



Health Services Department

FY 09-10 Proposed Budget

Neda West, Director
June 10, 2009



FY 09-10 - Health Services Department

- Board created new Department in October 2008, merging together:
 - Public Health
 - Mental Health



Public Health Division

- Health Officer Functions
- Public Health Nursing
- Communicable Disease
- Public Health Laboratory
- Local Enforcement Agency
- Vital Statistics
- Health Promotion
- ACCEL/Children's Health Initiative
- Alcohol and Drug Programs
- Public Health Emergency Preparedness
- Emergency Medical Services Agency
- Pre-hospital Medical Services/Ambulance Billing
- Animal Services
- Admin/Fiscal Operations (now coordinated with MH)



Public Health Operating Funds

- Fund 10 – General Fund – Animal Services (21 FTEs)
 - Appropriations \$2,402,165
 - Revenue \$1,143,433
 - Net County Cost \$1,258,732

- Fund 11 – Special Revenue Fund – Public Health (82 FTEs)
 - Appropriations \$24,457,799
 - Revenue \$20,426,786
 - General Fund Contribution \$ 4,031,013

- Fund 12 – Special Districts Fund – County Service Areas (Pre-Hospital Medical Services) and Ambulance Billing (0.75 FTE)
 - Appropriations \$18,889,764
 - Revenue \$18,889,764
 - General Fund Contribution \$ 0



FY 09-10 - Public Health Division

- Total proposed appropriations are \$45.7M
(Represents \$4.5M decrease from CY adopted)
- Functions/programs managed through 79 individual FAMIS indexes, with 50 distinct revenue categories (numerous funding sources within each)
- Over 300 active contracts (incoming and outgoing)
- Staff allocation is 103.75 regular FTEs (plus 5 Extra Help)
- Operations occur at six primary sites (some with multiple buildings), with services on both slopes



Public Health - The Good News *(pending new State impacts)*

- Achieved all targets established by CAO
- Submitted balanced budgets in all Special Revenue Funds (SRFs)
- Reflected positive fund balances in SRFs
- Able to maintain core programs/services despite significant reductions in realignment revenue received and 08-09 transfer of PH realignment to MH



The Bad News for Public Health

- Potential State funding cuts/deferrals are significant (breakout on next slide)
- Some funding reductions will have a direct affect on other County departments (e.g., Probation) and other local non-profit service providers
- Some service mandates (e.g., Prop 36 treatment) may remain despite funding losses
- Additional General Fund match may be needed for CCS if Healthy Families is eliminated
- Realignment severely reduced - down from \$7.7M in FY 08-09 budget to \$6.7M in FY 09-10; fixed \$3.5M required for CMSP, so \$1M loss for other PH programs



Potential State Cuts to Public Health

Alcohol/Drug Programs:

○ Prop 36	\$454K
○ Offender Treatment Program (OTP)	\$101K
○ Cal Works	\$177K
○ ADP Misc (Admin, Drug Medi-Cal Rates, etc.)	\$ 20K

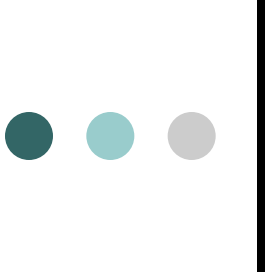
Other Public Health Programs:

○ Healthy Families (CCS)	\$100K
○ Child Protective Services Nursing Funding (HS)	\$111K
○ HIV/AIDS	\$ 57K
○ Immunization State General Fund (SGF) to locals	\$ 50K
○ Maternal/Child Adolescent Health SGF	\$ 22K
○ Federal Match to MCAH (assoc with above)	\$ 80K
○ Nursing Services at EDUHSD (school funding)	\$ 23K
○ State funding for PH Lab	\$ 18K
○ Certified Application Assistance	\$ 10K



Other Significant Risk on State-Funded Programs

- Many State contracts historically not received until months after the effective date (including preparedness programs, categorical nursing programs, etc.)
- Recent contract language allows for retroactive cancellation of program by State
- Payments deferred pending contract and/or final funding allocation
- State warning counties to proceed at own risk ...



Recent Caution Received from CDPH *(in regard to MCAH)*

“As with all state funding agreements final funding is contingent on appropriations in the final amended 2009-10 Federal and State Budget Acts. For your protection, do not incur any expenses or fiscal liabilities against your funding agreements until you have received your [funding] approval letter (or executed Grant Amendments). Any expenses incurred in advance of that approval are at your own risk and the State acknowledges no responsibility for reimbursement.”



Consequences of Public Health Cuts

- Proven/successful drug court programs and other addiction treatment services may be reduced or eliminated (may result in higher costs of emergency care, law enforcement, and detention)
- HIV/AIDS prevention activities may cease
- Other health promotion, illness/injury prevention, and community-based nursing activities (such as alcohol/drug prevention, community immunization programs, maternal/child/adolescent health and wellness services, etc.) may be reduced
- Children's health insurance outreach, enrollment, and retention activities may be reduced.
- Program restructuring, staff losses, and assignment changes will result in inefficiencies and reduced ability to respond effectively to PH emergencies.



Recommended Approach for Public Health

- Act quickly to minimize potential operating losses beginning July 1st
- Focus initially on:
 - Programs/services deemed highly likely to be impacted by State cuts
 - Non-mandated services dependent upon discretionary funding
- Commit to use of unrestricted fund balance/discretionary funding to maintain core/mandated services that may experience State funding cuts or deferrals
- Continue core programs/services considered at low risk of elimination or reduction, pending final funding agreements/allocations, while closely monitoring State budget actions

Dept Head to return to Board on 6/23 with specific cost reduction measures proposed for FY 09-10



Mental Health Division

- Adult Services
- Children's Services (Includes, EPSDT, Juvenile Hall, AB3632, etc.)
- Psychiatric Emergency Services (PES) - AKA "Crisis Services"
- Psychiatric Health Facility (PHF)
- Mental Health Services Act (MHSA) Programs
- Crisis Residential Treatment (CRT) Facility - MHSA
- Utilization Review/Quality Assurance
- Patient Rights Advocacy
- Admin/Fiscal Operations (now coordinated with PH)



Mental Health Operating Funds

- Fund 11 – Special Revenue Fund (Subfund 001)
Traditional Mental Health Programs (59.12 FTEs)
 - Appropriations \$10,794,333
 - Revenue \$10,772,823
 - GF Contribution (Match) \$ 21,510

- Fund 11 – Special Revenue Fund (Subfund 003)
MHSA Programs (31.13 FTEs)
 - Appropriations \$ 6,407,508
 - Revenue \$ 6,407,508
 - GF Contribution \$ 0



FY 09-10 - Mental Health Division

- Total proposed appropriations are \$17.2M (Represents \$2.4M decrease from CY adopted)
- Functions/programs managed through use of DOT cost accounting system adapted to Mental Health, with over 35 distinct revenue categories
- Approx. 100 active contracts (incoming and outgoing)
- Staff allocation is 90.25 regular FTEs (plus 60 Extra Help, primarily on-call pool or limited part-time)
- Operations occur at three primary sites (with multiple functions), with services on both slopes



Mental Health - The Good News

(pending new State impacts)

- Submitted balanced budgets in Subfund 001 (traditional services) and Subfund 003 (Mental Health Services Act programs)
- Primary improvements for FY 09-10:
 - Full year of improved billing operations (addressing specific problem areas contributing to prior operating losses)
 - Continuing transition to MHSA approved/funded programs
 - Full year of sustainable savings from prior downsizing (staffing, facilities, and other associated costs)
 - Full year of monitoring/managing operations with improved fiscal systems, processes, and controls



The Bad News for Mental Health

- Potential State funding cuts/deferrals are significant (breakout on next slide)
- Numerous service mandates remain despite funding elimination, reduction, or deferral
- Funding reductions may impact ability to maintain local contracted service providers
- Realignment severely reduced - down from \$3.8M in FY 08-09 budget to \$3.2M in FY 09-10 (may need further reduction in addenda)



Potential State Cuts to Mental Health

- Managed Care \$788K
- AB 3632 Chap 26.5 (Deferral) \$429K
- Healthy Families \$120K
- Cal Works \$ 26K
- Early and Periodic Screening,
Diagnostic & Treatment (EPSDT) \$ 44K
- MHSA funding deferral
(\$300M Statewide) \$ TBD
- Other Potential Cuts/Deferrals \$ TBD

Funding at Risk - Subfund 001

Description	General Dept	MAA, UR/QI, Patients' Rights	WS PHF	Institutional/ Residential	Children Outpatient	Adult Outpatient	PES (Crisis)	Total
Revenue								
Medi-Cal - Federal	-	-	812,862	227,424	1,778,271	312,569	54,344	3,185,470
EPSDT - State	-	-	-	-	1,338,746	-	-	1,338,746
State Managed Care	-	-	787,845	-	-	-	-	787,845
AB3632 Advance	-	-	-	-	428,702	-	-	428,702
Healthy Families	-	-	-	-	120,000	-	-	120,000
CalWORKS	-	-	-	-	-	26,083	-	26,083
Realignment	3,203,550	-	-	-	-	-	-	3,203,550
Other	292,403	405,688	536,933	38,608	253,866	176,438	-	1,703,936
Total Revenue	3,495,953	405,688	2,137,640	266,032	3,919,585	515,090	54,344	10,794,332
Expenditures								
Labor	-	1,268,280	2,871,315	-	2,211,218	1,032,539	187,066	7,570,418
Contract Providers	-	-	59,250	551,100	2,579,000	4,000	10,700	3,204,050
Other	-	4,498	74,170	60,000	(118,804)	-	-	19,864
Total Expenditures	-	1,272,778	3,004,735	611,100	4,671,414	1,036,539	197,766	10,794,332
Revenue Less Expenditure:	3,495,953	(867,090)	(867,095)	(345,068)	(751,829)	(521,449)	(143,422)	-
Funding at Risk	-	-	(787,845)	-	(548,702)	(26,083)	-	(1,362,630)
Potential Net Shortfall	3,495,953	(867,090)	(1,654,940)	(345,068)	(1,300,531)	(547,532)	(143,422)	(1,362,630)

Funding at Risk – Subfund 003 (MHSA)

Description	CSS Admin, Planning, Reserve, Contingency	Work Plan 1 - Youth & Family	Work Plan 2 - Adult Wellness & Recovery	Work Plan 3 - Crisis Residential Treatment Facility	Work Plan 4 - Health Disparities	Workforce Education & Training	Prevention & Early Intervention	Total
Revenue								
Medi-Cal - Federal	-	63,379	77,903	305,829	1,091	-	-	448,202
EPSDT - State	-	43,595	-	-	-	-	-	43,595
Other	533,628	443,875	2,344,934	817,093	175,282	389,700	1,211,200	5,915,712
Total Revenue	533,628	550,849	2,422,837	1,122,922	176,373	389,700	1,211,200	6,407,509
Expenditures								
Labor	155,911	234,429	1,864,031	1,080,296	26,492	155,911	202,369	3,719,439
Contract Providers	-	-	384,190	9,187	144,091	79,500	455,103	1,072,071
Other	374,479	74,000	123,430	22,557	3,117	24,999	-	622,582
Total Expenditures	530,390	308,429	2,371,651	1,112,040	173,700	260,410	657,472	5,414,092
Revenue Less Expendi	3,238	242,420	51,186	10,882	2,673	129,290	553,728	993,417 *
Funding at Risk	-	(43,595)	-	-	-	-	-	(43,595)
Potential Surplus	3,238	198,825	51,186	10,882	2,673	129,290	553,728	949,822

* Surplus revenue to contingency and reserve



Our Current Assessment

Due to the severity of proposed State cuts and deferrals, and in view of the substantial cost cutting and revenue improvement measures already implemented/planned in Mental Health to achieve the proposed balanced budget, the Division will be unable to meet mandated service levels and maintain a balanced budget without supplemental funding.



Statutorily Mandated and Contractually Required MH Services

- County MH responsibilities to incompetent, poor, indigent and those incapacitated by age, disease, or accident (W&I Code 17000)
- Services to individuals involuntarily committed for 72 hours because they pose a danger to themselves or the community (W&I Code 5150)
- Services to special-ed children identified as needing mental health services by their Individualized Education Plan (AB 3632, Ch 26.5)
- Medi-Cal specialty mental health services for children (Federally-mandated Early and Periodic Screening, Diagnostic and Treatment [EPSDT] services)
- Juvenile Detention Services (per Title 15, Sec. 1437 in coordination with health administrator, mental health director and facility administrator)
- Annual County mental health services performance contract (W&I Code 5650)

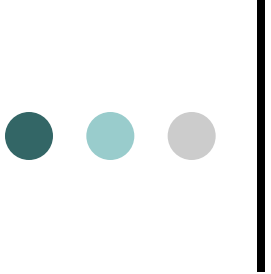


Our System of Care

(Meeting statutorily mandated/contractually required services)

- We provide medically necessary, specialty mental health services to:
 - Seriously mentally ill adults (often significantly disabled)
 - Seriously emotionally disturbed children (with impaired functioning)
- Our system serves a severe population through:
 - Traditional programs/services (PES/Crisis, PHF, institutional care, limited outpatient, etc.)
 - Various wellness and recovery oriented services authorized (and funded) by our approved MHSA program plans
- All services are designed to ensure the appropriate level of care based upon the level of need

See handout depicting current services system and potential (unintended) consequences of insufficient Mental Health services



Potential (Unintended) Consequences of Reducing Mental Health Services

- Decompensation of clients (symptom relapse, decreased functioning, high risk behavior, suffering, and death)
- Increased ambulance service, 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

Decreasing Mental Health services results in cost shifting!



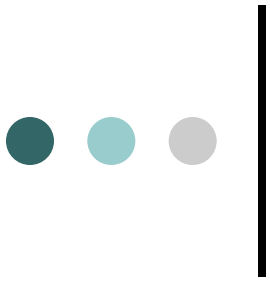
Recommended Approach for Mental Health

- Closely monitor State budget actions and impacts
- Identify/utilize other funding to maintain statutorily mandated and contractually required services that may experience State funding cuts or deferrals
- Coordinate funding issues with CAO and Board
- Continually evaluate and monitor the Division's budget and operations to ensure appropriate services, maximize revenues, and limit expenditures



Next Step

**Recommend Department Head
return to the Board on 6/23/09
with updated information and
recommendations for FY 09-10**



Questions?