


Health Services Department

FY 08-09 Mid-Year Budget Update & Recommendations for Reductions

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FY 08-09 Budget Overview

- Public Health Division
 - Positive year-end fund balances projected in Special Revenue Funds
 - Achieving savings targets established by CAO
- Mental Health Division
 - Negative Fund balance projected for non-MHSA fund
 - Positive Fund Balance and fully funded Prudent Reserve for MHSA fund

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Public Health Operating Funds

- Fund 10 - Animal Services
 - Achieving Net County Cost reduction targets
- Fund 11 - Public Health Special Revenue Fund
 - Anticipate discretionary Fund Balance over \$2M (despite realignment shortfall over \$750K and anticipated 10% realignment shift to Mental Health)
- Fund 12 - Pre-Hospital Services/Ambulance Billing
 - Anticipate CSA 3 Fund Balance about \$900K
 - Anticipate CSA 7 Fund Balance about \$5.5M

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Public Health - Actions Taken

- Staff Reductions - Resulting in Sustainable Savings
 - 07-08 14.05 allocations reduced (Clinical Services Positions - Family Planning services eliminated)
 - 08-09 3.0 allocations reduced at 11/18/08 BOS meeting (EMS and Animal Services)
 - 08-09 14.2 allocations reduced at 12/16/08 BOS meeting (various positions throughout organization)
- Other Salary Savings in current year (vacancies, VTO)
- Service/Supply and Fixed Asset Reductions

Core services maintained despite reductions

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Public Health – Lab Follow-Up

A cost/benefit analysis of our Public Health Laboratory operation has been performed and potential outsourcing of laboratory functions has been considered.

- **Continuation of the lab is recommended**
- **Downsizing of staff is considered necessary in view of reduced workload**
- **Staff have voluntarily reduced to part-time work schedules to achieve savings**

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Mental Health Operating Funds

○ Mental Health Fund (Non-MHSA)

- FY 08-09 Beginning Fund Balance – Negative \$1,381,056
(Cash at prior year-end was -\$3.3M; covered by loan from GF)
- FY 08-09 Estimated Ending Fund Balance – Negative \$2.4M
 - Reflects >\$1M worsening of FB, even with assumed receipt of identified one-time and prior year revenue (cost settlements, etc).
 - Identified one-time/PY revenue is anticipated; however, approx. \$680K at risk of non-accrual by County at FY 08-09 year-end.

○ Mental Health Services Act (MHSA) Fund

- FY 08-09 Estimated Ending Unrestricted Fund Balance - \$975K, plus Prudent Reserve over \$1.2M

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Summary of the Numbers (non-MHSA)

	<u>Adopted Budget</u>	<u>Projection with One-Time & PY Accrued</u>	<u>Some One- Time & PY Not Accrued</u>
Starting Fund Balance	(1,061,288)	(1,381,056)	(1,381,056)
Current Year Expenditures	12,465,077	12,597,783	12,597,783
Current Year Revenues	12,181,111	9,990,484	9,990,484
Current Year Net (Exp-Rev)	283,966	2,607,299	2,607,299
One-Time & PY Revenues	1,345,254	1,573,590	893,728
Change in Fund Balance	(1,061,288)	1,033,709	1,713,571
Ending Fund Balance	0	(2,414,765)	(3,094,627)

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Current Year Revenue

Major Variances and Approx. Amount Under Budget:

- Medi-Cal (\$1.3M)
- Psychiatric Health Facility Charges (\$350K)
- Realignment (\$220K)
- Other (\$330K)

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Mental Health - Actions Taken

- New leadership team established Oct-Nov 2008 (using Public Health and Department of Transportation strengths)
- Immediately implemented fiscal projection, monitoring, and control actions, including proven cost accounting methodologies to improve fiscal management; now installing and adapting cost accounting software developed at DOT
- Initiated steps to correct problems with electronic billing systems; building electronic interface, data integrity, exception reports, electronic postings, clinical work station, and other functionality to ensure complete and timely billing and ability to monitor progress

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Mental Health - Actions (Cont'd)

- Streamlining Admin/Fiscal functions through merger with Public Health; combined contract processing, personnel processing, technology support, and payroll; now merging purchasing and payable functions
- Evaluated contract services (with support of CAO and Procurement); limiting to essential services and implementing monitoring system to prevent overruns
- Establishing/enforcing expectations (with job specs, County/Department directives, policies, MOUs, etc.)

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Mental Health - Actions (Cont'd)

- Implemented major facility consolidations
 - Public Health Alcohol/Drug Program staff moved into facility in SLT previously housing only Mental Health (annual savings to Mental Health > \$55K)
 - Terminated lease for Mallard Lane facility; relocated staff to Placerville Drive - Golden Plaza location (annual savings to Mental Health > \$185K)
- Implemented staff reductions (summary follows)

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Mental Health – FY 08-09 Staff Reductions To Date

Total Allocations Prior to FY 08-09 Budget Addenda:	126.90
Regular Allocations Eliminated at FY 08-09 Addenda:	- 12.65
Regular Allocations Eliminated at 11/18/08 BOS Meeting:	- 4.00
Regular Allocations Eliminated at 12/16/08 BOS Meeting:	- 14.80
Subtotal Regular Allocations Eliminated in FY 08-09:	- 31.45
Equivalent Regular Allocations Added in FY 08-09: <i>(Moved from PH and/or PH Staff Performing Work for MH)</i>	+ 4.95
Total Allocations Remaining in Mental Health:	100.40
Percent Reduction:	20.9%

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The Unfortunate Reality

Projected year-end budget shortfalls still point to the need for additional sustainable expenditure reductions, resulting in the need for further position allocation reductions.

On 2/10/09, the BOS directed the reduction of at least 10 additional positions in the Mental Health Division

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Proposed Mental Health Reductions

Regular Allocations Proposed for Reduction:

Manager of Mental Health Programs (1 WS and 1 SLT – both filled):	2.0
Medical Office Services Supervisor (WS – filled):	1.0
Fiscal Assistant (WS – filled):	1.0
Psychiatrist (Vacant):	0.5
Mental Health Clinician (All WS – filled):	3.0
Mental Health Worker (All SLT – filled):	<u>3.0</u>

Subtotal Regular Allocations Proposed for Reduction (another 10%): 10.5

Extra Help Mental Health Workers (other than crisis/PHF/CRT pool): 3-4 staff

Discussion with Local 1 is occurring regarding maintaining an Extra Help pool for on-call crisis and PHF/CRT support to enable MH to fulfill mandated staffing levels in an efficient and cost effective manner.

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Estimated Savings in Mental Health

- Proposed position allocation reductions are expected to achieve approximately:
 - \$105K in FY 08-09 savings (April-June)
 - \$455K ongoing annual savings

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Improved Outlook for FY 09-10 to Achieve Balanced Operating Budget

- Full year of work under updated MHSA Community Services and Supports plan (transitioning to MHSA funded activities)
- Full year of sustainable savings from downsizing (staffing, facilities, and other associated costs)
- Full year of improved billings
- Additional prior year revenue to be booked in 09-10
- Increase in Federal Medi-Cal (assuming required State legislative action occurs)

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Additional Consideration

Recommend updated census review and cost/benefit analysis of current Psychiatric Health Facility operation

- Impact of opening Crisis Residential Treatment facility in Feb 2009
- Volume of other county placements (revenue offset to fixed costs)
- Comprehensive review of operational costs
- Benefits derived from local solution
- Experience of other counties who closed PHFs

Department will complete analysis and incorporate recommendations in its FY 09-10 budget proposal

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Plan for Maintaining Mental Health Services

- Reorganize mgmt/supervisory oversight (increase span of control)
 - Place behavioral health court programs under Alcohol/Drug Program Manager
 - SLT Supervisors report to County-wide Adult and Child Services Management
- Reassess treatment levels (use Level of Care Utilization Service tool)
- Reduce traditional/non-MHSA programs and some discretionary case management services
- Continue to increase clinician case loads, groups, and cross-training/cross-coverage between program areas; share case management; increase peer counselors and volunteers consistent with MHSA plans
- Maintain focus on statutorily mandated and contractually required services (limit discretionary/support services to minimum necessary)

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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.

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Despite potential risks/consequences, action is necessary to address serious budget shortfalls.

However, even with the additional proposed reductions, the current-year budget will remain out of balance.

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Therefore...

Mental Health requires additional funding in FY 08-09;
Recommendations include:

- Adopt resolution authorizing transfer from Health & Welfare Realignment (up to 10% from Public Health and Social Services)
- Convert an amount from prior \$3.3M advance from General Fund (considered a loan) into a contribution from General Fund, enabling adjustment of the MH negative fund balance to \$0 at FY 08-09 year-end (MH to maintain balanced budget thereafter)

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Board Action Requested

1. Board to approve Resolution modifying the Authorized Personnel Allocation for the Health Services Department
2. Board to direct action relative to funding from other sources to bring Mental Health Fund Balance (in Fund 11-110-001) to \$0


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Questions?

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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)

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