

V. SUMMARY OF PROPOSED BUDGET FOR FY 05-06

Baseline Budget

The total proposed budget for FY 05-06 for the Department of Public Health, including grants is \$1,082.7 million. The proposed expenditure budget is a \$33.5 million increase over the current year revised budget of \$1,049.2 million.

Operating revenues, including \$3.9 in roll over funds are projected to increase by \$32.7 million from \$708.0 million in FY 04-05 to \$740.7 million in FY 05-06.

Grant and project revenues are projected to decrease by \$12.1 million from \$101.3 million in FY04-05 to \$89.1 million in FY 05-06.

If the base budget is approved as requested, the FY 05-06 City and County General Fund allocation to the Department of Public Health will increase by \$13 million. The General Fund budget increases from \$239.9 million in FY 04-05 to \$252.9 million in FY 05-06.

In the event that the Mayor's Office of Public Policy and Finance requires additional cuts, a contingency plan with two options has been prepared. Option one totals \$11.5 and option two totals \$11.8.

The following report provides details for the Department of Public Health's budget. It includes proposed revenue, capital and equipment budgets.

The following page provides a department-wide summary of the revenues, expenditures and grant fund request in the proposed base budget for FY 05-06.

Department of Public Health
 Revenues and General Fund by Division
 FY 05-06 Budget - Baseline & Program Changes

	Revenues			Expenditures			General Fund		
	FY 04-05	FY 05-06	Increase/	FY 04-05	FY 05-06	Increase/	FY 04-05	FY 05-06	Increase/
	Budget	Budget	(Decrease)	Budget*	Budget	(Decrease)	Budget*	Budget	(Decrease)
<u>Department of Public Health</u>									
Public Health	62,419,269	63,636,946	1,217,677	87,503,688	86,553,537	(950,151)	25,084,419	22,916,591	(2,167,828)
Mental Health	132,704,403	133,633,700	929,297	159,816,270	165,742,328	5,926,058	27,111,867	32,108,628	4,996,761
Substance Abuse	23,661,511	23,697,027	35,516	54,254,173	51,706,659	(2,547,514)	30,592,662	28,009,632	(2,583,030)
San Francisco General Hospital	334,330,075	359,541,783	25,211,708	423,228,851	435,339,817	12,110,966	88,898,776	75,798,034	(13,100,742)
Health at Home	2,357,992	2,483,658	125,666	7,591,087	7,716,753	125,666	5,233,095	5,233,095	-
Laguna Honda Hospital	116,714,179	116,968,346	254,167	153,644,541	152,822,025	(822,516)	36,930,362	35,853,679	(1,076,683)
Primary Care	14,293,314	15,245,463	952,149	40,374,236	41,545,942	1,171,706	26,080,922	26,300,479	219,557
Jail Health Services	21,550,788	21,550,788	-	21,550,788	21,100,649	(450,139)	-	(450,139)	(450,139)
Department wide	-	-	-	-	31,103,556	31,103,556	-	31,103,556	31,103,556
Roll over	-	3,941,452	3,941,452	-	-	-	-	(3,941,452)	(3,941,452)
Operating Budget	708,031,531	740,699,163	32,667,632	947,963,634	993,631,266	45,667,632	239,932,103	252,932,103	13,000,000
Grants and Special Revenue	94,783,339	82,679,857	(12,103,482)	94,783,339	82,679,857	(12,103,482)	-	-	-
Special Revenues/Projects	6,467,856	6,438,596	(29,260)	6,467,856	6,438,596	(29,260)	-	-	-
Total DPH	809,282,726	829,817,616	20,534,890	1,049,214,829	1,082,749,719	33,534,890	239,932,103	252,932,103	13,000,000

* FY 04-05 Budget includes distribution of Nurses MOU \$8,435,577

VI. GENERAL FUND

The current year's General Fund adjusted subsidy for the Department of Public Health is \$239.9 million. If the base budget is approved, the Department's general fund will be \$252.9 million in FY 05-06, an increase of \$13 million.

VII. REVENUES

Total revenue funds for the Department of Public Health, including operating revenues, grants, and ongoing projects are projected to increase \$20.6 million from \$809.2 million in FY 04-05 to \$829.8 million in FY 05-06. In the proposed base budget, revenues would comprise 76.6% of our total budget.

Revenue (In Millions)			
	FY 04-05	FY 05-06	Variance
Operating Revenues	\$708.0	\$736.8	\$28.8
Roll over	\$0	\$3.9	\$3.9
Special Revenues/Grants	\$94.8	\$82.7	(\$12.1)
Projects	\$6.4	\$6.4	\$0
Total	\$809.2	\$829.8	\$20.6

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

**Department of Public Health
FY 05-06 Revenues**

Department of Public Health - Total				
	FY 04-05 Budget	FY 05-06 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	5,968,975	6,104,439	135,464	
Comm Mental Health	11,623,316	11,820,197	196,881	
State Alcohol Funds	15,690,070	15,690,070	-	
Prop 99 - Tobacco Tax - AB75	2,909,664	2,651,121	(258,543)	
State Mandated Cost	<u>1,972,594</u>	<u>1,972,594</u>	<u>-</u>	
Total - Other State	38,164,619	38,238,421	73,802	
Realignment				
Health	91,782,208	91,782,208	-	
Mental Health	61,524,000	61,524,000	-	
Social Services	<u>509,492</u>	<u>509,492</u>	<u>-</u>	
Total - Realignment	153,815,700	153,815,700	-	
Fees & Charges for Svcs	10,676,432	11,372,245	695,813	
Capitation Fees/Health Plan	27,294,370	27,142,175	(152,195)	
Bad Debt	(31,904,180)	(34,904,180)	(3,000,000)	
Medicare	62,938,366	69,107,193	6,168,827	
Medi-Cal				
SB855 Gross	98,224,658	98,224,658	-	
SB855 Net	34,419,917	34,419,917	-	
SB1255 Gross	-	-	-	
SB1255 Net	24,000,000	28,000,000	4,000,000	
MAA/TCM	7,301,275	7,301,275	-	
GME Gross	-	-	-	
GME Net	1,300,000	1,300,000	-	
Other Revenue	205,665,858	205,550,157	(115,701)	
Short-Doyle Medi-Cal	<u>48,652,241</u>	<u>48,174,729</u>	<u>(477,512)</u>	
Total Medi-Cal	419,563,949	422,970,736	3,406,787	
Insurance & Patient Revenue	53,209,330	74,920,162	21,710,832	
Property Rentals	1,863,067	1,863,067	-	
Miscellaneous Revenues	6,377,181	6,483,051	105,870	
Revenue Fr PH & Other City Dept	62,757,355	62,473,799	(283,556)	
Fund Balance	1,500,000	1,500,000	-	
Transfers/Other	(98,224,658)	(98,224,658)	-	
Roll Over	<u>-</u>	<u>3,941,452</u>	<u>3,941,452</u>	
Total Operating Revenues	\$ 708,031,531	\$ 740,699,163	\$ 32,667,632	
Grants & Special Revenue	<u>94,783,339</u>	<u>82,679,857</u>	<u>(12,103,482)</u>	
Special Revenues/Project	<u>6,467,856</u>	<u>6,438,596</u>	<u>(29,260)</u>	
Total	\$ 809,282,726	\$ 829,817,616	\$ 20,534,890	

**Department of Public Health
FY 05-06 Revenues**

Public Health				
	FY 04-05 Budget	FY 05-06 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	5,968,975	6,104,439	135,464	MCH State allocation increase to fund 1.75 FTEs
Comm Mental Health	-	-	-	
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	1,495,198	1,495,198	-	
State Mandated Cost	-	-	-	
Total - Other State	7,464,173	7,599,637	135,464	
Realignment				
Health	34,542,508	34,542,508	-	
Mental Health	-	-	-	
Social Services	509,492	509,492	-	
Total - Realignment	35,052,000	35,052,000	-	
Fees & Charges for Svcs	10,326,432	11,022,245	695,813	EHS rev increase \$377,108; AIC revenue increase \$318,705
Capitation Fees/Health Plan	-	-	-	
Bad Debt	-	-	-	
Medicare	1,000	1,000	-	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	2,339,275	2,339,275	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	1,127,755	1,511,755	384,000	\$384K Housing's FQHC M/Cal to offset expired grants
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	3,467,030	3,851,030	384,000	
Insurance & Patient Revenue	65,000	65,000	-	
Property Rentals	38,853	38,853	-	
Miscellaneous Revenues	1,966,956	1,969,356	2,400	
Revenue Fr PH & Other City Dept	4,037,825	4,037,825	-	
Transfers/Other	-	-	-	
Total Operating Revenues	\$ 62,419,269	\$ 63,636,946	\$ 1,217,677	
Grants	86,554,481	74,525,046	(12,029,435)	
Special Revenue/Projects	1,767,938	1,772,938	5,000	
Total	\$ 150,741,688	\$ 139,934,930	\$ (10,806,758)	

**Department of Public Health
FY 05-06 Revenues**

Mental Health				
	FY 04-05 Budget	FY 05-06 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	11,623,316	11,820,197	196,881	EPSDT/AB2034 revenues
State Alcohol Funds	-	-	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	1,972,594	1,972,594	-	
Total - Other State	<u>13,595,910</u>	<u>13,792,791</u>	<u>196,881</u>	
Realignment				
Health	-	-	-	
Mental Health	57,649,000	57,649,000	-	
Social Services	-	-	-	
Total - Realignment	<u>57,649,000</u>	<u>57,649,000</u>	<u>-</u>	
Fees & Charges for Svcs				
	-	-	-	
Capitation Fees/Health Plan				
	-	-	-	
Bad Debt				
	-	-	-	
Medicare				
	600,000	650,000	50,000	Medicare revenue increase
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	7,846,446	8,546,446	700,000	Pharmacy projected increase
Short-Doyle Medi-Cal	39,230,029	38,717,001	(513,028)	S/D M/Cal FFP projected net decrease
Total Medi-Cal	<u>47,076,475</u>	<u>47,263,447</u>	<u>186,972</u>	
Insurance & Patient Revenue				
	263,000	363,000	100,000	3rd Party reimb. projected increase
Property Rentals				
	-	-	-	
Miscellaneous Revenues				
	1,517,699	1,708,699	191,000	IHHS & Healthy Kids increase
Revenue Fr PH & Other City Dept				
	12,002,319	12,206,763	204,444	\$204,444 SSI M/Cal Enhancement
Transfers/Other				
	-	-	-	
Total Operating Revenues				
	<u>\$ 132,704,403</u>	<u>\$ 133,633,700</u>	<u>\$ 929,297</u>	
Grants				
	<u>6,247,606</u>	<u>5,753,896</u>	<u>(493,710)</u>	
Special Revenue/Projects				
	-	-	-	
Total				
	<u>\$ 138,952,009</u>	<u>\$ 139,387,596</u>	<u>\$ 435,587</u>	

**Department of Public Health
FY 05-06 Revenues**

Substance Abuse				
	FY 04-05 Budget	FY 05-06 Budget	Increase / (Decrease)	Comment
State Funds				
Calif Childrens Svcs / CHDP	-	-	-	
Comm Mental Health	-	-	-	
State Alcohol Funds	15,690,070	15,690,070	-	
Prop 99 - Tobacco Tax - AB75	-	-	-	
State Mandated Cost	-	-	-	
Total - Other State	<u>15,690,070</u>	<u>15,690,070</u>	-	
Realignment				
Health	-	-	-	
Mental Health	-	-	-	
Social Services	-	-	-	
Total - Realignment	<u>-</u>	<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>3,667,939</u>	<u>3,703,455</u>	<u>35,516</u>	Revenue loss due to Contractors'
Total Medi-Cal	<u>3,667,939</u>	<u>3,703,455</u>	<u>35,516</u>	
Insurance & Patient Revenue				
	-	-	-	
Property Rentals				
	-	-	-	
Miscellaneous Revenues				
	351,882	351,882	-	
Revenue Fr PH & Other City Dept				
	3,951,620	3,951,620	-	
Transfers/Other				
	<u>-</u>	<u>-</u>	<u>-</u>	
Total Operating Revenues	\$ 23,661,511	\$ 23,697,027	\$ 35,516	
Grants				
	<u>1,146,706</u>	<u>1,199,583</u>	<u>52,877</u>	
Special Revenue/Project	<u>4,280,322</u>	<u>4,265,658</u>	<u>(14,664)</u>	Prop36 Allocation decrease.
Total	\$ 29,088,539	\$ 29,162,268	\$ 73,729	

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

San Francisco General Hospital			
	FY 04-05 Budget		Increase / (Decrease)
State Funds			Comment
Calif Childrens Svcs / CHDP	-	-	-
Comm Mental Health	-	-	-
State Alcohol Funds	-	-	-
Prop 99 - Tobacco Tax - AB75	1,414,466	1,155,923	(258,543)
State Mandated Cost	-	-	-
Total - Other State	<u>1,414,466</u>	<u>1,155,923</u>	<u>(258,543)</u>
Realignment			
Health	57,239,700	57,239,700	-
Mental Health	3,875,000	3,875,000	-
Social Services	-	-	-
Total - Realignment	<u>61,114,700</u>	<u>61,114,700</u>	<u>-</u>
Fees & Charges for Svcs	-	-	-
Capitation Fees/Health Plan	26,087,026	25,537,026	(550,000) Based on PY Actuals & Projections
Bad Debt	(30,000,000)	(33,000,000)	(3,000,000) Based on PY actuals
Medicare	56,380,512	62,245,626	5,865,114 Based on PY actuals, initiatives
Medi-Cal			
SB855 Gross	98,224,658	98,224,658	-
SB855 Net	34,419,917	34,419,917	-
SB1255 Gross	-	-	-
SB1255 Net	24,000,000	28,000,000	4,000,000 PY actuals
MAA/TCM	4,000,000	4,000,000	-
GME Gross	-	-	-
GME Net	1,300,000	1,300,000	-
Other Revenue	83,596,148	81,718,453	(1,877,695) Based on PY actuals, initiatives
Short-Doyle Medi-Cal	5,754,273	5,754,273	-
Total Medi-Cal	<u>251,294,996</u>	<u>253,417,301</u>	<u>2,122,305</u> Net Medi-Cal is less SB855 IGT of \$98M
Insurance & Patient Revenue	45,005,255	66,526,087	21,520,832 Based on PY actuals, initiatives
Property Rentals	1,824,214	1,824,214	-
Miscellaneous Revenues	1,089,964	1,089,964	
Revenue Fr PH & Other City Dept	16,843,600	16,355,600	(488,000) Loss of First Five funding Hlthy Kids
Fund Balance	1,500,000	1,500,000	-
Transfers/Other	<u>(98,224,658)</u>	<u>(98,224,658)</u>	
Total Operating Revenues	\$ 334,330,075	\$ 359,541,783	\$ 25,211,708
Grants	-	-	-
Special Revenue/Projects	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total	\$ 334,730,075	\$ 359,941,783	\$ 25,211,708

**Department of Public Health
FY 05-06 Revenues**

Health At Home				
	FY 04-05 Budget	FY 05-06 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	932,234	1,046,995	114,761	Expanded rehab services
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	962,000	962,000	-	Reduction initiatives
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	362,778	373,683	10,905	Expanded rehab services
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	1,324,778	1,335,683	10,905	
Insurance & Patient Revenue				
Property Rentals	30,000	30,000	-	
Miscellaneous Revenues				
Revenue Fr PH & Other City Dept	-	-	-	
Transfers/Other	70,980	70,980	-	
Total Operating Revenues				
	\$ 2,357,992	\$ 2,483,658	\$ 125,666	
Grants				
Special Revenue/Projects	-	-	-	
Total	\$ 2,357,992	\$ 2,483,658	\$ 125,666	

**Department of Public Health
FY 05-06 Revenues**

Laguna Honda Hospital				
	FY 04-05 Budget	FY 05-06 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	4,190,524	4,284,476	93,952	
Medi-Cal	-	-	-	
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	105,843,451	106,093,146	249,695	
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	105,843,451	106,093,146	249,695	
Insurance & Patient Revenue	6,565,884	6,565,884	-	
Property Rentals	-	-	-	
Miscellaneous Revenues	933,220	843,740	(89,480)	Charges for parking
Revenue Fr PH & Other City Dept	81,100	81,100	-	
Transfers/Other	-	-	-	
Total Operating Revenues	\$ 116,714,179	\$ 116,968,346	\$ 254,167	
Grants & Special Revenue	-	-	-	
Special Revenue/Projects	-	-	-	
Total	\$ 116,714,179	\$ 116,968,346	\$ 254,167	

**Department of Public Health
FY 05-06 Revenues**

Primary Care				
	FY 04-05 Budget	FY 05-06 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	1,207,344	1,605,149	397,805	Growth in Hlthy Workers, Kids
Bad Debt	(1,004,180)	(1,004,180)		
Medicare	834,096	879,096	45,000	
Medi-Cal				
SB855 Gross	-	-	-	
SB855 Net	-	-	-	
SB1255 Gross	-	-	-	
SB1255 Net	-	-	-	
MAA/TCM	-	-	-	
GME Gross	-	-	-	
GME Net	-	-	-	
Other Revenue	6,889,280	7,306,674	417,394	Revenue Enhancement initiatives
Short-Doyle Medi-Cal	-	-	-	
Total Medi-Cal	6,889,280	7,306,674	417,394	
Insurance & Patient Revenue	1,280,191	1,370,191	90,000	Revenue Enhancement initiatives
Property Rentals	-	-	-	
Miscellaneous Revenues	492,460	494,410	1,950	
Revenue Fr PH & Other City Dept	4,244,123	4,244,123		
Transfers/Other	-	-	-	
Total Operating Revenues	\$ 14,293,314	\$ 15,245,463	\$ 952,149	
Grants	834,546	1,201,332	366,786	
Special Revenues/Projects	19,596	-	(19,596)	Gift fund beginning balance (99999B)
Total	\$ 15,147,456	\$ 16,446,795	\$ 1,299,339	

**Department of Public Health
FY 05-06 Revenues**

Jail Health Services				
	FY 04-05 Budget	FY 05-06 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				
	21,525,788	21,525,788	-	Gen subsidy to Sheriff work order
Transfers/Other				
	-	-	-	
Total Operating Revenues				
	\$ 21,550,788	\$ 21,550,788	\$ -	
Grants & Special Revenue				
	-	-	-	
Special Revenues/Projects				
	-	-	-	
Total				
	\$ 21,550,788	\$ 21,550,788	\$ -	

VIII. GRANTS

The grant budget for the Department of Public Health for FY 05-06 is \$ 82.6 million. This is a \$12.1 million decrease from FY 04-05 budget as follows:

Grant Revenues		
FY 04-05	FY 05-06	Decrease
\$ 94.8 million	\$ 82.7 million	\$ 12.1 million

Grant Revenues

Changes in grant budgets by program are as follows:

Grant Budget by Program			
	FY 05-06		
	FY 04-05	FY 05-06	Increase / (Decrease)
AIDS/HIV Services	\$61,081,085	\$50,911,641	\$(10,169,444)
Environmental Health	1,706,749	1,462,215	(244,534)
Epidemiology	1,726,039	3,885,725	2,159,686
Health Education	2,878,054	2,481,185	(396,869)
Housing & Urban Health	2,393,092	1,582,763	(810,329)
STD	2,720,246	2,527,238	(193,008)
Administration	13,483	11,396	(2,087)
Maternal and Child Health	8,888,470	7,836,417	(1,052,053)
Public Health Lab	550,000	420,000	(130,000)
TB	4,597,263	3,406,466	(1,190,797)
Mental Health	6,247,606	5,753,896	(493,710)
Substance Abuse	1,146,706	1,199,583	52,877
Primary Care	834,546	1,201,332	366,786
Total	\$94,783,339	\$82,679,857	\$(12,103,482)

AIDS/HIV Grants

In FY 05-06 grants associated with the AIDS/HIV programs decreased by \$10.2 million. The bulk of the decreases are due to:

- \$2.9 million decrease 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.

- \$2.3 million decrease 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.
- \$3.7 million decrease for the Ryan White Care Title I program that provides outpatient and clinical services for people living with HIV and AIDS.

Other significant changes in AIDS/HIV grants in FY 05-06 include the loss of \$0.7 million for the HIV-Care and Related Services for Women & Minority Grant and \$0.2 million for HIV Rapid Testing Grant. An additional \$0.27 million is expected for a new grant 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 decreased primarily due to the loss of the Removal of Barrier Asthma Grant.
- Epidemiology – grant revenues increased primarily due to \$1.1 million additional funding from the Health Preparedness and Response to Bioterrorism Grant and \$0.9 million expected for a new grant shown on the table *New Grants*.
- Health Education/Prevention – grant revenues decreased primarily due to the loss of the Children & Youth DV Free Project, the Attitudes and DUI Prevention Program, and the Safe Streets grants.
- Housing and Urban Health – grant revenues decreased primarily due to the loss of funding from SAMHSA, HRSSA and HUD for the collaborative initiative to help end chronic homelessness found in the table *New Grants*.
- STD – grant revenues decreased primarily due to reduction in the STD Prevention Grant.
- Maternal and Child Health – grant revenues decreased primarily due to reduction in the following grants: \$0.38 million CHDP, \$0.4 million WIC Program, \$0.2 million Foster Care, \$0.18 Childcare Linkage Project.
- Public Health Lab – grant revenues decreased due to reduction in the HIV Viral Load Testing I project.
- TB – grant revenues decreased due to funding reduction in the TB Prevention Grant.
- Mental Health – grant revenues decreased primarily due to \$0.7 million reduction in the Children’s System of Care Grant.
- Substance Abuse – grant revenues increased primarily due to additional funds expected for a new grant shown on the table *New Grants*. A loss of \$0.5 million Homeless Addiction Vocational & Educational Network Grant was offset by a new \$0.5 million Target Capacity Exp for Methamphetamine Grant.
- Primary Care – grant revenues increased primarily due to four new grants shown in the table *New Grants*.

New Grants

The following outlines the \$2.4 million in new grants for FY 05/06:

**New Grants
FY 05-06**

	Program	Amount
Morbidity and Risk Behavior Surveillance	AIDS/HIV Services	\$ 267,880
Glassy Winged Sharp Shooter Program	Environmental Health	63,888
Statewide Immunization Information Systems	Epidemiology	31,686
San Francisco Cities Readiness Initiative	Epidemiology	910,514
San Francisco Pedestrian Safety Project	Health Education	161,983
Youth Initiated Projects	Mental Health	3,050
Managed Health Network Performance Agreement	Mental Health	100,000
Evaluation Impact-Resource Center for Drug Use	Substance Abuse	12,427
Integrating Buprenorphine into SFGH	Substance Abuse	53,678
Target Capacity for Methamphetamine	Substance Abuse	500,000
Children's Dental Disease Prevention Program	Primary Care	30,429
SSI for Chronically Homeless & Mentally Ill People	Primary Care	195,320
Sustaining School-Based Health Care	Primary Care	18,820
HRSA National Bio-Terrorism Hospital Preparedness Program	Primary Care	25,000
		<hr/>
		\$2,374,675

IX. 2005-06 STATE BUDGET UPDATE

On January 10, 2005, Governor Schwarzenegger released his proposed fiscal year 2005-06 State budget. The Governor's budget addresses the \$9.1 billion shortfall primarily through program savings in education, social services, transportation, and employee compensation. Surprisingly, the health-related proposals were less severe than the Governor's Finance Director had indicated prior to the budget's release. Following are the major issues that would impact the Department:

Medi-Cal Redesign

As expected, the Administration's Medi-Cal redesign proposal was included in the State budget. In the budget year, these restructuring initiatives are expected to generate approximately \$12.3 million in savings. Key pieces of the proposal with the potential to impact the Department are:

Hospital Financing Proposal

The Administration's current hospital financing proposal attempts to significantly alter the structure of the SB 855 DSH program and the SB 1255 Supplemental Payment program by changing the method by which federal financial participation is brought into California while maintaining each hospital's existing level of funding. Currently, public hospitals provide intergovernmental transfers (IGTs) to the State, which are, in turn, forwarded to the federal government to be matched by Medicaid. Due to the federal government's desire to decrease use of IGTs, the State is proposing to instead fund SB 855 and SB 1255 using certified public expenditures (CPEs). CPEs are based on the costs public hospitals actually incur in providing care to eligible populations. However, it is questionable whether there are sufficient costs in the system to keep hospitals whole. The Administration is continuing to work on a proposal that is agreeable to both the Bush Administration and the hospitals. The Department has been and will continue to be actively engaged with its hospitals partners and its delegation on this critical issue.

Medi-Cal Managed Care for Aged Blind and Disabled

The budget proposes to make enrollment into managed care mandatory for aged, blind, and disabled Medi-Cal beneficiaries. This proposal is closely tied the hospital financing proposal, which relies on inpatient days by, among other populations, the aged, blind, and disabled, to draw down federal financial participation for the SB 1255 program. However, as stated above, the hospital financing proposal is intended to ensure that hospitals maintain at least their current levels of SB 855 and SB 1255 funding. The impact of this proposal is unknown.

Beneficiary Cost Sharing

The proposal would implement premiums for Medi-Cal beneficiaries above 100 percent of the federal poverty level. Premiums would be \$4 per child per month and \$10 for adults, with a maximum of \$27 per family per month. Beneficiaries that fail to pay their premiums for two months would be automatically disenrolled from Medi-Cal. The Administration estimates that this will result in 100,000 Medi-Cal beneficiaries losing their Medi-Cal coverage. With beneficiaries in San Francisco representing approximately 2 percent of the State's Medi-Cal population, this could mean that as many as 2,000 Medi-Cal beneficiaries in San Francisco would be disenrolled from Medi-Cal and, therefore, uninsured. This would create an increase in the demand for unreimbursed indigent care services at the Department.

Denti-Cal

The Administration's budget proposes implementing a \$1,000 cap for adult dental services, except emergency or hospital-based services. The impact of this proposal is unknown at this time, though it could impact the Department if private providers begin refusing Denti-Cal patients.

Cal Rx

Cal Rx is the Governor's prescription drug program for the uninsured. Cal Rx will utilize a "single point of entry" approach, where uninsured families and individuals under 300 percent of the annualized federal poverty level (\$27,936 for an individual and \$56,568 for a family of four) will have access to a Web-based clearinghouse that will allow the uninsured to more readily access the free and reduced-price drug assistance programs currently offered by the pharmaceutical manufacturers. In addition, Cal Rx beneficiaries who do not qualify for free drug programs will be able to take their prescription to a pharmacy and save approximately 40 percent off the retail price. The success of this program will be dependent upon ensuring that eligible individuals complete the necessary paperwork to make them eligible for the pharmaceutical company free or reduced price programs. Further, because the Department's drug benefit provides drugs for free or for copayments of \$5 or \$10, patients will probably choose to remain in our program rather than move to Cal Rx.

Outpatient Drug Program for Medicare and Medi-Cal Eligibles

The Federal Medicare Modernization Act (MMA) of 2003 established an outpatient prescription drug program for Medicare beneficiaries, including those who are dually eligible for Medicare and Medi-Cal. Beginning January 1, 2006, Medicare will be responsible for all drug coverage for dual eligibles as long as they sign up for Medicare's pharmacy program. Because California has a generous Medi-Cal drug formulary, it is possible that Medicare will not cover some drugs currently on California's formulary. Dual eligibles who fail to sign up for the program or who are prescribed drugs that are not on the Medicare formulary would likely come to the Department to access their medications through our drug program.

AB 3632 Program

The State is mandated by the federal government to provide services to special education pupil (SEP) children. The State used to comply with this mandate by requiring the public schools to provide these services. In 1984, AB 3632 transferred the mental health treatment/assessment responsibility from local education agencies (LEAs) to local mental health departments. In 1985, this shift was made complete with the enactment of AB 882, which allocated Special Education funds to local mental health departments. For the last decade, the State has provided funding to reimburse county claims for these services as part of the State Budget. The Administration proposes to remove the mandate on local mental health departments to provide these services and has removed all funding for this purpose with the exception of the \$69 million in special education funds. It is estimated that the annual statewide cost of the program is in excess of \$120 million, with a cost in San Francisco of approximately \$3.3 million. It appears that the Governor's intention is to have education cover the cost of these services, though no funding was allocated for this purpose in the education budget. It is not clear how this will be resolved.

X. EXPENDITURES

Total expenditures for the Department of Public Health base budget are projected to increase by \$33.5 million from \$1,049.2 million in FY 04-05 to \$1,082.7 million in FY 05-06.

A complete list of changes in expenditures contained in the FY 05-06 budget is found in the Summary of FY 05-06 Baseline Adjustments. Expenditures by division are as follows:

	Expenditures		
	FY 04-05 Budget*	FY 05-06 Budget	Increase/ (Decrease)
<u>Department of Public Health</u>			
Public Health	87,503,688	86,553,537	(950,151)
Mental Health	159,816,270	165,742,328	5,926,058
Substance Abuse	54,254,173	51,706,659	(2,547,514)
San Francisco General Hospital	423,228,851	435,339,817	12,110,966
Health at Home	7,591,087	7,716,753	125,666
Laguna Honda Hospital	153,644,541	152,822,025	(822,516)
Primary Care	40,374,236	41,545,942	1,171,706
Jail Health Services	21,550,788	21,100,649	(450,139)
Department wide	-	31,103,556	31,103,556
Roll over			
Operating Budget	947,963,634	993,631,266	45,667,632
Grants and Special Revenue	94,783,339	82,679,857	(12,103,482)
Special Revenues/Projects	6,467,856	6,438,596	(29,260)
Total DPH	1,049,214,829	1,082,749,719	33,534,890

* FY 04-05 Budget includes distribution of Nurses MOU \$8,435,577

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. It is estimated that each 1% in contractor COLAs (including the UC affiliation agreement) will add \$2.2 million to Health Department expenses. If the Mayor or the Board of Supervisors does not fund a COLA 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 \$78.0 million. This does not include any potential new program initiatives.

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.

XI. CONTINGENCY

The budget directions for FY 2005-06 require DPH to submit a contingency budget totaling \$10 million. In order to provide the Health Commission flexibility, two options are presented. Option one total \$11.5 and option two totals \$11.7. The summary by area is found below.

	<u>Revenues</u> FY 05-06 Contingency	<u>Expenditures</u> FY 05-06 Contingency	<u>General Fund</u> FY 05-06 Contingency
<u>Department of Public Health</u>			
Public Health	-	(1,400,000)	(1,400,000)
Mental Health	(812,907)	(2,608,787)	(1,795,880)
Substance Abuse	(97,000)	(4,141,028)	(4,044,028)
San Francisco General Hospital	(2,786,827)	(3,193,559)	(406,732)
Health at Home	(1,035,199)	(2,898,130)	(1,862,931)
Subtotal	(4,731,933)	(14,241,504)	(9,509,571)
Subtotal with selling PC Health Center	(2,731,933)	(14,241,504)	(11,509,571)
Subtotal with reducing hours of PC Health Center	(6,131,933)	(17,908,171)	(11,776,238)

XII. 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 05-06 General Fund capital budget is \$4.7 million. This is a \$2.2 million increase over the current year capital budget of \$2.5 million. The FY 05-06 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 05-06.

Capital Project Requests - SFGH/Mental Health Services/101 Grove

Rank	Project Title	General Funds	Other Funds Allocated	Total Project
1	Facilities Maintenance - SFGH	1,500,000	0	1,500,000
2A	Facilities Maintenance - PCC	300,000	0	300,000
2B	Facilities Maintenance - MHS	100,000	0	100,000
2C	Facilities Maintenance - 101 Grove	50,000	0	50,000
3	SFGH JCAHO Lifesafety Plan for Improvement	0	1,700,000	1,700,000
4	SFGH 3M8 Radiographic Equipment Replacement	0	350,000	350,000
5	SFGH 1X65 Computed Radiography Processor Installation	85,000	0	85,000
6	SFGH 6G Delivery Room Surgical Lights	120,000	0	120,000
7	PCC Potrero Hill Health Center Expansion	250,000	600,000	850,000
8	SFGH Nuclear Medicine Gamma Camera	90,000	0	90,000
9	SFGH I/S Data Center Relocation	100,000	0	500,000
10	SFGH PACS Distribution	100,000	0	200,000
11	Primary Care Centers Network/Cabling Upgrade	547,000	0	1,094,000
TOTAL SFGH/PCC/MHS/101 GROVE		\$3,242,000	\$2,650,000	\$6,939,000

Capital Project Requests - Laguna Honda

Rank	Project Title	General Fund	Other Funds Allocated	Total Project
1	Facilities Maintenance - LHH	1,050,000	0	1,050,000
2	LHH Security System Implementation	150,000	0	150,000
3	LHH MIS Recabling Wings A,B,C,H	50,000	0	200,000
4	LHH Renovation of Nursing Stations	250,000	0	1,000,000
TOTAL LHH		\$1,500,000	\$0	\$2,400,000

XIII. EQUIPMENT

Equipment is defined as items having a unit cost over \$5,000 and a useful life of three years. Department of Public Health staff has identified needs for \$8.7 million in equipment for FY 2005-06, which has been prioritized into three lists:

- \$2.0 million General Fund request,
- \$3.8 million General Fund request, and
- Base request not requiring General Fund support.

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 three years.

DPH History of General Fund Equipment Budget

FY03-04	FY 04-05	FY 04-06 Proposed
\$4.0 million	\$4.0 million	\$3.8 million

Equipment Purchase

The FY 05-06 General Fund budget request of \$3.8 million includes equipment purchases for:

Department	Total Request	General Fund
Laguna Honda Hospital	\$975,000	\$975,000
Public Health	\$175,770	\$175,700
San Francisco General Hospital	\$2,923,190	\$2,704,390
Primary Care	\$30,000	\$30,000
Grand Total	\$4,103,960	\$3,885,160

Detail of equipment items requested for FY 05-06 is provided in the following table:

	Priority	Equipment Item/Description	Number of Units	General Fund
LHH	1	Safety Pak Automated Pill Packaging	1	350,000
LHH	2	Omni Cell Dispensing Cabinets	5	575,000
LHH	3	Isolation Chamber	1	50,000
PC	4	ADA Exam tables	6	30,000
PHP	5	Point of Sale System	1	34,720
SFGH	6	C-Arm	1	287,568
SFGH	7	Hemodialysis	1	21,700
SFGH	8	Washer (Reliance Synergy)	1	81,822
SFGH	9	130 Series Cart & Utensic Washer/Disinfector	1	127,510
SFGH	10	Hemodialysis	1	21,700
SFGH	11	Ultima II Ultra Low Temperature Freezer -86 to -50c, Revoc	1	11,837
SFGH	12	Astiva/5 Anesthesia Machine	4	207,244
SFGH	13	Mark V Medrad Injector	1	21,700
PHP	14	Server CBHS patient billing system - media bd & data warehouse	1	65,100
PHP	15	Server CBHS forms & reports	1	75,950
SFGH	16	Landmark Localizer & Computer Upgrade	1	82,575
SFGH	17	Hemodialysis	1	15,181
SFGH	18	OR Table	1	57,597
SFGH	19	Hemodialysis	1	15,181
SFGH	20	OR Table	1	53,987
SFGH	21	Hemodialysis	1	15,181
SFGH	22	Stryker Video Tower	1	97,814
SFGH	23	Hemodialysis	1	15,181
SFGH	24	Surgical Microscope	1	272,259
SFGH	25	Chemistry Analyzer	1	168,175
SFGH	26	Transport Incubator	1	14,436
SFGH	27	Urodynamic Procedure Table	1	10,526
SFGH	28	ENT Examination Chairs	1	32,495
SFGH	29	Powerscribe Application Servers	2	14,845
SFGH	30	Oral Surgery Surgical Chairs	1	6,083
SFGH	31	Faxitron Specimen Radiography System w/Digital Camera Upgrade	1	57,415
SFGH	32	Toriumi Basic Rhrinoplasty Set	2	57,506
SFGH	33	Liquid Chromatography - Tandem Mass Spectrometer	1	336,178
SFGH	34	Oral Surgery Surgical Chairs	2	14,244
SFGH	35	Digital Radiography System	1	586,450
				3,885,160

Equipment in base budget

	Priority	Equipment Item/Description	Number of Units	Total Cost	Revenue	General Fund
SFGH	In Base	Phillips Stand-Alone Monitors	4	24,800	24,800	-
SFGH	In Base	LifeSync Monitor Receivers	6	8,400	8,400	-
SFGH	In Base	LifeSync Patient Transmitters	4	5,600	5,600	-
SFGH	In Base	C-Arm	1	180,000	180,000	-
				218,800	218,800	-

XIV. ONE-TIME EFFICIENCY PROPOSALS

As part of the FY 2005-06 budget, DPH was advised that we can utilize approximately \$10 million towards one-time efficiency investments in infrastructure that will provide long-term savings to the Department. A prioritized summary of the requests follows.

ONE-TIME EFFICIENCY PROPOSALS

Proposal	One-Time Funding Investment	Budget Savings or Revenue Increase?	Budget Savings or Revenue Increase				Total	4 Year Rate of Return (Total/Funding Investment)
			FY05/06	FY06/07	FY07/08	FY08/09		
New 30 bed short stay Skilled Nursing Unit on 4C	3,196,060	Revenue	850,000	1,700,000	1,700,000	1,700,000	5,950,000	186%
Remodel SFGH Lobby for Cashier associated with charging prescription co-pay for non-GA individuals	250,000	Revenue and Budget Expense Savings	1,521,500	1,825,800	1,825,800	1,825,800	6,998,900	2800%
2 EIA microtiter plate automation systems (see attachment)	70,000	Budget Expense Savings	48,000	48,000	48,000	48,000	192,000	274%
20,000 Quantiferon-gold test kits and reagents. Savings in staff, chest xrays, treatment, revenues (see attachment)	300,000	Revenue	78,000	78,000	78,000	78,000	312,000	104%
Purchase of Tigris Instrument	390,000	Budget Expense Savings	75,000	90,000	90,000	90,000	345,000	88%
SFGH Energy Project	5,536,963	Budget Expense Savings	1,500,566	1,500,566	1,500,566	1,500,566	6,002,264	108%
Reorganization of Decedent Affairs	69,765	Budget Expense Savings	15,465	20,620	20,620	20,620	77,325	111%

ONE-TIME EFFICIENCY PROPOSALS

Proposal	One-Time Funding Investment	Budget Savings or Revenue Increase?	Budget Savings or Revenue Increase				Total	4 Year Rate of Return (Total/Funding Investment)
			FY05/06	FY06/07	FY07/08	FY08/09		
Relocate Mobile Crisis Team from 1580 Howard to 1380 Howard when 1580 Howard lease expires 8/6/06. Relocate Access Team from 1380 Howard to 1060 Howard as part of programmatic consolidation and efficiency; move 6-person Program at 1060 Howard to an as yet TBD site.	170,000	Budget Expense Savings	-	100,000	100,000	100,000	300,000	176%
Implement HealthStream, computer based (e-learning) training at LHH. LHH staff will access and obtain mandatory courses/training online, thereby eliminating need to schedule and attend inservices during the work day. HealthStream is the current CHN standard for regulatory training of staff.	300,000	Budget Expense Savings	104,195	107,419	110,741	114,161	436,516	146%
CBHS patient billing system (BIS) replacement	2,412,726	Revenue	241,273	241,273	241,273	241,273	965,090	40%
TOTAL (cannot exceed 5% of dept's general fund support)	12,695,514		4,433,999	5,711,678	5,715,000	5,718,420	21,579,095	170%

