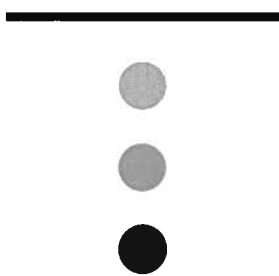


DRAFT

**Health Services Department
Budget Update and
Recommendations for Reductions**

Neda West, Director

December 16, 2008



Primary Fiscal Issues in FY 08-09

- Projected PH realignment shortfall of \$700 – \$800K
- Projected MH total-budget shortfall over \$1.5M
 - Includes approximately \$250K realignment shortfall



Actions to Improve Fiscal Management and Revenue Collection

- **Implementing comprehensive fiscal projection, monitoring and management (as shared in written/verbal report to BOS 11/18/08)**
- **Taking steps to correct specific problems with billing processes and billing systems (InterTrac and AVATAR) in Mental Health**
- **Focusing on timely billing and follow-up on revenue due**



Actions to Reduce Expenditures

- Authorizing unpaid voluntary time off where possible
- Considering feasibility of a mandatory furlough
 - Examining effects of mandatory furlough on required services (e.g., Crisis Intervention, PHF/CRF, CD, Animal Services, etc.)
- Evaluating contract services (with support of CAO and Procurement), limiting to essential services, and monitoring closely to prevent overruns



● ● ● | Actions to Reduce Expenditures (cont.)

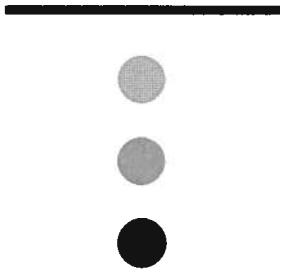
- Merging/streamlining other critical administrative and fiscal functions such as personnel processing, technology support, purchasing and payroll
- Pursuing facility consolidation
 - PH ADP staff at HSD facility in SLT currently housing only MH (annual savings to MH > \$55K)
 - Potential termination of lease for Mallard Lane facility, with relocation of staff to existing HSD locations (potential annual savings > \$185K)



Another Potential Cost-Saving Measure

- Considering possible outsourcing of PH Laboratory functions
 - Current lab operation subsidized by PH realignment
 - \$204,592 actual subsidy in FY 07-08
 - \$270,474 budgeted subsidy in FY 08-09
 - Only 38 out of 61 Public Health jurisdictions operate PH Labs
 - Interest in a regional approach (i.e., Placer County now provides lab services to Yuba and Nevada counties via contract)
 - Initial review indicates significant potential for savings

Department will return to the Board at future date to address this issue and make recommendations.



Despite steps to maximize revenue and control/reduce costs, the requirement for large, sustainable expenditure reductions results in the need for position allocation reductions.



Why position reductions?

- Merging of HSD Administrative/Fiscal functions
- Need sustainable reductions to “live within our means”
 - Significant realignment funding reductions
 - Specific state program funding reductions
 - Projected MH budget shortfalls (due to overstated revenue/understated expenditures)
- Allocation list true-ups
 - Eliminating positions previously held vacant in anticipation of funding constraints



Proposed Regular Position Reductions

1.0 Administrative Secretary (vacant)	1.0 MH Program Manager (filled)
1.0 Community Health Advocate (filled)	2.6 MH Worker (vacant)
1.0 Fiscal Assistant (filled)	1.5 Office Assistant I/II (1 filled)
1.0 Fiscal Services Supervisor (filled)	1.0 PH Preparedness Div Manager (filled)
3.0 Health Education Coordinator (vacant)	0.7 PH Nurse Prac/Phys Assist (0.5 filled)
1.0 Health Program Manager (vacant)	1.0 Program Assistant (vacant)
1.0 Licensed Vocational Nurse (filled)	1.0 Public Health Nurse (vacant)
6.2 MH Clinician (4 filled)	1.0 Senior Office Assistant (vacant)
3.0 MH Program Coordinator (2 filled)	1.0 Supervising PH Nurse (filled)

29.0 FTEs (14.5 filled)



Proposed Mental Health Extra-Help Reductions

- 5 Fiscal Assistant
- 4 Medical Office Assistant
- 1 Mental Health Aide
- 5 MH Clinician

- o Note: The extra-help count reflects the number of individuals to be terminated from extra-help status; most of these individuals work part-time and/or variable schedules.
 - EH employees in job classes subject to RIF will be released prior to layoff of regular staff
 - EH employees in job classes not subject to RIF will be released as soon as possible (without negatively impacting billing)



Estimated Savings in Health Services

- o Proposed reduction in force is expected to achieve approximately:
 - \$700,000 in FY 08-09 savings
 - \$1.8 Million ongoing annual savings



Plan for Maintaining Public Health Services Despite Reductions

- Reorganize management and supervisory oversight
- Deliver services in most efficient manner
- Schedule optimal hours for clinical services at facilities
- Expect staff to perform broader range of job duties (share limited support staff between programs)
- Increase collaboration and crossover of staff between program areas to handle surge requests (e.g., outbreak investigation, community IZ campaigns)
- Allow longer time to complete some internal projects
- Postpone expansion of programs funded with realignment revenue (e.g., chronic and communicable disease prevention)



Plan for Maintaining Mental Health Services

- o Reorganize management and supervisory oversight
- o Increase span of control for supervisors (to approximately 5 – 8)
- o Increase case loads for clinicians
- o Increase cross-training and cross-coverage between program areas
- o Maintain focus on statutorily mandated and contractually required services (limit discretionary services)
- o Increase use of MHSA-authorized service models to effectively leverage this funding



● ● ● | **Plan for Maintaining MH Services (continued)**

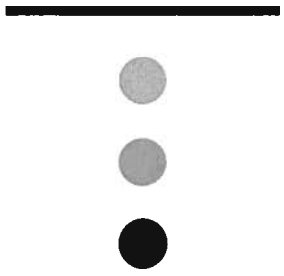
- **Replan out-patient service delivery**
 - Conduct case-by-case risk assessment (reassess treatment levels frequently)
 - Use team approach to serving clients (increase case loads and share case management)
 - Increase use of groups
 - Decrease individual counseling (use for acute cases)
 - Limit unreimbursed and/or high-cost services (e.g., Wraparound)
 - Increase referral to available community services
 - Explore increased use of peer counselors and volunteers
 - Maximize use of MHSA-authorized service models
- **Replan clinical support services**
 - Limit reception to business hours
 - Perform transcription exclusively in one office
 - Complete centralization and scanning of medical records and implement EHR



Potential (Unintended) Consequences of Reducing Mental Health Services

- Decompensation of clients (symptom relapse, decreased functioning, suffering)
- Increased emergency room and crisis service use
- Increased placements in high-cost settings such as hospitals, jails and juvenile halls
- Increased school failure and drop-outs
- Increased use of expensive, out-of-home placements for troubled children and youth
- Increased homelessness and unemployment
- Increased impact on law enforcement and criminal justice system

Staff are committed to minimizing negative impacts on clients and will strive to provide the best mental health services within resources available.



Despite potential service risks/consequences we believe the proposed sustainable reductions are necessary and appropriate to prevent catastrophic fiscal consequences and to ultimately achieve a financially sound Health Services Department.



The Bottom Line

- Even with the changes and reductions addressed, current-year budget shortfalls are predicted
- Public Health has sufficient fund balance to offset current year expenditures that may exceed current year revenues
- Mental Health does not have available fund balance



Therefore...

- It may be necessary for Mental Health to receive funding from other sources
- Potential funding options may include:
 - Health and Welfare Realignment
 - Realignment regulations allow the annual transfer of up to 10% of realignment revenues between local trust funds (health and welfare realignment that would normally be distributed to others, such as Public Health and Human Services, could be utilized)
 - General Fund

The Department will return to the Board at a future date to outline funding requirements and options, should that become necessary.



Board Action Requested

1. Adopt the Resolution modifying the Authorized Personnel Allocation for the Health Services Department.
2. Recommend that the Director of Health Services report back to the Board in February 2009 with fiscal updates and any additional recommendations for cost savings and program impacts.