

DEPARTMENT OF PUBLIC HEALTH

FY 15-16 & 16-17 BUDGET

February 3, 2015

FY15-17 Financial Outlook

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- City General Fund situation continues to improve, but still facing modest \$15.9 and \$88.3 M deficits for FY 15-16 and FY 16-17, respectively
- City departments are instructed to reduce their GF by 1% reduction target for year 2. For DPH, this is a \$6.2 M reduction target in FY 16-17

Revenue Uncertainty

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Revenue streams continue to shift with Healthcare Reform

- Future Disproportionate Share Hospital Revenue Adjustments
- Realignment “Claw Back”
- Dual Eligibles Managed Care Conversion Pilot 1115 Medi-Cal Waiver

DPH Budget Strategies - Access

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Continued implementation and follow-through on past initiatives

- Significant prior year investments in DPH's service delivery system over the past two budgets in anticipation of the ACA to improve and expand access
- Preparing for the New San Francisco General Hospital

DPH Budget Strategies – Vulnerable Populations

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Strategies Include:

- Maintaining Community Programs Funding by restoring remaining \$8.8 M reduction
- Increasing access to housing and respite services
- Investing in Population Health
- Implementing African American Health Initiative
- Getting to Zero to eliminate new HIV infections

DPH Budget Strategies - IT

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Long-Term Investments In Information Systems for Financial Health

- Act on recommendations from prior studies to strengthen and modernize basic infrastructure
- Implement ICD-10
- Develop an integrated electronic medical record
- Minimize financial risk due to unsupported billing programs

IT Health Assessment

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Infrastructure: Unstable & Slow

- End of life
- Out dated design
- Stalled or delayed initiatives
- Increasing operational cost

Structure & Governance: In Transition

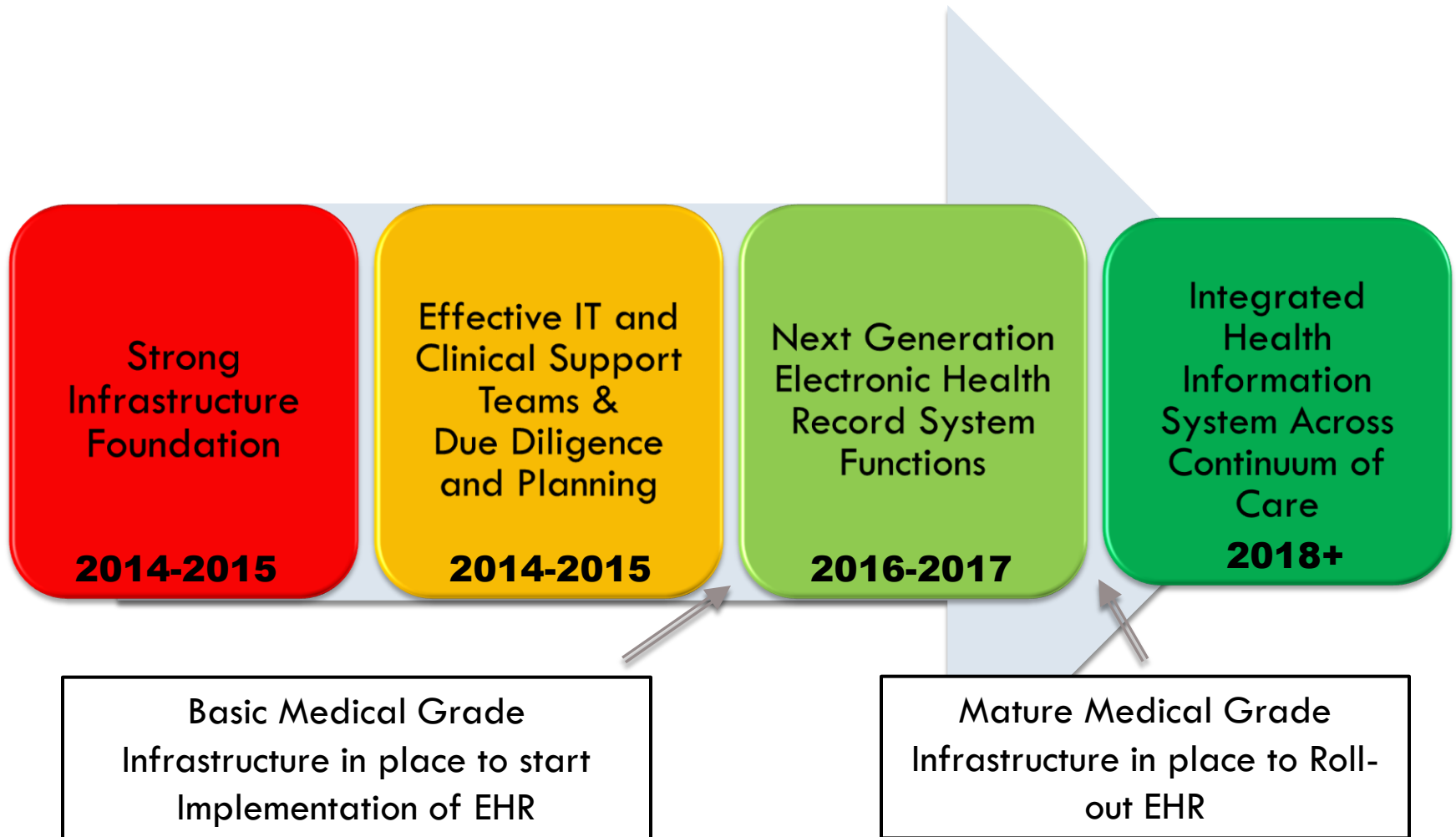
- New industry standard structure and governance Model
- Roles and Responsibilities
- Culture change to empowerment and ownership

Support & Capabilities: Significant Gaps

- Leadership and Technical Skills
- Clinical staff training & system optimization-Clinical Informatics Team
- IT Teams unable to meet current tasks and projects

Strategy to Meet the Future

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Business Challenge: ~\$223 M of Investment over the next 5-7 years

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The conclusion of the consultant studies and internal evaluations is that DPH will need to invest up to ~\$223 million over the next 5-7 years to bring its systems up to current health care industry standards, including and integrated EMR

Stabilize and Upgrade Infrastructure

- Challenge: \$30+ Million Infrastructure Landscape at end of life-Funding challenges due to peaks and valleys resource and \$ need to refresh
- Strategy: Stabilize spend cycle-Move to 5 Year refresh cycle (\$6 Million/Year) for predictive infrastructure lifecycle management
- Risk: Refresh effort will lag behind need until we catch up

Right Size Support Capabilities and EMR Build Team

- Challenge: IT Team is understaffed to meet current (support) and future (EHR build) needs
- Strategy: Budget for increase in staffing to prepare for EHR build and support in FY15-17 (Approximately 100+ net add to existing staff)
- Risk: Hiring process and funding can impact readiness

FY 15-17 Proposed Budget

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February 3 budget initiatives are the first step in the budget process:

- Meets Mayor's year 2 General Fund savings target
- Restores prior-year reduction to the Community Programs RFP budget

Next step is to achieve a balance between ACA and public health implementation and investments in IT, financial stability

Scheduled for March 3 for draft balancing plan, continued work with Mayor's Office through June 1

FY 15-17 Proposed Budget

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	15-16 GF Savings / (Cost)	16-17 GF Savings / (Cost)	2 Year Net Total
Revenues			
SFGH and Primary Care Baseline Revenue	9,328,323	9,114,717	
LHH Baseline Revenues	-	3,007,324	
2011 Realignment	<u>1,738,000</u>	<u>1,738,000</u>	
Subtotal Revenues	11,066,323	13,860,041	
Emerging Needs/Target			
Target Reduction	-	(6,191,218)	
Restore RFP Reduction	<u>(8,843,948)</u>	<u>(8,843,948)</u>	
Subtotal Needs	(8,843,948)	(15,035,166)	
DPH Current Balancing	2,222,375	(1,175,126)	1,047,250

FY 15-17 Proposed Budget

Initiatives Not Affecting Target	15-16 GF Savings / (Cost)	16-17 GF Savings / (Cost)	
Inflationary			
Pharmacy, Master Lease Housing, Food and Laundry	-	(2,880,049)	
Budget Neutral			
Environmental Health Fee Adjustments	n/a	n/a	
Physician Staff Increase at General Medical Clinic	n/a	n/a	

Next Steps

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- March 3rd – 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