / AB3632 (\$1,000,000)

The State has resumed payments to Counties for mental health services to handicapped and disabled students.

The Controller's office projects that revenues under this program will increase \$1M next fiscal year.

Total (\$6,500,000)

Increase in Expenditures at Laguna Honda Hospital - \$1,293,265

In February and March, Laguna Hospital underwent another licensing survey. Reviewers from CMS (Center for Medicare and Medicaid Services) accompanied the State Reviewers. Although the survey acknowledged significant areas of improvement, it also identified a number of deficiencies. Re-licensure will not be approved until LHH submits an acceptable plan of correction. An acceptable response will require the hospital to increase staffing for activity therapists, nurse training and education, quality management staff, a part time Dietician for the adult day health center, and a phlebotomist. In addition to staffing increases, \$100,000 is budgeted for external training resources to address the requirement that LHH increase its staff training and use and outside expert to ensure that we are using best practices throughout the facility. The corrective action plan will add \$1,293,265 to the General Fund (\$1,591,020 annualized).

Reductions to Expenditures - \$1,603,448

We were able to identify two initiatives to further reduce General Fund expenditures while avoiding reductions in services to those who rely on the Health Department for essential services. These reductions total \$1,603,448, (\$1,924,138 annualized).

Closure of the Workers Compensation Clinic at SFGH – This initiative was first proposed in the 2005-06 budget year but was restored by the Board of Supervisors. The annual operating cost of the clinic exceeds collected revenues by \$1,069,554. Closure of the Clinic on September 1, 2006 will eliminate 10.39 positions save \$891,295 in General Fund for 2006-07.

The Workers Compensation Clinic is designated by the Department of Human Resources as a medical provider for CCSF employees who are obtaining medical care under Workers Compensation Insurance. Services are paid based on a fee schedule set by the State. There are other medical providers in San Francisco who would be able to assume care to the 10,500 CCSF employees who currently receive care at SFGH.

Substance Abuse Residential Rate Equalization – The Department contracts for residential and overnight/partial day services at varying rates depending on clinical focus, target population and internal circumstances. This initiative would reduce the contract rate for several providers to 120% of the median rates in effect in 2005-06. The goal is to implement this reduction of payment rates without affecting the number of units of service provided. However, the clinical focus of the affected programs may change. Adjustment of rates on September 1 will save \$712,153 for 2006-07 (\$854,584 annualized).

Summary

Throughout this budget process we have managed to meet our General Fund reduction targets without reducing services. We have been fortunate to have the benefit of significant increases in revenue to offset our increased costs of doing business, propose a COLA for UC and our community partners, and cover most of the General Fund reduction targets.

**DEPARTMENT OF PUBLIC HEALTH
FY 2006-07 CONTINGENCY PLAN**

Item	Div	Description	FTE's Change	Position Change (Annual Number)	Expend Incr/(Decr)	Revenues Incr/(Decr)	General Fund	Comment
1	GH	Medi-Cal payments				3,300,000	(3,300,000)	The base budget included \$8M in additional Medi-Cal revenues associated with the Medi-Cal Waiver. It now appears that the level of growth funding will be greater than earlier anticipated. We anticipate that we will receive a distribution of surplus funds from the SFHP early next fiscal year.
2	GH	Capitation Revenue				1,000,000	(1,000,000)	We have analyzed trends in Short Doyle Medi-Cal reimbursement rates and audit settlements over the past several years and are able to project growth in payments for 2006-07 associated with expected increases in reimbursement rates and release of settlement reserves
3	CBHS-MH	Short Doyle Medical Revenues				1,200,000	(1,200,000)	The State has resumed payments to Counties for mental health services to handicapped and disabled students. The Controller's office projects that revenues under this program will increase \$1M next fiscal year.
4	CBHS-MH	Additional SB 90 Revenues				1,000,000	(1,000,000)	For the past 3 years, LHH has failed its initial licensing surveys. Most recently, inspectors from the California Department of Health Services and Centers for Medicare and Medicaid Services identified deficiencies that must be addressed before the hospital's license can be renewed. Specific to the 2006 survey, the hospital is responding to the more significant citations with a Plan of Correction that will require increases in staffing.
5	LHH	LHH Plan of Correction	12.75	17.00	1,293,265		1,293,265	The State of California sets the reimbursement fee schedule for services rendered under workers' compensation insurance. The rate of reimbursement is not sufficient to meet expenses. As a result of the rate decrease associated with Workers' Compensation Reform that went into effect January 1, 2005, we are seeing increasing deficits in the clinic. At the inception of the program it was anticipated that the clinic would generate revenue to cover expenses and increase referrals to specialty providers and ancillary services at SFGH. Due to the structure of the designated medical specialty referral panel, required authorization and utilization review procedures this has not been the case. There are other medical providers in the City of San Francisco who would be able to provide the required medical care to CCSF employees.
6	GH	Workers Compensation Clinic Closure	(8.66)	(10.39)	(1,334,475)	(443,180)	(891,295)	Substance Abuse residential services and overnight/partial day service contractors have varying rates depending on clinical focus, target population, and internal circumstances. The Department proposes to equalize residential treatment and overnight/partial day programs' unit rates within the range set forth below. The FY05_06 residential programs' median unit rate is \$88.23, and the FY05_06 overnight/partial day programs' median unit rate is \$68.97. The Department proposes reducing the unit rates of the above-noted residential programs and overnight/partial day program to 120 percent of the respective median rates. The effective date of this reduction initiative is September 1, 2006.
7	CBHS-SA	Residential Services Rate Equalization			(712,153)		(712,153)	
			4.09	6.61	(753,363)	6,056,820	(6,810,183)	

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- San Francisco General Hospital
- Laguna Honda Hospital
- Primary Care
- Jail Health
- Health At Home

- Public Health
- Mental Health
- Substance Abuse
-

DPH SECTION: San Francisco General Hospital

PROGRAM CONTACT NAME/PHONE: Valerie Inouye, 206-3599

PROGRAM / INITIATIVE TITLE: **Additional MediCal Revenues**

GENERAL FUND: **(\$3,300,000)**

TARGETED CLIENTS: N/A

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

The base budget included \$8M in additional Medi-Cal revenues associated with the Medi-Cal Waiver. It now appears that the level of growth funding will be greater than earlier anticipated.

JUSTIFICATION: (required by the Mayor's Office)

N/A

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

None

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Revenue will increase by \$3,300,000 resulting in a reduction in general fund support.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

None

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: SFGH MediCal

	FY 2005-06	Ongoing
Sources:		
Medi-Cal Revenue	\$ 3,300,000	\$ 3,300,000
Subtotal Sources (See build-up details)	3,300,000	3,300,000
Uses:		
Salaries and Fringes	\$ -	\$ -
Operating Expenses	-	-
Fac Maint & Equip	-	-
Subtotal Uses	-	-
Net General Fund Subsidy Required (Uses less Sources)	\$ (3,300,000)	\$ (3,300,000)
Total FTE's	0.00	0.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's
	None	

Fringe (26.5%)

Operating Expenses

Index Code	Character/Subobject Code
	None

Facilities Maintenance, and Equipment (List by each items by count and amount)

None

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- San Francisco General Hospital
- Laguna Honda Hospital
- Primary Care
- Jail Health
- Health At Home
- Public Health
- Mental Health
- Substance Abuse
-

DPH SECTION: San Francisco General Hospital
 PROGRAM CONTACT NAME/PHONE: Valerie Inouye, 206-3599
 PROGRAM / INITIATIVE TITLE: **Additional Capitation Revenue**
 GENERAL FUND: **(\$1,000,000)**

TARGETED CLIENTS: N/A

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

We anticipate that we will receive a distribution of surplus funds from the SFHP early next fiscal year.

JUSTIFICATION: (required by the Mayor's Office)

N/A

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

None

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Revenue will increase by \$1,000,000 resulting in a reduction in general fund support.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

None

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: SFGH Capitation

	FY 2005-06	Ongoing
Sources:		
Medi-Cal Revenue	\$ 1,000,000	\$ 1,000,000
Subtotal Sources (See build-up details)	1,000,000	1,000,000
Uses:		
Salaries and Fringes	\$ -	\$ -
Operating Expenses	-	-
Fac Maint & Equip	-	-
Subtotal Uses	-	-
Net General Fund Subsidy Required (Uses less Sources)	\$ (1,000,000)	\$ (1,000,000)
Total FTE's	0.00	0.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's
	None	

Fringe (26.5%)

Operating Expenses

Index Code	Character/Subobject Code
	None

Facilities Maintenance, and Equipment (List by each items by count and amount)

None

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- | | |
|---|---|
| <input type="checkbox"/> San Francisco General Hospital | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Laguna Honda Hospital | <input checked="" type="checkbox"/> Mental Health |
| <input type="checkbox"/> Primary Care | <input type="checkbox"/> Substance Abuse |
| <input type="checkbox"/> Jail Health | <input type="checkbox"/> |
| <input type="checkbox"/> Health At Home | |

DPH SECTION: Mental Health

PROGRAM CONTACT NAME/PHONE: Anne Okubo, 554-2857

PROGRAM / INITIATIVE TITLE: **Additional Mental Health Short Doyle MediCal Revenue**

GENERAL FUND: **(\$1,200,000)**

TARGETED CLIENTS: N/A

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

We have analyzed trends in Short Doyle Medi-Cal reimbursement rates and audit settlements over the past several years and are able to project growth in payments for 2006-07 associated with expected increases in reimbursement rates and release of settlement reserves.

JUSTIFICATION: (required by the Mayor's Office)

N/A

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

None

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Revenue will increase by \$1,200,000 resulting in a reduction in general fund support.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

None

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: Short Doyle MediCal Revenues

	FY 2005-06	Ongoing
Sources:		
Short Doyle MediCal Revenues	\$ 1,200,000	\$ 1,200,000
Subtotal Sources (See build-up details)	1,200,000	1,200,000
Uses:		
Salaries and Fringes	\$ -	\$ -
Operating Expenses	-	-
Fac Maint & Equip	-	-
Subtotal Uses	-	-
Net General Fund Subsidy Required (Uses less Sources)	\$ (1,200,000)	\$ (1,200,000)
Total FTE's	0.00	0.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's
	None	

Fringe (26.5%)

Operating Expenses

Index Code	Character/Subobject Code
	None

Facilities Maintenance, and Equipment (List by each items by count and amount)

None

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- | | |
|---|---|
| <input type="checkbox"/> San Francisco General Hospital | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Laguna Honda Hospital | <input checked="" type="checkbox"/> Mental Health |
| <input type="checkbox"/> Primary Care | <input type="checkbox"/> Substance Abuse |
| <input type="checkbox"/> Jail Health | <input type="checkbox"/> |
| <input type="checkbox"/> Health At Home | |

DPH SECTION: Mental Health

PROGRAM CONTACT NAME/PHONE: Anne Okubo, 554-2857

PROGRAM / INITIATIVE TITLE: **Additional SB 90 Revenues**

GENERAL FUND: **(\$1,000,000)**

TARGETED CLIENTS: N/A

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

The State has resumed payments to Counties for mental health services to handicapped and disabled students. The Controller's office projects that revenues under this program will increase \$1M next fiscal year.

JUSTIFICATION: (required by the Mayor's Office)

N/A

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

None

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Revenue will increase by \$1,000,000 resulting in a reduction in general fund support.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

None

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: SB 90 Revenues

	FY 2005-06	Ongoing
Sources:		
State-Mandated Cost Various	\$ 1,000,000	\$ 1,000,000
Subtotal Sources (See build-up details)	1,000,000	1,000,000
Uses:		
Salaries and Fringes	\$ -	\$ -
Operating Expenses	-	-
Fac Maint & Equip	-	-
Subtotal Uses	-	-
Net General Fund Subsidy Required (Uses less Sources)	\$ (1,000,000)	\$ (1,000,000)
Total FTE's	0.00	0.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's
	None	

Fringe (26.5%)

Operating Expenses

Index Code	Character/Subobject Code
	None

Facilities Maintenance, and Equipment (List by each items by count and amount)

None

2006-2007 Program Change Request

DEPARTMENT NAME:

- | | |
|---|---|
| <input type="checkbox"/> San Francisco General Hospital | <input type="checkbox"/> Public Health |
| <input checked="" type="checkbox"/> Laguna Honda Hospital | <input type="checkbox"/> CBHS - Mental Health |
| <input type="checkbox"/> Primary Care | <input type="checkbox"/> CBHS - Substance Abuse |
| <input type="checkbox"/> Jail Health | <input type="checkbox"/> |
| <input type="checkbox"/> Health At Home | |

DPH SECTION: Laguna Honda Hospital (LHH)
PROGRAM CONTACT NAME/PHONE: John Kanaley 759-2363
PROGRAM / INITIATIVE TITLE: **LHH Plan of Correction**
GENERAL FUND: **\$1,293,265**

TARGETED CLIENTS: Laguna Honda Staff and Residents

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

For the past 3 years, LHH has failed its initial licensing surveys. Most recently, inspectors from the California Department of Health Services and Centers for Medicare and Medicaid Services identified deficiencies that must be addressed before the hospital's license can be renewed. Specific to the 2006 survey, the hospital is responding to the more significant citations with a Plan of Correction that will require increases in staffing:

- LHH was cited for the deficiencies in level of resident supervision and nurse staffing levels. Although the 2006-07 budget includes increases in nursing hours per patient day (NHPPD), surveyors also require increased staffing of activity therapists (Health Workers III and IV) for the High Risk units, (Dementia, Complex and Positive Health). We propose to add 8 Health Worker positions to increase resident supervision, and resident activities, with a goal of reducing the incidence of patient-to-patient altercations.
- LHH was cited for deficiencies in staff education. Following the FY06 and FY07 strategic planning sessions, we created a Department of Education and Training. However we did not have funding to adequately staff the program to track compliance with training requirements. We need to add two additional clinical nurse specialists for direct care in-service training and validation of annual core competencies, one nursing assistant plus clerical support. In addition, the inspectors require that LHH utilize external resources to provide specialized training. We have therefore included \$100,000 in training funding.
- In response to identified deficiencies in our Quality of Life and Quality of Care areas, we must invest in LHH's Quality Management Division to better analyze trends and diagnose problems. We propose to add a Clinical Nurse Specialist, analysts and clerical support to strengthen the QM function.
- Other deficiencies require the following additional positions:
 - Adult Day Health – A 0.5 FTE Clinical Dietician will be added.
 - Phlebotomy – a 1.0FTE Medical Evaluation Analyst will be added.

JUSTIFICATION: (required by the Mayor's Office)

- Over the past three years, LHH has failed initial Licensing and Certification surveys. The new positions will provide the infrastructure that will:
 - better address the complex needs of LHH residents through improved activities,

- improve the quality of nursing care delivered,
- enhance competency skills of nursing care staff.
- enable LHH to become proactive in Quality Management.

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

Enhance care to the 1,700 residents served annually.

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

\$1,293,265 in salaries, fringe benefits and professional services during the first fiscal year (\$1,591,020 in subsequent years.)

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

12.75 FTEs during the first year, annualized to 17 in subsequent years.

**ATTACHMENT B
SUMMARY OF PROGRAM COST**

INITIATIVE TITLE: LHH PLAN OF CORRECTION

	FY 2006-07	Ongoing
Sources:	\$ -	\$ -
Subtotal Sources	-	-
Uses:		
Salaries and Fringes	\$ 1,193,265	1,591,020
Contracted Training Services	100,000	100,000
	-	-
Subtotal Uses	1,293,265	1,691,020
Net General Fund Subsidy Required (Uses less Sources)	\$ 1,293,265	\$ 1,691,020
Total FTE's	12.75	17.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's		
2588	Health Worker IV	0.75	\$	48,275
2587	Health Worker III	5.25	\$	289,153
2340	MEA	0.75	\$	38,573
2624	Clinical Dietitian	0.38	\$	26,094
2323	CNS	2.25	\$	296,802
2119	Health Care Analyst	1.50	\$	106,449
1426	Sr. Clerk Typist	1.13	\$	56,870
2302	Nursing Assistant	0.75	\$	43,145
		12.75	\$	905,360
	Fringe (31.8%)		\$	287,905
			\$	1,193,265

Operating Expenses

Index Code	Character/Subobject Code		
	Training from Stanford/UC/CSUSF per regulatory.	\$	100,000

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- | | |
|--|--|
| <input checked="" type="checkbox"/> San Francisco General Hospital | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Laguna Honda Hospital | <input type="checkbox"/> Mental Health |
| <input type="checkbox"/> Primary Care | <input type="checkbox"/> Substance Abuse |
| <input type="checkbox"/> Jail Health | <input type="checkbox"/> |
| <input type="checkbox"/> Health At Home | |

DPH SECTION: SFGH

PROGRAM CONTACT NAME/PHONE: Roland Pickens, 206-35228

PROGRAM / INITIATIVE TITLE: **Workers Compensation Clinic Closure**

GENERAL FUND: **(\$891,295)**

TARGETED CLIENTS: Employees of the City and County of San Francisco

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

The Workers' Compensation Clinic at SFGH is designated by the Department of Human Resources Workers' Compensation Division as a medical provider for CCSF employees who are obtaining medical care under Workers' Compensation Insurance. The clinic provides treatment to CCSF employees who sustain work-related illness or injury. It is proposed to discontinue the Workers' Compensation Clinic as a designated treatment provider.

JUSTIFICATION: (required by the Mayor's Office)

The State of California sets the reimbursement fee schedule for services rendered under workers' compensation insurance. The rate of reimbursement is not sufficient to meet expenses. As a result of the rate decrease associated with Workers' Compensation Reform that went into effect January 1, 2005, we are seeing increasing deficits in the clinic. At the inception of the program it was anticipated that the clinic would generate revenue to cover expenses and increase referrals to specialty providers and ancillary services at SFGH. Due to the structure of the designated medical specialty referral panel, required authorization and utilization review procedures this has not been the case. There are other medical providers in the City of San Francisco who would be able to provide the required medical care to CCSF employees.

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

The clinic provides medical care and case management services to approximately 10,500 CCSF employees per year who are obtaining medical care under workers' compensation insurance. The SFGH clinic is not the only medical provider designated by the CCSF Workers' Compensation Division to provide injury and illness treatment. There are other medical providers in San Francisco who would be able to assume this care. In addition, employees may pre-designate their personal health care provider to render care if they sustain a work-related illness or injury.

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Closure will reduce expenses by \$1,334,475 and revenue by \$443,180 with a net General Fund savings of \$891,295 in FY 06/07; ongoing net GF savings will be \$1,069,554.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

Reduction of 8.66 FTEs in FY 06/07. There are vacancies in the affected job classes within the DPH that could absorb the majority of displaced employees.

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: Worker's Compensation Clinic Closure

Sources:	FY 2006-07 (10 Months)	Ongoing
65307 Other Patient Revenue (Worker's Comp)	\$ (443,180)	\$ (531,816)
	\$ -	\$ -
	\$ -	\$ -
Subtotal Sources	\$ (443,180)	\$ (531,816)
Uses:		
Salaries and Fringes	\$ (736,916)	\$ (884,299)
Operating Expenses	(597,559)	(717,071)
Fac Maint & Equip	-	-
Subtotal Uses	(1,334,475)	(1,601,370)
Net General Fund Subsidy Required (Uses less Sources)	\$ (891,295)	\$ (1,069,554)
Total FTE's	(8.66)	(10.39)

New Positions (List positions by Class, Title and FTE)

<u>Class</u>	<u>Title</u>	<u>FTE</u>	<u>(10 months)</u>
2320	Registered Nurse	(1.67)	(162,013)
P-103	Per Diem Nurse	(1.16)	(112,536)
2312	LVN	(1.67)	(103,972)
2105	Pt Svcs Finance Tech	(3.33)	(168,684)
1404	Clerk	(0.83)	(43,582)
9993N	Salary Savings		31,671
			(559,117)
	Fringes @ 31.8%		(177,799)
		(8.66)	\$ (736,916)

Operating Expenses

Index Code	Character/Subobject Code	
HGH-OSHOW	021/02700 Professional Services	(1,828)
HGH-OSHOW	021/02786 UCSF Contract (MAP physician & supplies)	(554,389)
HGH-OSHOW	040/04461 Pharmaceuticals	(24,848)
HGH-OSHOW	040/04000 Medical & Other Supplies	(16,493)
		\$ (597,559)

Facilities Maintenance, and Equipment (List by each items by count and amount)

None

2006-2007 Program Change Request
Contingency

DEPARTMENT NAME:

- | | |
|---|--|
| <input type="checkbox"/> San Francisco General Hospital | <input type="checkbox"/> Public Health |
| <input type="checkbox"/> Laguna Honda Hospital | <input type="checkbox"/> CBHS - Mental Health |
| <input type="checkbox"/> Primary Care | <input checked="" type="checkbox"/> CBHS - Substance Abuse |
| <input type="checkbox"/> Jail Health | <input type="checkbox"/> |
| <input type="checkbox"/> Health At Home | |

DPH SECTION: Community Behavioral Health Services – Substance Abuse
PROGRAM CONTACT NAME/PHONE: James Stillwell, 255-3717
PROGRAM / INITIATIVE TITLE: **Residential Services Rate Equalization**
GENERAL FUND: **(\$712,153)**

TARGETED CLIENTS: Adult Substance Abusers

PROGRAM DESCRIPTION: (Description of Program Change)

(If proposing reductions to Contractors, provide name of contractor, program and amount)

Baker Places Acceptance Place Residential, \$150,928 reduction; Haight Ashbury Center for Recovery Residential, \$181,379 reduction; Latino Commission Casa Quetzal Residential, \$86,549 reduction; Walden House SFGH Treatment Access Residential, \$21,361 reduction; Walden House Intensive Treatment Services Residential (WHITS), \$123,529 reduction; and, Latino Commission Casa Aviva Overnight/Partial Day program, \$148,408.

JUSTIFICATION: (required by the Mayor's Office)

Substance Abuse residential services and overnight/partial day service contractors have varying rates depending on clinical focus, target population, and internal circumstances. The Department proposes to equalize residential treatment and overnight/partial day programs' unit rates within the range set forth below. The FY05_06 residential programs' median unit rate is \$88.23, and the FY05_06 overnight/partial day programs' median unit rate is \$68.97. The Department proposes reducing the unit rates of the above-noted residential programs and overnight/partial day program to 120 percent of the respective median rates. This will result in a General Fund savings of \$854,584. The effective date of this reduction initiative is September 1, 2006.

These above-referred residential and overnight/partial day programs provide services to the most critically ill and hardest to serve substance abusing populations as follows: Baker Acceptance, gay and bisexual men; Haight Ashbury Center for Recovery, positively HIV diagnosed with mental health disorders; Latino Commission Casa Quetzal, Latino mono-lingual; Walden House SFGH Treatment Access, those referred from SFGH by the Treatment Access Team; Walden WHITS, chronically mentally ill; and, Latino Commission Casa Aviva, Latina females who are either pregnant or have children less than 12 months of age.

IMPACT ON NUMBER OF CLIENTS SERVED AND UNITS OF SERVICE PROVIDED

There is a significantly likelihood that these programs would be forced to change their clinical focus, target populations and treatment protocols to reduce their rates to 120 percent of their respective medians. This will likely result in changes to client length of stay and client retention, and therefore the impact service rate equalization will have on the number of clients served is not known at this time. It is

clear, however, that this hardest to serve client population will suffer residential service reductions. The Department projects that the number of units of service provided should not be impacted.

EXPENSE AND REVENUE IMPACT (Reductions/Reallocations-complete supporting budget doc)

Equalization of residential and overnight/partial day services rates will result in a reduction to the General Fund 027 line of \$712,153 in FY06_07 and \$854,584 in FY07_08.

IMPACT ON DEPARTMENT'S WORKFORCE (increase or decrease of FTE's)

There will be no impact on the Department's workforce.

**ATTACHMENT B
SUMMARY OF PROGRAM COST
CONTINGENCY**

INITIATIVE TITLE: Residential Services Rate Equalization

	FY 2006-07	Ongoing
Sources:	\$ -	\$ -
Subtotal Sources	-	-
Uses:		
Salaries and Fringes	\$ -	\$ -
027 Medical Services Contracts	(712,153)	(854,584)
Subtotal Uses	(712,153)	(854,584)
Net General Fund Subsidy Required (Uses less Sources)	\$ (712,153)	\$ (854,584)
Total FTE's	0.0	0.0

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE's	
			-
			-
	Fringe (26.5%)		-
			\$ -

Operating Expenses

Index Code	Character/Subobject Code		
HMHSCCRES227	027 Medical Services Contracts	(712,153)	(854,584)

Facilities Maintenance, and Equipment (List by each items by count and amount)

**HEALTH COMMISSION
City and County of San Francisco
Resolution No. _____**

**APPROVING THE SUBMISSION OF THE DEPARTMENT OF
PUBLIC HEALTH'S CONTINGENCY BUDGET FOR FISCAL YEAR 2006/07**

WHEREAS, the City and County of San Francisco is facing a \$65M shortfall for fiscal year 2006-07 and the Mayor's Budget Office has instructed Departments to submit a list of contingency reductions equal to 3% of their General Fund; and,

WHEREAS, the consequence of these instructions is that Department must submit a plan to absorb up to \$7.8M in General Fund; and,

WHEREAS, the Department has developed a plan to reduce the General Fund by an additional \$7M, which includes \$191K in excess reductions made to the base budget; and,

WHEREAS, the plan includes a \$1.3M increase in expenditures at Laguna Honda Hospital to ensure the Hospital's regulatory compliance; and,

WHEREAS, the plan has been tentatively approved by the Mayor's Budget Office; and,

WHEREAS, despite the size of the fiscal shortfall, the plan does not require service reductions and preserves all prevention and promotion activities and all children's programs; now, therefore, be it

RESOLVED, that the Health Commission approves submission of the Department of Health's contingency budget for fiscal year 2006-2007 to the Mayor's Office

I hereby certify that the San Francisco Health Commission at its meeting of April 18, 2006 adopted the foregoing resolution.

Michele M. Seaton
Executive Secretary to the Health Commission