

DEPARTMENT OF PUBLIC HEALTH

FY 16-18 BUDGET

February 2, 2016

FY 16-18 Proposed Budget

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February 2

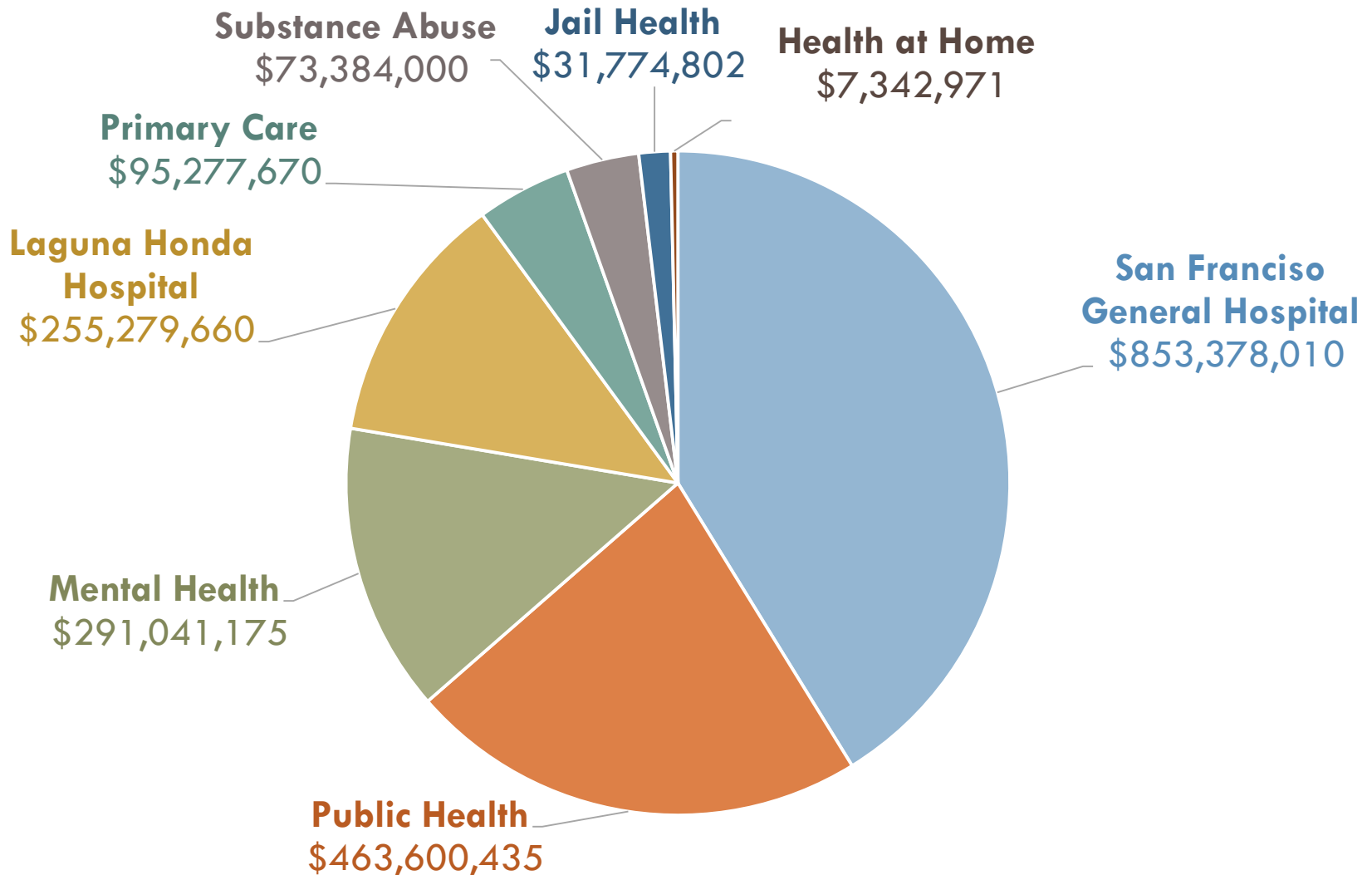
- Review of financial outlook and budget instructions
- Goals and strategies for FY 16-18 Budget
- Baseline revenue initiatives including Medi-Cal 1115 Waiver
- Proposal to meet Target

February 16

- Additional initiatives to achieve key departmental priorities
- Revenue-neutral and regulatory initiatives
- Update on Electronic Health Records initiative

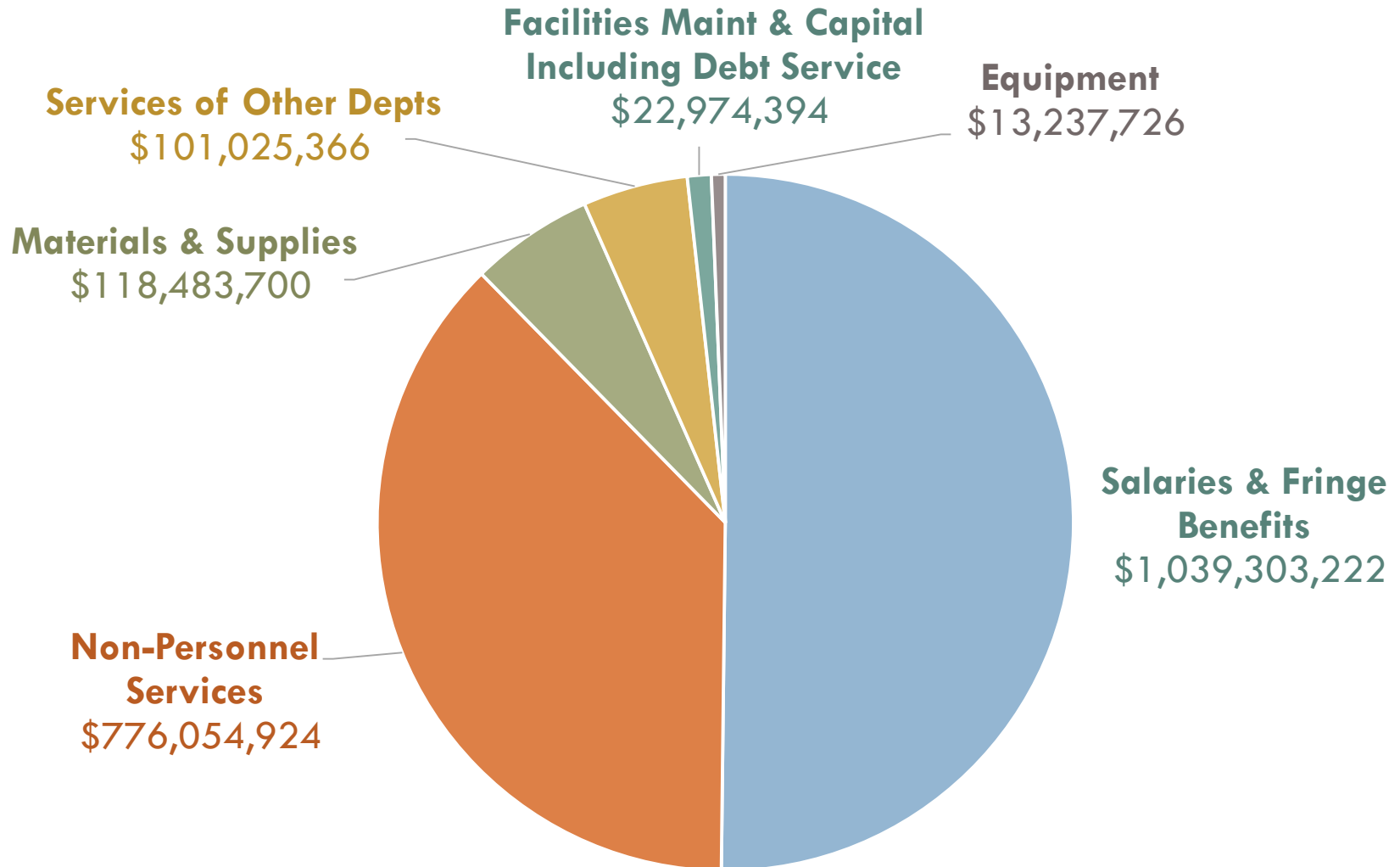
DPH 16-17 Base Budget \$2.071 B

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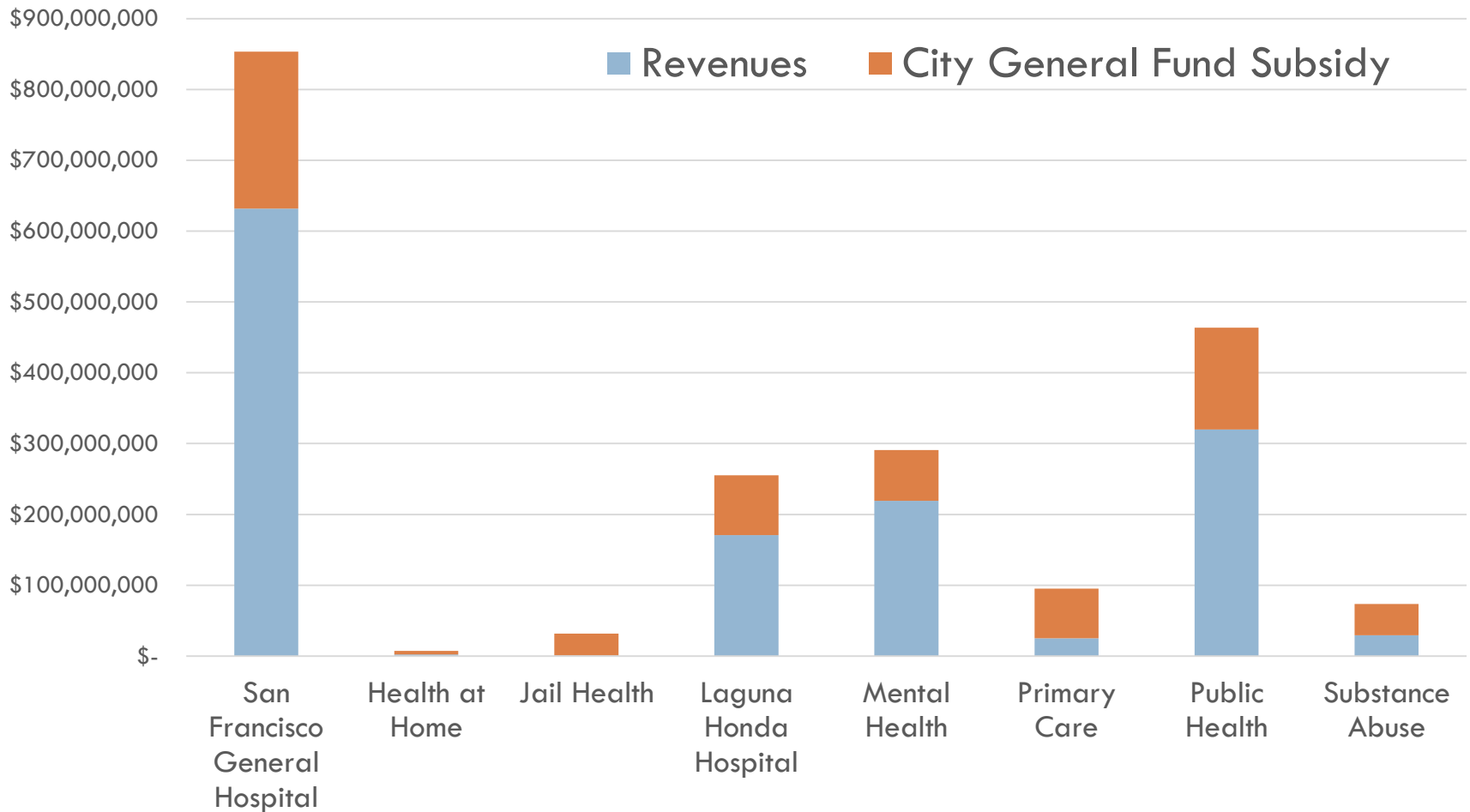


DPH 16-17 Base Budget Expenses by Type

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DPH Leverages Revenue to Offset General Fund



16-17 Base Budget Grows by \$37M

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| Division | FY 15-16 Final Approved | FY 16-17 Base Budget | Growth | % |
|--------------------------------|-------------------------|----------------------|--------------------|--------------|
| San Francisco General Hospital | 850,227,248 | 853,378,010 | 3,150,762 | 0.4% |
| Health at Home | 7,267,271 | 7,342,971 | 75,700 | 1.0% |
| Jail Health | 31,435,122 | 31,774,802 | 339,680 | 1.1% |
| Laguna Honda Hospital | 248,708,348 | 255,279,660 | 6,571,312 | 2.6% |
| Mental Health | 289,470,684 | 291,041,175 | 1,570,491 | 0.5% |
| Primary Care | 90,009,525 | 95,277,679 | 5,268,154 | 5.9% |
| Public Health | 441,484,867 | 463,600,435 | 22,115,568 | 5.0% |
| Substance Abuse | <u>75,394,324</u> | <u>73,384,600</u> | <u>(2,009,724)</u> | <u>-2.7%</u> |
| Total | \$2,033,997,389 | \$2,071,079,332 | \$37,081,943 | 1.8% |

Note Substance Abuse's FY15-16 Budget included \$2.6 million of one-time construction costs related to the New Medical Respite Program which were not needed in FY 16-17 Budget.

Position Changes in 16-17 Base Budget

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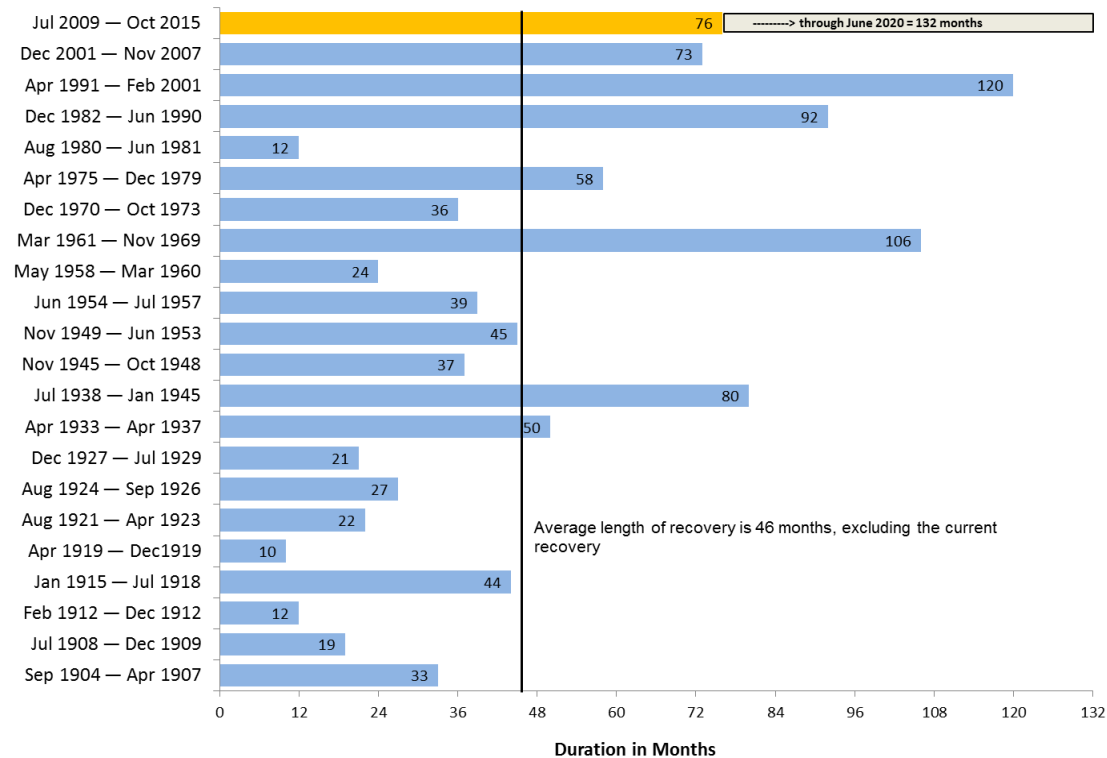
| Division | Final Approved 15-16 FTEs | Base 16-17 FTEs | Growth |
|--------------------------------|---------------------------|-----------------|---------------|
| San Francisco General Hospital | 3,059.59 | 3,110.02 | 50.43 |
| Health at Home | 44.93 | 44.92 | - |
| Jail Health | 140.43 | 142.32 | 1.89 |
| Laguna Honda Hospital | 1,342.90 | 1,351.55 | 8.65 |
| Mental Health | 586.55 | 592.19 | 5.64 |
| Primary Care | 545.04 | 569.31 | 24.27 |
| Public Health | 889.66 | 964.56 | 74.90 |
| Substance Abuse | <u>62.90</u> | <u>63.56</u> | <u>0.66</u> |
| Total | 6,672.00 | 6,838.43 | 166.43 |

City's FY16-18 Financial Outlook

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- The City's revenues continue to grow at 9.5%, but expenditures are projected to grow at 21%.
- City facing growing \$99.8 and \$240.2 M deficits for FY 16-17 and FY 17-18, respectively
- City departments are instructed to reduce their GF growth by 1.5% in each year for a total of 3%. For DPH, this is a \$9.6 M reduction target in FY 16-17 and \$19.2 M in 17-18.

Recession Scenario



Source: National Bureau of Economic Research (NBER)

- Since 1900, average length of time between recessions has been 46 months. The current economic expansion has lasted over 76 months.
- If no recession through FY20, it will mark the longest economic expansion since 1900.

DPH's 16-18 Budget Priorities

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- Developing a Unified Electronic Health Record
- Implementation of Medi-Cal 1115 waivers and Drug Medi-Cal Organized Delivery System Waiver
- Continued refinement of prior year initiatives for SFHN Service Improvement
- Strengthening Public Health Division Infrastructure and Operations

FY 16-18 Proposal to Meet Target

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| | FY 16-17 | FY 17-18 | Two Year Total |
|---|-------------------|---------------------|------------------|
| General Fund Reduction Target | (9,580,977) | (19,161,955) | |
| Balancing Solutions To Meet Target | | | |
| ZSFGH Baseline Revenues and Medi-Cal 1115 Waiver Changes | 7,124,282 | 2,318,758 | |
| LHH Baseline Revenues | 7,700,000 | 7,700,000 | |
| Mental Health Short Doyle Medi-Cal Baseline | 6,000,000 | 6,000,000 | |
| Less Revenue Growth Assumed in Deficit | (6,720,577) | (17,020,716) | |
| Salary Adjustments | <u>7,500,000</u> | <u>7,500,000</u> | |
| Total Solutions | 21,603,705 | 6,498,042 | |
| Net Balancing | 12,022,728 | (12,663,913) | (641,185) |
| DPH Inflationary Costs (does not affect target) | | 3,197,664 | |

Next Steps

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- February 16 – Additional Health Commission Budget Hearing
- June 1 – Mayor’s Balanced Budget Submission
- June – Board of Supervisors Budget (BOS) Hearings
- Mid-July – Final BOS approval of Budget