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## HEALTH COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

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**Michele M. Seaton**  
Executive Secretary

TEL (415) 554-2666  
FAX (415) 554-2665

Web Site: <http://www.sfdph.org>

## MINUTES

### HEALTH COMMISSION FINANCE COMMITTEE

**Tuesday, May 6, 2008**

**2:00 p.m.**

**101 Grove Street, Room 302**

**San Francisco, CA 94102**

#### 1) CALL TO ORDER

Commissioner Tierney called the meeting to order at 2:00 p.m.

Present: Commissioner Steven Tierney, Ed.D., Chair  
Commissioner Edward A. Chow, M.D., Member  
Commissioner Sonia E. Melara, MSW, Member  
Commissioner James M. Illig

Staff: Barbara Garcia, Director, Community Programs, Jacquie Hale, Contracts Office Manager, Pamela Levin, Budget Manager, Anne Okubo, Deputy Finance Director, Michelle Ruggels, Community Programs Operations Director, Gregg Sass, Chief Financial Officer.

#### 2) CONTRACTS UPDATE AND APPROVAL

There were no contracts for discussion or approval.

#### 3) 3<sup>RD</sup> QUARTER FINANCIAL REPORT

Gregg Sass, Chief Financial Officer, presented the 3<sup>rd</sup> Quarter Financial Report. Projections include a revenue surplus of \$4.868 million and an expenditure deficit of \$4.275 million so the Department is projecting a small net surplus of \$493,000. This is a significant improvement

compared to the second quarter projections, which projected a net deficit of \$10.8 million. Mr. Sass summarized the finances by division.

Commissioner Chow noted that SFGH has, for the past number of years, generated revenue over and above budget that has helped other divisions through lean times. This is not the case this year, and the well may well be smaller next year. Commissioner Tierney noted that the budget should be portrayed in such a way that the general public can understand things such as this.

#### Follow Up/Action Items

1. Review of revenue trends, including has the Department been too conservative and what is the future of above-budget revenues.
2. Follow up discussion of Healthy San Francisco budget reporting, specifically to not have their budget mixed in with the SFGH budget, but its own budget so we can clearly see the budget attached. We need to understand the true budget of the hospitals, as well as the true budget of HSF.
3. LHH transition budget, expenditures associated with operations in the new building. This issue could be assigned to the LHH JCC. Staff noted that LHH will be giving a presentation on transition planning at the June 3<sup>rd</sup> meeting, which is being held at Laguna Honda.
4. At the appropriate time look at the impact of frozen positions, particularly in terms of lost revenue.
5. Update the Commission on past budget cuts that are being implemented now.
6. Civil Service – work with Board of Supervisors to talk about how to most effectively and efficiently provide services, i.e. services provided by contractors versus civil service.
7. Regular updates on fight with CMS on the HCCI issue.

#### 4) **APPROVAL OF A REVENUE SUPPLEMENTAL APPROPRIATION FOR FISCAL YEAR 2007-2008**

Gregg Sass, Chief Financial Officer, presented a proposed \$16.9 million revenue supplemental appropriation for FY 2007-2008. The supplemental is fully funded with revenues and other savings within the Department of Health, and no additional General Fund appropriation is required.

Action Taken: The Committee approved the Revenue Supplemental Appropriation for FY 2007-2008.

#### 5) **APPROVAL OF THE FY 2008-2009 PATIENT RATES**

Gregg Sass, Chief Financial Officer, presented the FY 2008-2009 Patient Rates. The Department is requesting approval of revised patient rates for services provided by San Francisco General Hospital, Laguna Honda Hospital, Primary Care clinics, Community Mental Health Services, Community Substance Abuse Services and DPH. Following approval by the Health Commission, the patient rates will be submitted to the Board of Supervisors. The revised fees will be effective July 1, 2008.

Action Taken: The Committee approved the FY 2008-2009 Patient Rates.

6) **DISCUSSION OF FINANCE COMMITTEE'S ROLE IN THE HEALTH DEPARTMENT'S FISCAL AND BUDGET PROCESSES**

Gregg Sass, Chief Financial Officer, described the budget process and timeline. The process begins in September when the Controller/Mayor's Budget Office project revenues for the budget year and establish departmental baselines. DPH divisions begin development of their budgets in October/November. Last year the Commission adopted principles to guide the development of the budget in November. The Mayor releases the budget instructions in December. Health Commission discussions and hearings begin in January.

Follow Up/Action Items

1. At the June 3<sup>rd</sup> meeting staff will provide an update on Mayor's Budget, including which structural budget initiatives were approved and which were not. A further update will be given to the full Commission on June 17<sup>th</sup>.
2. Calendar Budget sessions on individual divisions for the rest of the year.

7) **COMMUNITY PROGRAMS UPDATE: IMPACT AND PROCEDURE FOR BUDGET REDUCTIONS AND AGENCY IMPLEMENTATION PLANS**

Barbara Garcia, Director, Community Programs gave an update on where they are at with implementing the budget reductions. After the budget was approved staff developed a master list of all contracts by Community Programs section with funding amounts as well as changes proposed for FY08-09. This allows one to see the total impact by agency. Preliminary allocations/award letters are being sent to contractors. Agencies with joint funding will receive a single preliminary allocation notification covering all Community Programs sections. Staff will be in negotiations with contractors for the next 40-50 days. The impact of services will be determined once the negotiations are complete. Ms. Garcia anticipates the closure of 2-3 residential facilities. She has proposed to HSN, contractors associations, health equity leadership, civil service representatives, etc. to go through a planning process beginning late July through next year's budget process to develop recommendations about what to do if we have this scenario next year. Ms. Garcia also presented the reduction planning guidelines that were presented to DPH contractors in April 2008.

Follow Up/Action Items

1. At the June meeting agendaize a discussion about Health Commission budget principles to give input to Ms. Garcia and staff before she begins meeting with the stakeholders regarding next year's budget process. For example looking at across-the-board cuts rather than targeted cuts, cutting non-performing contracts, etc.
2. Detail for Community Program's civil service cut to be provided.

8) **PUBLIC COMMENT**

Carla Wilson, Quan Yin Healing Arts Center, appreciates the complexity of the discussion. It is unfortunate that proportional cuts were not honored and the elimination of the category is putting people in the position of not having treatment.

9) **ADJOURNMENT**

The meeting was adjourned at 3:55 p.m.

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Michele M. Seaton  
Health Commission Executive Secretary