



Edwin M. Lee,
Mayor

Greg Wagner,
Chief Financial Officer

MEMORANDUM

April 29, 2015

TO: President Ed Chow and Honorable Members of the Health Commission

FROM: Greg Wagner, Chief Financial Officer

THROUGH: Barbara Garcia, Director

RE: **FY 2015-16 and 2016-17 Proposed Budget – Third Hearing**

As you recall, the Commission held two hearings in February and March on the proposed DPH budget for FY15-16 and FY 16-17. In those hearings, the Commission approved a number of initiatives for submission to the Mayor's Office. However, because of timing issues in developing a detailed program development on the Electronic Health Records program, staff balanced around a placeholder funding amount for information technology investments and committed to return to the Commission for a third hearing to discuss the proposed IT program in greater detail. At the May 5 Commission meeting, we will present the attached proposal and request the Commission's approval for submission to the Mayor's Office for consideration to be included in the Mayor's proposed budget on June 1. The amended budget proposal includes a handful of new initiatives, but the largest and most substantive is the proposed budget for information technology investments.

The proposed budget before the Commission on May 5 achieves the following:

- Complies with Mayor's Office budget instructions, including meeting the General Fund savings target of \$6.2 million for FY 16-17;
- Meets revenue targets assumed in the City's 5-Year Financial Plan;
- Restores \$17.6 million in previously budgeted reductions to community-based services;
- Funds all proposed expenditure increases, including information technology program, without requiring additional General Fund appropriation.

As discussed in prior hearings, overarching goals for the Department's two-year budget include:

- Focus resources on continued implementation and refinement of previous years' initiatives to improve access, quality of care and patient satisfaction.
- Support City efforts to support vulnerable resident, many of whom are struggling with both health and affordability concerns.
- Strengthen the department's long-term financial health through investments in information systems and preparation for future economic downturns.

At the past two hearings, we focused on the first two goals. At the May 5 hearing, we will focus on the third goal, with a focus on the Department's proposed multi-year information technology plan.

Information Technology Proposed Budget

The budget package approved by the Commission on March 3 included a placeholder value of \$19.3 million for information technology investments. The amended budget proposal before the Commission at the May 5 hearing includes an additional \$22.6 million in proposed funding for the information technology program, bringing the proposed two-year allocation to a total of \$42 million. Staff believes this funding is sufficient to keep the electronic medical records program actively moving forward.

The proposed budget is based on a refined projection of the internal and external costs required to prepare for and begin implementation of an updated electronic health records system. The original forecast submitted by DPH to the City's Committee on Information Technology, and discussed at prior Commission hearings, called for \$18.6 million in FY 15-16 and \$29.2 million in FY 16-17. The projected expenditures for FY 15-16 have been revised downward to \$12.8 million in this proposal due to:

- Some anticipated purchases and expenditures have been pre-funded in the current year
- A revised hiring plan reflecting the need to phase in hiring of project leadership and staffing, and more realistic timelines for hiring of civil service positions.

Projected expenditures remain at \$29.2 million for FY 16-17.

In accordance with the City's policy to maximize the use of one-time funding for one-time purposes including major IT investments, the Department has been working with the Mayor's Office and Controller's Office to identify a mechanism to allocate unexpected one-time State or Federal allocations to the Electronic Health Records Project. In the case that actual hospital revenues in either FY 15-16 or FY 16-17 exceed projections, the proposed budget includes a provision allowing up to \$25 million per year of that excess revenue to be transferred to the electronic health record project. Availability of funds under this provision would be subject to approval by the Controller's Office.

Division	Item	Description	15-16 FTE Change	15-16 Incr/(Decr)	15-16 Revenues Incr/(Decr)	15-16 Net GF (Cost)/ Savings	16-17 FTE Change	16-17 Incr/(Decr)	16-17 Revenues Incr/(Decr)	16-17 Net GF (Cost)/ Savings	Comment
REVENUES											
SFGH/PC	A1	SFGH and Primary Care Baseline Revenue	-	-	9,328,323	9,328,323	-	-	9,114,717	9,114,717	Adjustments to the various revenue components based on projections related to Medi-cal, Capitation, Medicare and other patient revenues. It also takes into account federal funding changes to programs such as Meaningful Use and SB208.
LHH	A2	LHH Baseline Revenues	-	-	-	-	-	-	3,007,324	3,007,324	Projected increase in Skilled Nursing Facility inpatient revenue at LHH in FY15-16 will be offset by the decrease in outpatient revenue based on the current year trend. And the revenue increase in FY16-17 is contributed to another 2% rate increase projected for FY16-17.
AC-MH	A3	2011 Realignment	-	-	1,738,000	1,738,000	-	-	1,738,000	1,738,000	Projected baseline revenue growth for 2011 Realignment from the State.
PH	A4 - New	Public Health Revenue Adjustments	-	-	(463,000)	(463,000)	-	-	(463,000)	(463,000)	This initiative realigns revenues in our Public Health Division to match our actuals. Over the last several years, we have moved Targeted Case Management eligible costs on to other revenue generating programs throughout the health network, including maternal child health and mental health placement. Revenues for these programs are already assumed as part of our baseline budget. At the same time, revenues related to our vital records program are projected to increase by \$100,000 which will partially offset the loss of the TCM revenue.
TOTAL REVENUE			-	-	10,603,323	10,603,323	-	-	13,397,041	13,397,041	
BUDGET NEUTRAL											
PHD	B1	Environmental Health Fee Adjustments	2.06	593,229	593,229	-	2.40	593,229	593,229	-	Annual and legislated increases in Environmental Services inspection fees to cover related program expenditures.
PC	B2	Physician Staff Increase at General Medical Clinic	-	1,080,815	1,080,815	-	-	1,080,815	1,080,815	-	Increases in physician staffing at GMC and FHC to increase the number of patients seen. These additional expenses will also increase services and revenues to offset the costs.
MH	B3	Strengthening Mental Health Services for Foster Care Youth	5.39	143,451	143,451	-	7.00	286,902	286,902	-	Creation of seven 2930/2931 Psychiatric Social Worker/Marriage Family Therapist positions as part of DPH's mental health services for the youth in the foster care system and their guardians for the Human Services Agency (HSA). These permanent positions improve the quality and coordination of the services which will be funded through a workorder with HSA and partially offset by contract savings.

Division	Item	Description	15-16 FTE Change	15-16 Expend Incr/(Decr)	15-16 Revenues Incr/(Decr)	15-16 Net GF (Cost)/ Savings	16-17 FTE Change	16-17 Expend Incr/(Decr)	16-17 Revenues Incr/(Decr)	16-17 Net GF (Cost)/ Savings	Comment
AC - MH	B4	Mental Health Services Act	6.16	2,524,448	2,524,448	-	8.00	2,524,448	2,524,448	-	Allocation of growth in State MHSA funding consistent with the County Approved Integrated Plan. Funds will be invested to support adults with severe mental illness, including expansion of the Assisted Outpatient Treatment program (aka Laura's Law), training for mental health staff and prevention.
SFGH	B5	SFGH Food and Nutrition Services	4.61	-	-	-	6.10	-	-	-	This initiative will strengthen the operations of SFGH Food & Nutrition services with additional positions to fully staff the division and to remain in compliance with federal regulations. In addition, a new therapeutic food program will be piloted to promote healthier habits when patients return home. The increases in costs will be offset entirely by contract savings in food and nutrition services.
SFHN	B6 - New	340B Pharmaceutical Program Expansion		2,500,000	2,500,000	-		3,000,000	3,000,000	-	This proposal expands 340B drug discount program to additional outpatient pharmacies through a contract with Walgreens. The Federal 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations including the SF Health Network, at significantly reduced prices. This expansion will the number locations qualifying SFHN patients to get their pharmaceuticals at more locations throughout the City and for the first time, the SFHN will provide access to pharmaceuticals to Medicare patients.
AC - BH	B7 - New	Drug Medi-Cal		1,752,750	1,752,750	-		1,752,750	1,752,750	-	This budget neutral proposal addresses an anticipated increase in Drug/MediCal reimbursable services as the result of service changes included in California's State Plan Amendment and expected increases in services rendered. As of January 1, 2015, the state has eliminated the monthly limit on billable services for methadone patients by the physician authorizing the client's treatment plan. DPH estimates an approximately 20 percent increase in billable units of service, and must increase both revenues and expenditures by \$1.7 million.
TOTAL REVENUE NEUTRAL			18.22	8,594,693	8,594,693	-	23.50	9,238,144	9,238,144	-	

10-4

Division	Item	Description	15-16 FTE Change	15-16 Expend Incr/(Decr)	15-16 Revenues Incr/(Decr)	15-16 Net GF (Cost)/ Savings	16-17 FTE Change	16-17 Expend Incr/(Decr)	16-17 Revenues Incr/(Decr)	16-17 Net GF (Cost)/ Savings	Comment
EMERGING NEEDS											
AC	C1	Restoration of Request For Proposal (RFP) Funding Reductions	-	8,843,948	-	(8,843,948)	-	8,843,948	-	(8,843,948)	Restoration of the remaining \$8.8 million funding reduction to contracted services initially proposed as part of the FY 13-15 budget. the department will still continue with a series of request for proposals (RFP) to prioritize services as part of health care reform, but will maintain its overall funding levels for contracted behavioral health services.
SFGH/MH	C2	Improvements to SFGH's Acute Psychiatric Services	3.06	910,186	297,412	(612,774)	4.77	1,293,921	2,369,213	1,075,292	Following recommendations of a consultant, SFGH will improve the patient care experience by monitoring the performance of the psych inpatient program through the use of real time analysis and identification of trends of specific data elements.
AC - JH	C3	Strengthening Jail Health Behavioral Health Services	1.54	74,170	-	(74,170)	2.00	117,128	-	(117,128)	To increase quality and ensure that the Jail Health Services Behavioral Health program is managed and staffed, DPH will increase program staff to oversee these critical services.
PHD	C4	Investments in Population Health Division (PHD) Infrastructure	5.17	1,124,648	(369,236)	(1,493,884)	12.50	1,822,424	(388,427)	(2,210,851)	As healthcare reform mandates improved efficiency and quality outcomes, the Department of Public Health, must also invest in PHD as well as the San Francisco Health Network, its service delivery system to ensure a coordinated and holistic approach to improving health in the City. This in initiative increases the capacity of Communicable Disease Control and Emergency Preparedness programs, PHD operations, creates a new Black African American Health Initiative and provides maintenance and analytical capacity in PHD's new integrated public health information system, PHINX.
DPH - All	C5	Workforce Development	0.77	197,895	-	(197,895)	2.52	74,287	-	(74,287)	The department's future success lies in its ability to recruit and retain a talented and diverse public health workforce at all levels in a department that fosters innovation, quality improvement, and cultural humility. This initiative establishes three positions to support training and staff development at DPH to increase staff retention and satisfaction and to improve the quality of care provided.
DPH - All	C6 - New	Conversion of Positions to Permanent Status	-	1,358,350	-	(1,358,350)	-	1,696,752	-	(1,696,752)	As a result of a process between the City's Department of Human Resources and labor organizations, DPH has agreed to staff several functions current supported by contract or temporary as needed staff with permanent City positions. In total 18.5 new FTE will be added to DPH, primarily related to Radiology at SFGH, offset by savings in contracts and temporary salaries.

10-5

Division	Item	Description	15-16 FTE Change	15-16 Expend Incr/(Decr)	15-16 Revenues Incr/(Decr)	15-16 Net GF (Cost)/ Savings	16-17 FTE Change	16-17 Expend Incr/(Decr)	16-17 Revenues Incr/(Decr)	16-17 Net GF (Cost)/ Savings	Comment
DPH - All	C7 - New	Investments in DPH IT and Preparation for Electronic Medical Records (EMR)	37.72	12,773,677	-	(12,773,677)	87.54	29,200,000	-	(29,200,000)	Over the next five years, DPH will begin preparing, building, and rolling out a new integrated enterprise medical record which will affect every division of the San Francisco Health Network. During FY 15-17, DPH will create a solid information technology foundation by modernizing its infrastructure and bringing up IT staffing to basic industry standards.
TOTAL EMERGING NEEDS			48.26	25,282,874	(71,824)	(25,354,698)	109.33	43,048,460	1,980,786	(41,067,674)	
REDUCTIONS/SAVINGS PROPOSALS											
SFGH	E1	SFGH Pharmacy Savings	-	(7,000,000)	-	7,000,000	-	(7,000,000)	-	7,000,000	Savings related to \$10 M of funding for pharmaceuticals for participants who transferred from Ryan White AIDS Drug Assistance Program to the Low Income Health Program. \$3 M of those costs are assumed for projected growth in patient population and other materials and supplies costs associated with the new hospital, but \$7 M can be released for
SFGH & PC	E2	Salary Savings Adjustments	-	(3,500,000)	-	3,500,000	-	3,216,985	-	(3,216,985)	Salary savings adjustments using the most recent projects and hiring plans will result in an one time increase salary savings in FY 15-16 for Primary Care by \$3.5 million. In addition, for FY 16-17, the new San Francisco General Hospital will be fully transitioned and staffed, salary savings will be reduced by \$3.2 million for SFGH on going.
SFHN	E3 - Revised	San Francisco Health Network Resource Reallocations	3.08	(386,806)	-	386,806	1.00	(243,406)	-	243,406	This initiative reallocates positions within the San Francisco Health Network (SFHN) to improve services in throughout our delivery system and to achieve savings. Service enhancements include the development of a Ambulatory Care Population Health Center outreach program, supporting children's mental health services and increasing capacity at San Francisco General Hospitals outpatient specialty clinics.
SFHN	E4 - New	Contract Savings Due to Increased Insurance		(9,000,000)		9,000,000		(9,000,000)		9,000,000	Since January 2014, 50,056 individuals have transitioned out of Healthy San Francisco for various reasons including, but not limited to, insurance coverage made available under the Affordable Care Act. As a result, provider payment for covered services will shift from Healthy San Francisco to insurance. Neither service levels nor enrollment criteria for Healthy San Francisco will be impacted by this initiative, it is purely an adjustment to projected actual expenditures under existing program policies and to SF Health Network's continuous success in transitioning these Healthy San Francisco enrollees into insurance programs.

Division	Item	Description	15-16 FTE Change	15-16 Expend Incr/(Decr)	15-16 Revenues Incr/(Decr)	15-16 Net GF (Cost)/ Savings	16-17 FTE Change	16-17 Expend Incr/(Decr)	16-17 Revenues Incr/(Decr)	16-17 Net GF (Cost)/ Savings	Comment
TOTAL REDUCTIONS			3.08	(19,886,806)	-	19,886,806	1.00	(13,026,421)	-	13,026,421	
INFLATIONARY - No Impact on DPH's Target											
DPH - All	D1	DPH Pharmacy and Other Inflationary Cost	-	-	-	-	-	2,880,049	-	(2,880,049)	Increased expenditure authority related to pharmaceuticals, food, as well as housing and laundry contracts to reflect inflation on the price of these critical supplies and services
TOTAL INFLATIONARY			-	-	-	-	-	2,880,049	-	(2,880,049)	
TOTAL ALL INITIATIVES AFFECTING TARGET			69.56	13,990,762	19,126,192	5,135,430	133.83	42,140,232	24,615,971	(17,524,262)	

10.7

2015-16 and 2016-17 Program Change Request

DIVISION:

X DPH – department wide

☐ Population Health☐ SF Health Network Wide /
Managed Care☐ San Francisco General Hospital☐ Laguna Honda Hospital☐ Ambulatory Care: Behavioral
HealthPROGRAM / INITIATIVE TITLE: **Public Health Revenue Adjustments**

TARGETED CLIENTS: n/a

PROGRAM CONTACT NAME/PHONE: **Anne Okubo 554-2825**

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
n/a	n/a	463,000	463,000

PROGRAM DESCRIPTION: (brief description of proposed change)

This initiative realigns revenues in our Public Health Division to match our actuals.

Targeted Case Management (TCM) is a federal reimbursement program that provides comprehensive case management for identified Medi-Cal eligible clients within specific targeted groups. The program helps these clients access needed medical, social, educational, and other services to ensure that the individual's changing needs are addressed on an ongoing basis and that appropriate choices are provided from the widest array of options. Over the last several years, we have moved TCM eligible costs on to other revenue generating programs throughout the health network, including maternal child health and mental health placement. Revenues for these programs are already assumed as part of our baseline budget.

At the same time, revenues related to our vital records program are projected to increase by \$100,000 which will partially offset the loss of the TCM revenue.

JUSTIFICATION:

These adjustments are based on our historical actual revenues achieve and creates a realistic budget for the department.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

n/a

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Increase in general fund support of \$563,000 due to Target Case Management, but reduce general fund support by \$100,000 due to increases in vital records revenue.

IMPACT ON DEPARTMENT'S WORKFORCE :

n/a

ATTACHMENT B FY 15-17
SUMMARY OF PROGRAM COST

INITIATIVE TITLE: TCM (Targeted Case Management)

Description		FY 2015-16	FY 2016-17
Sources:			
Targeted Case Management Revenues		\$ (563,000)	\$ (563,000)
Vital Records Revenues		100,000	100,000
Subtotal Sources		(463,000)	(463,000)
Uses:			
		\$ -	\$ -
		-	-
		-	-
Subtotal Uses		-	-
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ 463,000	\$ 463,000
Total FTE's		0.0	0.0

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE		
			-	-
			-	-
			-	-
	Fringe (36% for both years)		-	-
			\$ -	\$ -
Operating Expenses				
Index Code	Character/Subobject Code			
			\$ -	\$ -

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request**DIVISION:**

- ☐ DPH – department wide ☐ Population Health ☒ SF Health Network Wide /
☒ San Francisco General Hospital ☐ Laguna Honda Hospital Managed Care
☒ Ambulatory Care: Primary Care

PROGRAM / INITIATIVE TITLE: **340B Pharmaceutical Program Expansion**TARGETED CLIENTS: **Qualifying SFHN Patients**PROGRAM CONTACT NAME/PHONE: **David Woods PharmD, 206-2332**

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
-	-	\$0	\$0

PROGRAM DESCRIPTION: (Brief description of Program Change)

The Federal 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations including the SF Health Network, at significantly reduced prices. This proposal expands 340B drug program by adding more outpatient pharmacies through a contract with Walgreens and for the first time, the SFHN will provide access to pharmaceuticals to Medicare patients. There are approximately 10,584 unduplicated Medicare patients who may be eligible for this program.

JUSTIFICATION:

Approximately 275,000 prescriptions are processed annually for SFHN patients eligible through the 340B subsidized benefit, and an additional 90,000 prescriptions are generated annually for Medicare, Medicaid managed care and commercial insurance beneficiaries who receive care from SFHN. The enhancement will increase the 340B Drug Program's full potential for revenue share. Expanding pharmaceutical coverage to this eligible outpatient population will cost approximately \$3,000,000 annually but will entirely be offset by an equal amount of revenue.

IMPACT ON CLIENTS: (unit of service and/or number of clients affected)

There are approximately 10,584 unduplicated outpatient Medicare patients who may be eligible for this pharmacy program enhancement. This will improve access to necessary pharmaceuticals for many of our patients.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Pharmaceutical drug expenses will increase by \$2.5 million in FY1516 and by \$3 million in FY1617. Revenues will increase by the same amounts in both years.

IMPACT ON DEPARTMENT'S WORKFORCE:

None

**ATTACHMENT B
SUMMARY OF PROGRAM COST**

INITIATIVE TITLE: 340B Program Enhancement

Description		FY 2015-16	FY 2016-17
Sources:			
	Medicare and Medi-Cal Revenue	\$ 2,500,000	\$ 3,000,000
Subtotal Sources		\$ 2,500,000	\$ 3,000,000
Uses:			
	Salary and Benefits		
	Operating Expense	\$ 2,500,000	\$ 3,000,000
Subtotal Uses			
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)			
Total FTE's		0.00	0.00

New Positions (List positions by Class, Title and FTE)

<u>Class</u>	<u>Title</u>	<u>FTE</u>	<u>FTE</u>
		0.00	0.00
	Total Salary	0.00	0.00
	Fringe		
	Total Salary and Fringe	0.00	0.00

Operating Expenses

Index Code	Character/Subobject Code		
HGH1HUN40061	040/04461 Materials & Supplies (Pharmaceuticals)	<u>2,500,000</u>	<u>3,000,000</u>
		\$ 2,500,000	\$ 3,000,000

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request**DIVISION:**

- ☐ DPH – department wide ☐ Population Health ☐ SF Health Network Wide /
☐ San Francisco General Hospital ☐ Laguna Honda Hospital Managed Care
☒ Ambulatory Care -BHS/SUD

PROGRAM / INITIATIVE TITLE: **Drug Medi-Cal Revenue and Expenditure Increases**

CONTACT: Judith Martin MD, 415 255-3601

TARGETED CLIENTS: San Francisco Medi-Cal beneficiaries with opioid use disorders

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
n/a	n/a	\$0	\$0

PROGRAM DESCRIPTION: (brief description of proposed change)

The proposal would address an anticipated increase in Medi-Cal reimbursable services as the result of service changes included in California's State Plan Amendment (SPA), submitted by the Department of Health Care Services (DHCS) to amend California's Medicaid Plan, effective January 1, 2015. The SPA reflects the provisions of the (a) Federal Mental Health Parity and Addiction Equity Act (MHPAEA), enacted in 2008, requiring group health plans and health insurance issuers to ensure that financial requirements (such as co-pays, deductibles) and treatment limitations (such as visit limits) applicable to mental health or substance use disorder (MH/SUD) benefits be no more restrictive than for medical care, and (b) the Federal Affordable Care Act (ACA), and its expanded benefits and expanded Medi-Cal eligibility.

Prior to the SPA, California had imposed a 200 minute per month limit on billable counseling services for methadone patients. As of January 1, 2015, the state has eliminated the limit, with the monthly duration of counseling to be established by the physician authorizing the client's treatment plan. The original 2015-16 counseling budget was \$3,400,000. The Department estimates an approximately 20 percent increase in billable units of service, which translates to an increase in revenues and expenditures of \$686,850.

In addition, to the State changes, the department needs to increase the expansion of methadone treatment services funded by Medi-Cal. Due to the ACA Medicaid Expansion, previously uninsured persons with opioid addiction are now Medi-Cal beneficiaries and are entitled to Medication Assisted Treatment. The department projects an additional 210 clients for an additional increase \$1,065,900.

JUSTIFICATION:

The implementation of the changes as reflected in the State Plan Amendment is mandatory. In the past a significant number of counseling sessions were not billed due to the 200 minute/month limit, while at the same time both clients and physicians both requested additional individual and group counseling time to address individual client needs. The allocation of additional time will now have to be made available. The Department also expects many programs to offer both group and individual treatment, whereas before, they were limited to one or the other. Finally, all programs have been experiencing a transition of clients from non-insured or private pay status to Medi-Cal, which further supports the projected increase of 20 percent over the current Medi-Cal

budget.

Due to the ACA Medicaid Expansion, previously uninsured persons with opioid addiction are now Medi-Cal beneficiaries and are entitled to Medication Assisted Treatment. The County is required to reimburse methadone providers for the cost of serving Medi-Cal clients, as the funding comes from the State through the County.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

Almost all methadone treatment clients will receive more counseling in the early phases of their treatment. A projected 950 clients would receive an average of five additional ten-minute increments of counseling per month. At an average cost of \$12.34 per unit for the Department's contracted methadone treatment providers, this will generate an increase of \$686,850 in expenditures and an equal increase in Medi-Cal revenues to fund the expenditures.

A projected 210 additional methadone treatment clients will receive Medication Assisted Treatment including dosing, individual counseling and group counseling services.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Expenditures: 027 Professional Services Contracts: \$1,752,750

Revenue: Drug Medi-Cal: \$1,752,750

IMPACT ON DEPARTMENT'S WORKFORCE :

No impact on Departmental workforce. All treatment impacted by this change is implemented through contracts with community based treatment agencies.

ATTACHMENT B FY 15-17
SUMMARY OF PROGRAM COST

INITIATIVE TITLE: Drug Medi-Cal Revenue and Expenditure Increases

Description		FY 2015-16	FY 2016-17
Sources:			
	Drug Medi-Cal - index code HMHSCCADM110 subobject 45416	\$ 1,752,750	\$ 1,752,750
Subtotal Sources		1,752,750	1,752,750
Uses:			
	Professional Service - Contracts Character 021/02700	\$ 1,752,750	\$ 1,752,750
		-	-
		-	-
Subtotal Uses		1,752,750	1,752,750
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ -	\$ -
Total FTE's		0.0	0.0

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE		
			-	-
			-	-
			-	-
	Fringe (36% for both years)		-	-
			\$ -	\$ -
Operating Expenses				
Index Code	Character/Subobject Code			
HMHSCCRES227	021/02700	\$ 1,752,750	\$ 1,752,750	

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request**DIVISION:**

X DPH – department wide

☐ Population Health☐ SF Health Network Wide /☐ San Francisco General Hospital☐ Laguna Honda Hospital

Managed Care

☐ Ambulatory Care _____PROGRAM / INITIATIVE TITLE: **Conversion of Positions to Permanent Status**TARGETED CLIENTS: **SFHN patients**PROGRAM CONTACT NAME/PHONE: **Willie Ramirez**

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
13.05	15.5	\$1,358,350	\$1,696,752

PROGRAM DESCRIPTION: (brief description of proposed change)

As a result of a process between the City's Department of Human Resources and labor organizations, DPH has agreed to staff several functions current supported by contract or temporary as needed staff with permanent City positions. Radiology at San Francisco General will experience the most significant staffing change will add 5.5 FTE of 2424 X-Ray Lab Aides and 9.5 FTE Diagnostic Imaging Technicians. In addition, Laguna Honda Hospital will add 0.5 FTE 2536 Respiratory Care Therapists and facilities maintenance will add 4.0 FTE 2736 Porters. The increased staff at San Francisco General will reduce the need for temporary as need staff and registry contract and will offset a portion of the cost increases.

JUSTIFICATION:

The positions are necessary to continue current and anticipated demand for radiology services while minimizing the need for the use of registry staffing support. This new staffing model supports continuity of patient care and compliance to collective bargaining requirements and places the hospital in a stronger staffing foundation as the new hospital expects increase demand for radiology services.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

None.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Expenditure increase of \$1,662,934 FY 15-16 annualizing to \$1,887,047.

IMPACT ON DEPARTMENT'S WORKFORCE :

18.5 FTE permanent position FTE increase, offset by 3.0 FTE reduction in temporary salaries.

INITIATIVE TITLE: Increasing Permanent Support Staffing

Description		FY 2015-16	FY 2016-17
Sources:			
	Revenues	\$ -	\$ -
	Subtotal Sources	\$ -	\$ -
Uses:			
	Salary and Benefits	\$ 1,608,350	\$ 1,996,752
	Operating Expense	\$ (250,000)	\$ (300,000)
	Subtotal Uses	\$ 1,358,350	\$ 1,696,752
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ 1,358,350	\$ 1,696,752
Total FTE's		12.05	15.50

New Positions (List positions by Class, Title and FTE)

<u>Class</u>	<u>Title</u>	<u>FTE</u>		<u>FTE</u>	
2424	X-Ray Laboratory Aide	5.50	379,907	5.50	392,838
2536	Respiratory Care Therapist	0.50	39,193	0.50	40,444
2738	Porters	4.00	252,988	4.00	261,064
2467	Diagnostic Imaging Technologist I	9.50	1,081,366	9.50	1,118,169
TEMPM	Temporary - Miscellaneous	(4.00)	(361,912)	(4.00)	(372,856)
STEPM	Step Adjustments	-	(86,523)	-	(143,747)
9993M_Z	Attrition Savings - Miscellaneous	(3.45)	(273,916)	-	0
Total Salary		12.05	1,031,103	15.50	1,295,912
Fringe		0.56	577,247	0.54	700,841
Total Salary and Fringe		12.05	1,608,350	15.50	1,996,752

Operating Expenses

Index Code	Character/Subobject Code		
HGH1HUN40061	021/02700 Professional Services - Registry	(250,000)	(300,000)
Subtotal		\$ (250,000)	\$ (300,000)

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request

DIVISION:

- ☐ DPH – department wide ☐ Population Health X SF Health Network Wide /
☐ San Francisco General Hospital ☐ Laguna Honda Hospital Managed Care
☐ Ambulatory Care _____

PROGRAM / INITIATIVE TITLE: **SF Health Network Resource Reallocation and Savings**

TARGETED CLIENTS: SFHN Patients

PROGRAM CONTACT NAME/PHONE: Marcellina Ogbu 255-3524

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
0	0	-\$386,806)	-\$243,406)

PROGRAM DESCRIPTION: (brief description of proposed change)

This initiative reallocates positions and costs within the San Francisco Health Network (SFHN) to improve services throughout the network. In the spring of 2014, DPH was exploring the possibility of opening up a new primary care satellite clinic and budgeted expenditures and corresponding revenues which offset costs entirely as part of the FY 14-16 budget. After significant analysis, DPH determined in the fall that an additional clinic was not a viable option. At the same time the SFHN has identified areas where investment can be made to improve outcomes and compliance. Rather than create new expenditures, DPH will reallocate the costs originally budgeted for the clinic to areas to provide more effective service and/or eliminated to achieve savings. The following positions will be used to augment or improve services as follows:

- Ambulatory Care Population Health Center - 4.0 2586 Health Worker II will be used to in this new program to support our population-based quality improvement initiatives. Outreach population health improvement functions will include contacting patients who are due for recommended screening and other preventive health care, Chronic illness management support in the form of reminders and patient education and Population-wide surveillance functions to ensure timely notification and follow-up for patients with abnormal screening tests.
- Children's Mental Health services - 1.0 FTE 2593 Health Program Coordinator will oversee and strengthen program operations for behavioral health services for children, youth and families. In addition, 1.0 FTE 2586 Healthworker II will be transferred to Southeast Child and Family Clinics to improve customer service and clinic efficiency.
- Office of Privacy and Compliance - 1.0 2593 Health Program Coordinator to support department wide efforts to ensure patient health information is protected as required by federal regulations. This position will handle issues and implement solutions, and manage multiple complex cases involving privacy breaches, Whistle Blower notices, Citizen Complaints and Compliance Fraud and Abuse cases.
- Workforce Development – 1.0 FTE 2586 Healthworker to support Ambulatory Care's workforce development program to coordinate increased training and workforce development throughout the network.
- SFGH outpatient specialty clinics 1.5 2320 RN, 1.0 Medical Evaluations Assistant) to support patient flow and access. In addition, 1.0 FTE of a Health Program Coordinator III will be added to coordinate and manage the Care Experience roll out to improve patient experience scores.

- SFGH Materials Management 1.0 1942 Assistant Materials Coordinator to support managers and to expedite procurement throughout the network. Timely and accurate purchasing will ensure proper hospital and clinic operations
- Office of Managed Care – 1.0 FTE 1824 Principal Analyst and 1.0 FTE 1820 to negotiation and manage contracts and conduct payment audits to ensure revenues are achieved.
- LHH Finance and Compliance – 1.0 FTE 1824 to coordinate financial reports and clinical data to support operations and 1.0 1406 Senior Clerk to ensure compliance and adherence to reporting requirements

As revenues have already been reflected as part of our baseline revenue initiatives, the balance of these changes, including rental and materials and supplies costs will be eliminated and used to achieve savings.

JUSTIFICATION:

To avoid new costs and to create savings, DPH will reallocate and eliminate costs originally budgeted for a program the department will no longer be pursuing.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

These enhancements will improve access to and the quality of services to all clients in the SFHN.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Savings of 386,608 increasing to \$243,406.

IMPACT ON DEPARTMENT'S WORKFORCE :

Net increase of 2.31 FTE in 15-16, increasing to 3.0 in year 2.

**ATTACHMENT B FY 15-17
SUMMARY OF PROGRAM COST**

INITIATIVE TITLE: SFHN Reallocation

Description		FY 2015-16	FY 2016-17
Sources:			
Subtotal Sources		-	-
Uses:			
Personnel Costs		\$ 21,003	\$ 164,403
Non Personnel		(407,809)	(407,809)
Subtotal Uses		(386,806)	(243,406)
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ (386,806)	\$ (243,406)
Total FTE's		3.08	4.00

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE		FTE	
2586	Healthworker II	(1.60)	\$ (99,960)	(1.60)	\$ (103,150)
2903	Eligibility Worker	(1.60)	\$ (109,454)	(1.60)	\$ (112,947)
2320	Registered Nurse	(1.80)	\$ (272,948)	(1.80)	\$ (275,382)
2409	Pharmacy Technician	(0.50)	\$ (40,567)	(0.50)	\$ (43,410)
2230	Physician Specialist	(2.00)	\$ (445,360)	(2.00)	\$ (449,332)
2430	Medical Evaluations Assistant	(4.00)	\$ (255,540)	(4.00)	\$ (263,696)
2450	Pharmacist	(1.00)	\$ (153,261)	(1.00)	\$ (158,153)
2586	Healthworker II	6.00	\$ 374,850	6.00	\$ 386,814
2593	Health Program Coordinator III	2.54	\$ 262,293	3.00	\$ 319,683
1820	Junior Administrative Analyst	0.77	\$ 52,142	1.00	\$ 69,878
1406	Senior Clerk	1.00	\$ 57,074	1.00	\$ 58,896
1824	Principal Administrative Analyst	1.77	\$ 212,589	2.00	\$ 247,882
2320	Registered Nurse	1.50	\$ 227,457	1.50	\$ 229,485
2430	Medical Evaluations Assistant	1.00	\$ 63,885	1.00	\$ 65,924
1942	Assistant Materials Coordinator	1.00	\$ 101,296	1.00	\$ 104,529
	Fringe (40% for both years)		46,508		87,382
		3.08	\$ 21,003	4.00	\$ 164,403

Operating E: Character/Subobject Code

Index Code	04000 Materials and Supplies	\$ (100,000)	\$ (100,000)
	03000 Rents and Leases	\$ (307,809)	\$ (307,809)

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request

DIVISION:

☐ DPH – department wide
☐ San Francisco General Hospital
☐ Ambulatory Care _____

☐ Population Health
☐ Laguna Honda Hospital

X SF Health Network Wide /
 Managed Care

PROGRAM / INITIATIVE TITLE: **Contract Savings Due to Increased Insurance Enrollment**

TARGETED CLIENTS: N/A

PROGRAM CONTACT NAME/PHONE: **Greg Wagner (415) 554-2610**

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
n/a	n/a	\$9,000,000	\$9,000,000

PROGRAM DESCRIPTION: (brief description of proposed change)

Since January, 2014, 50,056 individuals have transitioned out of Healthy San Francisco for various reasons including, but not limited to, insurance coverage made available under the Affordable Care Act. As a result, provider payment for covered services will shift from Healthy San Francisco to insurance. This initiative adjusts the budget for payments to private Healthy San Francisco providers to reflect projected actuals.

JUSTIFICATION:

A significant portion of the care for Healthy San Francisco enrollees is provided in non-DPH facilities. Private providers receive a per-member-per-month rate to offset the cost of care. With the implementation of the Affordable Care Act and the transition of Healthy San Francisco patients to insurance, these private providers are experiencing decreased enrollment in Healthy San Francisco. Accordingly, they are now being increasingly compensated through Medi-Cal and other coverage for the services that they provide, instead of from Healthy San Francisco Funds. Because of the lower number of enrollees in Healthy San Francisco, DPH expects to experience a reduction in billing from private providers of \$9,000,000. The savings is based entirely on lower enrollment in the program, and the rate paid per-member-per-month to private providers will not be reduced (most of providers received either a 2.5% rate increase or \$5 per-member-per-month in the current year). Neither service levels nor enrollment criteria for Healthy San Francisco will be impacted by this initiative; it is purely an adjustment to projected actual expenditures under existing program policies and to SF Health Network's continuous success in transitioning these Healthy San Francisco enrollees into insurance programs.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

No impact on clients. Clients will still continue to receive services with their chosen provider. The source of payment for these primary care services has changed from DPH general fund to the providers receiving Medi-Cal payments or other insurance reimbursement for their services.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

\$9,000,000 savings ongoing in both FY 15-16 and FY 16-17.

IMPACT ON DEPARTMENT'S WORKFORCE:

None.

ATTACHMENT B FY 15-17
SUMMARY OF PROGRAM COST

INITIATIVE TITLE: Contract Savings Due to Increased Insurance Enrollment

Description		FY 2015-16	FY 2016-17
Sources:		\$ -	\$ -
Subtotal Sources		-	-
Uses:		\$ (9,000,000)	\$ (9,000,000)
		-	-
		-	-
Subtotal Uses		(9,000,000)	(9,000,000)
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ (9,000,000)	\$ (9,000,000)
Total FTE's		0.0	0.0

New Positions (List positions by Class, Title and FTE)

Class	Title	FTE		
			-	-
			-	-
			-	-
	Fringe (36% for both years)		-	-
			\$ -	\$ -
Operating Expenses				
Index Code	Character/Subobject Code			
HCHSFHPADMGF	02700 Professional Services		\$ (9,000,000)	\$ (9,000,000)

Facilities Maintenance, and Equipment (List by each item by count and amount)

2015-16 and 2016-17 Program Change Request**DIVISION:**

X DPH – department wide

☐ Population Health☐ SF Health Network Wide /☐ San Francisco General Hospital☐ Laguna Honda Hospital

Managed Care

☐ Ambulatory Care _____PROGRAM / INITIATIVE TITLE: **DPH Investments in IT and EMR**TARGETED CLIENTS: **SFHN Clients**PROGRAM CONTACT NAME/PHONE: **Bill Kim 554-2610**

2015-16 FTE Change	2016-17 FTE Cumulative Change	FY 2015-16 Net General Fund Impact	FY 2016-17 Cumulative Net General Fund Impact
37.72	87.52	\$12,773,677	\$29,200,000

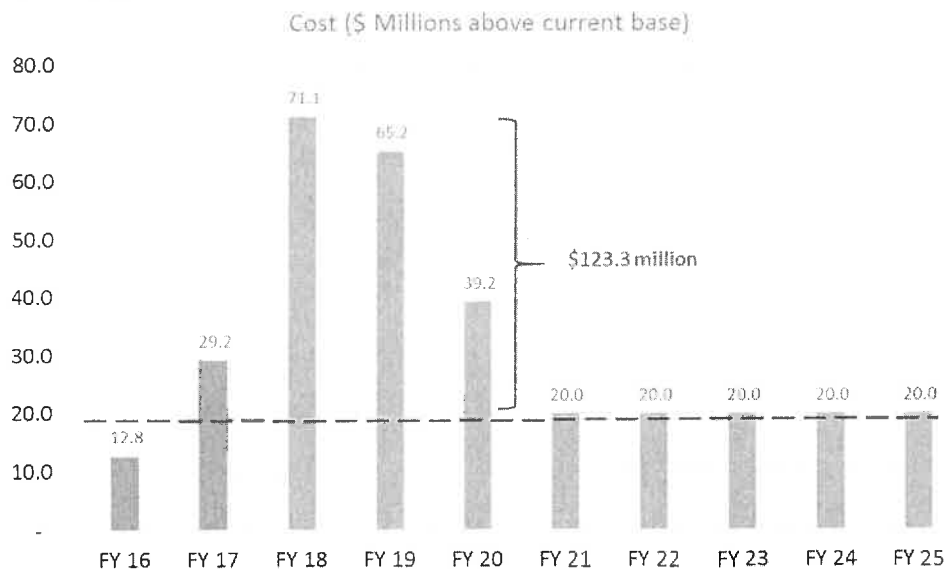
PROGRAM DESCRIPTION: (brief description of proposed change)

Over the next five years, DPH will begin preparing, building, and rolling out a new integrated enterprise medical record (EMR) which will affect every division of the San Francisco Health Network (SFHN). During FY 15-17, DPH will create a solid information technology (IT) foundation by modernizing its infrastructure and bringing up IT staffing to industry standards. Also during this time, the department will begin the planning and system selection process for a new EMR with the goal of starting implementation sometime in FY 16-17.

In September 2014, the FTC approved Cerner Corporation's purchase of Siemens hospital IT services, which supports many of DPH's clinical and revenue systems. This change will force DPH to transition from many legacy systems as we expect to lose vendor support for them in the next 3-5 years. The anticipated sunset of the Siemens Invision product creates a major financial risk for DPH, which relies on the systems for hundreds of millions of dollars per year in billing and revenues. At the same time, the opportunity to modernize and integrate systems could yield significant benefits for patient care, member retention and revenue cycle enhancements.

For several years, DPH has made improvements to existing processes and information systems at the hospitals and outpatient clinics in order to meet federal requirements for meaningful use of an electronic health record. While these changes allow systems to exchange information and meet minimum requirements, they do not provide the same functionality as a fully integrated electronic medical record. While the transition to a unified system will be a significant challenge, it also creates a unique opportunity for DPH to provide a more effective clinical system across the continuum of care, which supports the SF DPH's strategic effort for an integrated health delivery system.

To begin to address IT risks and opportunities, DPH engaged in two consultant studies – one by Sierra Systems to review the department's current IT infrastructure and staffing and a second study by KSA Consulting to estimate the requirements for implementing and maintaining a new EMR. Both studies found that the department must make significant strides to "right size" its current staff and strengthen its current technology infrastructure. The KSA study estimated that the full cost of implementing an EMR would be approximately \$225 million over 5 years for all costs, including right sizing staffing, licensing, staff training, and facility needs. Approximately \$20 million of these costs will be annual ongoing costs and \$125 million is one time implementation.



FY 15-16 will be a critical year for DPH to prepare and select a new system. Recognizing the financial cost, complexity and importance of this project, DPH will take a strategic and measured approach to ensure successful implementation. The first and most immediate step is to create a solid IT foundation in terms of both the technological infrastructure and staffing necessary to support this critical system. Over the last year, DPH IT has begun to restructure the organization to meet these needs. This past fall and winter the DPH IT leadership identified 5 critical areas for investment:

1. infrastructure upgrades
2. training and project management
3. right sizing the staffing of applications group
4. right sizing the staffing of the operations group
5. establishment of a informatics group to train and assist clinical staff in the use of health information systems.

These costs are described in more detail below. Starting in FY 15-16, DPH will begin strategically building up its IT organization over two years, recognizing that these increases cannot be implemented thoughtfully in a single year.

While the IT foundation is being developed, DPH will engage a consultant to help the department and key stakeholders assess the options for a new system. An RFQ has been posted for the consultant and an initial selection is expected at the end of the current FY. The system selection and contracting is expected to last approximately 12 months and the goal is to make a selection and enter into a contract for implementation sometime in FY 16-17.

Finally, to assist with the FY 17-18 costs projected at \$71 million, the Department has been working with the Mayor's Office and Controller's Office to identify a mechanism to allocate unexpected one-time State or Federal allocations to the Electronic Health Records Project. In the case that actual hospital revenues in either FY 15-16 or FY 16-17 exceed projections, the proposed budget includes a provision allowing up to \$25 million per year of that excess revenue to be transferred to the electronic health record project and offset costs in subsequent years. Moreover, the 15-17 costs will be budgeted in Annual Continuing Project allowing any unspent funds to be carried forward for implementation costs.

Program Investments for FY 15-16 and FY 16-17

Infrastructure Upgrades and Refresh Program

A solid and stable IT infrastructure is essential to the success of any improvement to DPH's IT program and EMR. The department must upgrade its existing infrastructure and commit to ongoing maintenance to ensure that system outages are avoided. DPH has over \$30 million dollars in IT infrastructure assets: networking equipment; data storage devices; and application and database servers. Recent audits and service outages speak to the need to address these aging assets as an ongoing program instead of a series of one-time, end of year, and emergency requests. The aging infrastructure puts DPH in constant reactive state, rather than a proactive one that results in continuous improvement.

To properly manage and maintain its network, DPH IT will establish an Infrastructure Refresh Program and develop and implement a multi-year IT asset management plan to prepare for the EMR, reduce service outages, and improve resource management. Though a five year refresh cycle would set annual costs at six million, in consideration of existing projects and one-time investments, this program begins at \$3 million in FY 15-16 for equipment and licensing costs and will consider lease, phased replacement, and other options to better manage performance and year over year changes in cost. It will increase to \$6 million in FY 16-17 and ongoing.

Infrastructure Upgrades and Refresh Details

Operating Expenses	FY 15-16	FY 16-17	Additional Notes
Data Processing Equipment and Licensing	\$ 3,000,000	\$ 6,000,000	Refresh Program

Right Sizing of Operations Staffing

The operations group is responsible for day to day operation for all business and clinical systems for the entire DPH. Services include the DPH help desk which provides 24x7 call center to assist users with system issues a field services team which is deployed out to all DPH locations throughout the city to address problems and as well install and upgrade equipment. A separate infrastructure team supports escalated items, the DPH network and data centers, and makes sure that systems are secure and compliant with federal regulations.

As the number of supported devices grows, the new hospital prepares to open, and processes change to rely more on technology, the field services and helpdesk must keep up with the increasing demands. In addition, 24x7 support becomes far more critical as more business and clinical functions move from manual to electronic. This budget seeks to address those operational shortcomings. Field Services group, which provides traditional desktop and device support, will see an increase of five journey level IS admins along with two business analysts.

In addition to these direct support functions, the operations group has growing infrastructure needs that includes the refresh program described above, as well as increasing security and technical requirements, and 24x7 support. Eight engineers, four of which are entry level and only one principal are requested to fill these gaps. One will be tasked with the role of architect for DPH IT with the role of architect for DPH IT infrastructure. These additions will right-size DPH support so that DPH facilities and networks remain reliable, resilient, and secure.

Looking outside of the DPH IT organization core services, DPH human resources and procurement support are necessary to meet the challenges of the EHR. Given the additional staff added to IT, a Senior and regular Personnel Analyst will be added. This proposal also includes a Storekeeper, an Assistant Materials Coordinator, and a journey level business analyst to coordinate with the request, approval, receipt and management of DPH IT materials and equipment.

Operations Group Details

Title	FTE	FY 15-16	FTE	FY 16-17	
Helpdesk					
IT Ops Support Admin II	2.31	\$ 169,517	3.00	\$ 227,181	Helpdesk Support
Public Service Trainees	1.54	\$ 84,000	2.00	\$ 114,000	Helpdesk Support

Field Services

IT Ops Support Admin II	3.08	\$ 226,023	4.77	\$ 361,218	Field Support
IS Business Analyst-Senior	1.54	\$ 175,746	2.00	\$ 235,527	Field BA Lead

Infrastructure

IS Engineer-Principal	0.77	\$ 112,131	1.00	\$ 150,273	Security
IS Engineer-Senior	1.54	\$ 208,445	2.00	\$ 279,349	Architect, Right-size
IS Engineer-Journey	0.77	\$ 94,060	1.00	\$ 126,055	Right-size/Extended
IS Engineer-Assistant	3.08	\$ 339,610	4.00	\$ 455,128	Right-size/Extended

Business Services

Storekeeper	0.77	\$ 46,385	1.00	\$ 62,163	Procurement Support
Asst. Materials Coordinator	0.77	\$ 77,998	1.00	\$ 104,529	Procurement Support
IS Business Analyst	0.77	\$ 75,908	1.00	\$ 101,729	Procurement Support
Personnel Analyst	0.00		0.77	\$ 56,831	Human Resources
Senior Personnel Analyst	0.77	\$ 83,488	1.00	\$ 111,888	Human Resources

Emerging: Identity Management

IS Business Analyst-Principal	0.77	\$ 101,723	1.00	\$ 136,324	Security
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Subtotal		\$ 1,795,033		\$ 2,522,193	
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Fringe		\$ 666,152		\$ 926,567	
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Attrition Savings	(6.09)	\$ (750,000)		\$ -	
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Staff Total	12.39	\$ 1,711,185	25.54	\$ 3,448,761	
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Operating Expenses

Materials & Supplies for new DPH IT Staff	\$ 360,000
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Non-Staff Total	\$ 360,000
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Right Sizing of Applications Group Staffing

The applications group is responsible for development, implementation, maintenance and support for all clinical and business applications supporting two major hospitals, 40 clinics and numerous affiliated clinics and health providers, jail health services, environmental health, and the PHD division of DPH.

The applications group will continue to support existing applications while also laying the groundwork for the new EMR. Part of this process includes greatly expanding its reporting, integration, and business intelligence support to meet the current data requests by clinical, program and financial staff and to map out the business processes and requirements for a new system. Eight analysts will be added to improve support and analysis for Utilization and Managed Care, Ambulatory Care, and the Business Intelligence group. The reporting and analytics work will support operational analysis and lead to improvements in billing and accounting, patient care and safety, and numerous other areas targeted by the DPH divisions they support.

In addition to providing improved reporting and analytics, the applications group needs to complete the rollout of current projects, continue refreshing critical systems until the new EMR is in place. Application support and delivery groups will see an increase ##? additional Analysts to support existing systems and programs that include utilization, assessments, reconciliation, the patient portal, resource scheduling, and patient financial services. Three new positions will also be added to support the newly developed Public Health Network Information eXchange (PHINX), an integrated public health information system for reporting, surveillance, case management, investigation, and prevention of communicable diseases.

This budget adds four IS staff to expand support, reduce downtime, and provide round the clock problem solving

capability for DPH. Also like operations, the applications group will have a designated applications architect.

Finally, the budget provides for several license adjustments for existing systems, upgrades, and contracts under negotiation for extension which are expected to require an additional 1.4 million and up to 950k ongoing.

Applications Group Details

Title	FTE	FY 15-16	FTE	FY16-17	Additional Notes
Analytics and Reporting					
IS Business Analyst-Principal	2.31	\$ 305,168	3.00	\$ 408,973	Analytics & Reporting
IS Business Analyst-Senior	3.85	\$ 439,365	5.00	\$ 588,816	Analytics & Reporting
Application Delivery and Support					
IS Business Analyst-Senior	4.62	\$ 527,238	6.00	\$ 706,580	Support & Delivery
IS Engineer-Principal	1.54	\$ 224,261	2.00	\$ 300,545	Database Admin
IS Engineer-Senior	0.77	\$ 104,222	1.00	\$ 139,674	Applications Architect
IS Engineer-Journey	0.77	\$ 94,060	1.00	\$ 126,055	Database Admin
IS Project Director	0.77	\$ 112,131	1.00	\$ 150,273	App Delivery Lead
Public Health Network Information eXchange (PHNIX)					
IS Business Analyst-Principal	0.77	\$ 101,723	1.00	\$ 136,324	PHNIX Support
IS Business Analyst	0.77	\$ 75,908	1.00	\$ 101,729	PHNIX Support
Epidemiologist II	0.77	\$ 80,723	1.00	\$ 108,181	PHNIX Support
Emerging/EMR: Enterprise Master Patient Index					
IS Business Analyst-Principal	0.50	\$ 66,054	1.00	\$ 136,324	MPI/EMR Prep
IS Business Analyst-Senior	0.50	\$ 57,060	1.00	\$ 117,763	MPI/EMR Prep
Subtotal		\$ 2,187,912		\$ 3,021,238	
Fringe		\$ 799,613		\$ 1,075,580	
Attrition Savings	(6.09)	\$ (750,000)		\$ -	
Staff Total	17.94	\$ 2,237,525	24.00	\$ 4,096,818	
Operating Expenses					
Professional Services		\$ 175,000		\$ 175,000	PHNIX
Software License & Maintenance		\$ 152,000		\$ 152,000	PHNIX
Professional Services: Surgical System		\$ 222,240		\$ -	Implementation
Professional Services: eReferral		\$ 250,000		\$ -	Implementation
Software License & Maintenance: eReferral		\$ 250,000		\$ 250,000	eReferral
Software License & Maintenance Projections		\$ 700,000		\$ 400,000	Multiple Systems
Materials and Supplies		\$ 60,000		\$ -	Reporting Servers
Non-Staff Total		\$ 1,809,240		\$ 977,000	

Management and Training Programs

DPH IT recognizes the need to adopt best practices in several areas of administration in order to improve services, implement the EMR, and optimize the use of new and existing resources. To that end, DPH IT has recently hired a new Chief Operations Officer and a PMO Director and looks to modernize systems that provide operational support as well as program and project management. Both of these initiatives are partnerships with DT, leverage existing City investments, and provide platforms for continued growth and adoption of IT best practices

(particularly using the industry standard IT service delivery framework: ITIL).

The operations initiative, focused on IT Service Management and Automation, is budgeted at 600k in the first year and increases by 45k in the second with 400k in ongoing costs. The system will replace the existing ticket system and initially support help desk, field services, and related escalation and workflow issues. Most of the PMO system needs are being addressed in the current year in partnership with DT, however, 40k in licensing and maintenance costs are ongoing for MS Project Online.

With the addition of five analysts, PMO office will better support the organization's needs in project and program management as it implements components of ITIL. These staff will support initial and continuous improvement of program and project management as well as assist in strategy for the IT organization. In addition, both the operations and applications groups see the creation of an architect role to help improve standards and strategy for the organization's applications and infrastructure.

Beyond increasing the current capacity of DPH IT, the department also is planning to be able to maintain that capacity through the development of an organizational structure that will create long term, dedicated and skilled employees. Using a new class of entry level IT 1010 Information Systems Trainee developed by the City's Department of Human Resources (DHR), DPH IT seeks to launch a new multi-year IT trainee program, starting with ten trainees in the first year and growing to twenty in the second year. The department will also participate in the *Year Up* program in collaboration with DHR, a one-year, intensive training program that provides low-income young adults, ages 18-24, with a combination of hands-on skill development, college credits, and corporate internships cost 500k per year. Through these two programs, DPH aims to create a steady pool of workers who can meet the qualifications for other IT staff positions.

Finally, these intern and trainee programs are complemented by increased technical training for new and existing staff.

Trainee and PMO Staffing

Title	FTE	FY 15-16	FTE	FY16-17	Additional Notes
Program Management Office					
IS Business Analyst-Principal	1.54	\$ 203,445	2.00	\$ 272,649	EMR Analyst, PM
IS Business Analyst-Senior	0.77	\$ 87,873	1.00	\$ 117,763	Analyst/PM
Principal Admin Analyst	0.77	\$ 92,483	1.00	\$ 123,941	Principal Admin Resource
Admin Analyst	0.77	\$ 68,553	1.00	\$ 91,871	Supporting Resource
IS Trainee Program					
IS Trainee	7.7	\$ 404,059	20.00	\$ 1,049,504	Classification not finalized
Subtotal		\$ 856,413		\$ 1,655,729	
Fringe		\$ 313,105		\$ 596,457	
Attrition Savings	(6.50)	\$ (800,000)		-	
Staff Total	5.05	\$ 369,518	25.00	\$ 2,252,185	
Operating Expenses					
WorkOrder: Year Up Intern Program		\$ 500,000		\$ 500,000	DHR Intern Program
Professional Services – IT Service Management		\$ 600,000		\$ 645,000	DT Partnership
Software License & Maintenance		\$ 37,000		\$ 40,000	PMO License
Materials & Supplies		\$ 18,200		\$ -	PMO Supplies
Training		\$ 500,000		\$ 500,000	DPH IT and Interns
Non-Staff Total		\$ 1,655,200		\$ 1,685,200	

Informatics and Transformation

DPH has installed numerous clinical applications and learned from experience as well as industry best practice, that a trained and dedicated clinical informatics team is key to the success of effective clinical system implementation, adoption and use. The best implementations have involved Clinicians and Nurses that work with IT to develop an optimized operational flow while fully utilizing system capabilities. Informaticists design workflows, training programs, develop success metrics and provide ongoing review of key performance indicators to continue to train staff to meet peak productivity. Developing the informatics team extends to the revenue cycle management as well as Epidemiology or any area that is transformed with automation. The introduction of a dedicated informatics team within IT will begin the focus of transitioning of existing systems into a unified EMR.

The informatics team will also include IT staff to assist healthcare providers with onsite assistance as well as second level system support. This will enable timely support, allowing more effective adoption and safe use of complex systems. The informatics and transformation team are considered one of the most important factors to successful health delivery organizations. A dedicated EMR Manager will be working with clinical, financial and technical staff to begin preparation this year.

Informatics Staffing

Title	FTE	FY 15-16	FTE	FY16-17	Additional Notes
IT Ops Support Admin II	0.00	\$ -	6.00	\$ 349,859	At the elbow support
IS Business Analyst	1.54	\$ 151,816	2.00	\$ 192,694	BA Leads
Registered Nurse	1.54	\$ 233,522	3.00	\$ 407,595	RN Experts
Training Coordinator	0.77	\$ 79,860	1.00	\$ 103,714	Training Program
Training Officer	0.00		1.00	\$ 74,419	Training Program
Subtotal		\$ 465,198		\$ 1,128,281	
Fringe		\$ 195,383		\$ 519,009	
Attrition Savings	(1.52)	\$ (187,072)		\$ -	
Staff Total	2.33	\$ 473,509	13.00	\$ 1,647,290	
Operating Expenses					
Professional Services		\$ 157,500		\$ 210,000	UC Physician Champions
Non-Staff Total		\$ 157,500		\$ 210,000	

EMR System Assessment, Evaluation and Implementation

The selection of a new EMR system is a decision that will have significant, clinical, operational and financial impacts. To that end, DPH is currently issuing a request for qualifications to be spent on strategy, evaluation, vendor selection, and development of governance for the EMR implementation. A total of \$1 million is set aside in year one for consulting. FY 16-17 includes \$8.9 million in contract costs to fund the initial implementation costs of the EMR.

Operating Expenses

Professional Services Consulting	\$ 1,000,000	\$ -	Pre-Planning RFQ
Implementation Program	\$ -	\$ 8,882,945	Implementation
Non-Staff Total	\$ 1,000,000	\$ 8,882,945	

JUSTIFICATION:

The expected sun setting of existing systems requires us to implement a new electronic medical record system. While this project poses significant challenges, this is also an opportunity to improve our quality of care with better data and data sharing, increase patient satisfaction, and improve revenue cycles.

IMPACT ON CLIENTS: (units of service and/or number of clients affected, if applicable)

Timely and effectively access to medical data is central to providing quality patient care and improving access to services. Today SFHN providers must access multitude of data from many disparate systems to provide care, resulting in complex workflows and inefficiencies resulting in negatively impacting quality and productivity. An integrated electronic medical records system will increase quality, productivity by allowing care givers and management to access quality data and actionable information faster and easier due to information being unified through a single system, enabling faster and better decisions. Additionally, the new electronic health records system will allow patients to obtain medical information and engage care givers through "patient portal," helping patients actively engage in their own care. Use of unified electronic health system across the San Francisco Health Network will allow SFDPH to provide better quality of care and better access for our patients, resulting in improvement to wellness quality of life.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Increase of \$12,773,677 increasing to \$29,200,000. Additional expenditure and revenue Authority of \$25 million budgeted at LHH and San Francisco General Hospital.

IMPACT ON DEPARTMENT'S WORKFORCE :

Increase of 37.72 FTEs in FY 15-16 increase to 87.54 FTEs in FY 16-17.

ATTACHMENT B FY 15-17
SUMMARY OF PROGRAM COST

INITIATIVE TITLE: Investments in DPH IT Infrastructure and Electronic Medical Records Preparation

Description		FY 2015-16		FY 2016-17
Sources:				
SFGH Revenue		\$ 18,000,000		\$ 18,000,000
LHH Revenue		7,000,000		7,000,000
Subtotal Sources		25,000,000		25,000,000
Uses:				
Salary and Benefits		\$ 4,791,737		\$ 11,445,055
Non-Personnel Services		7,981,940		17,754,945
Project Transfer In from Revenues		25,000,000		25,000,000
Subtotal Uses		37,773,677		54,200,000
Net General Fund Subsidy Required (savings)/cost (Uses less Sources)		\$ 12,773,677		\$ 29,200,000
Total FTE's		37.72		87.54

Infrastructure Upgrades and Refresh Program			\$ 3,000,000		\$ 6,000,000	
Operating Expenses						Additional Notes
	Data Processing Equipment and Licensing		\$ 3,000,000		\$ 6,000,000	Refresh Program
Applications Group		17.94	\$ 4,046,765	24.00	\$ 5,073,818	
Class	Title	FTE		FTE		Additional Notes
	Analytics and Reporting					
1054	IS Business Analyst-Principal	2.31	\$ 305,168	3.00	\$ 408,973	Analytics & Reporting
1053	IS Business Analyst-Senior	3.85	\$ 439,365	5.00	\$ 588,816	Analytics & Reporting
	Application Delivery and Support					
1053	IS Business Analyst-Senior	4.62	\$ 527,238	6.00	\$ 706,580	Support & Delivery
1044	IS Engineer-Principal	1.54	\$ 224,261	2.00	\$ 300,545	Database Admin
1043	IS Engineer-Senior	0.77	\$ 104,222	1.00	\$ 139,674	Applications Architect
1042	IS Engineer-Journey	0.77	\$ 94,060	1.00	\$ 126,055	Database Admin
1070	IS Project Director	0.77	\$ 112,131	1.00	\$ 150,273	Application Delivery Lead
	Public Health Network Information eXchange (PHNIX)					
1054	IS Business Analyst-Principal	0.77	\$ 101,723	1.00	\$ 136,324	PHNIX Support
1052	IS Business Analyst	0.77	\$ 75,908	1.00	\$ 101,729	PHNIX Support
2803	Epidemiologist II	0.77	\$ 80,723	1.00	\$ 108,181	PHNIX Support
	Emerging/EMR: Enterprise Master Patient Index					
1054	IS Business Analyst-Principal	0.50	\$ 66,054	1.00	\$ 136,324	MPI/EMR Prep
1053	IS Business Analyst-Senior	0.50	\$ 57,060	1.00	\$ 117,763	MPI/EMR Prep
	Subtotal		\$ 2,187,912		\$ 3,021,238	
	Fringe		\$ 799,613		\$ 1,075,580	
	Attrition Savings	(6.09)	\$ (750,000)		\$ -	
		17.94	\$ 2,237,525	24.00	\$ 4,096,818	
Operating Expenses						
02761	Professional Services		\$ 175,000		\$ 175,000	PHINX
03596	Software License and Maintenance		\$ 152,000		\$ 152,000	PHINX
02761	Professional Services - Surgical Information System		\$ 222,240		\$ -	Implementation
02761	Professional Services - eReferral		\$ 250,000		\$ -	Implementation
03596	Software License and Maintenance - eReferral		\$ 250,000		\$ 250,000	eReferral
03596	Software License and Maintenance - Projections		\$ 700,000		\$ 400,000	Multiple Systems
04000	Materials and Supplies		\$ 60,000		\$ -	Servers for Reporting
			\$ 1,809,240		\$ 977,000	

Operations Group		12.39	\$	2,071,185	25.54	\$	3,448,761	
Class	Title	FTE			FTE			Additional Notes
Helpdesk								
1092	IT Operations Support Administrator II	2.31	\$	169,517	3.00	\$	227,181	Helpdesk Support
9910	Public Service Trainees	1.54	\$	84,000	2.00	\$	114,000	Helpdesk Support
Field Services								
1092	IT Operations Support Administrator II	3.08	\$	226,023	4.77	\$	361,218	Field Support
1053	IS Business Analyst-Senior	1.54	\$	175,746	2.00	\$	235,527	Field BA Lead
Infrastructure								
1044	IS Engineer-Principal	0.77	\$	112,131	1.00	\$	150,273	Security
1043	IS Engineer-Senior	1.54	\$	208,445	2.00	\$	279,349	Architect, Right-size
1042	IS Engineer-Journey	0.77	\$	94,060	1.00	\$	126,055	Right-size/Extended
1041	IS Engineer-Assistant	3.08	\$	339,610	4.00	\$	455,128	Right-size/Extended
Business Services								
1934	Storekeeper	0.77	\$	46,385	1.00	\$	62,163	Procurement Support
1942	Assistant Materials Coordinator	0.77	\$	77,998	1.00	\$	104,529	Procurement Support
1052	IS Business Analyst	0.77	\$	75,908	1.00	\$	101,729	Procurement Support
1241	Personnel Analyst	-			0.77	\$	56,831	Human Resources
1244	Senior Personnel Analyst	0.77	\$	83,488	1.00	\$	111,888	Human Resources
Emerging: Identity Management								
1054	IS Business Analyst-Principal	0.77	\$	101,723	1.00	\$	136,324	Security
Subtotal			\$	1,795,033		\$	2,522,193	
Fringe			\$	666,152		\$	926,567	
Attrition Savings			(6.09)	\$ (750,000)		\$	-	
		12.39	\$	1,711,185	25.54	\$	3,448,761	

Operating Expenses

04000	Materials and Supplies for New Staff (All DPH IT)	\$	360,000		
		\$	360,000	\$	-

Improved Training and Management Programs		5.05	\$	2,024,718	25.00	\$	3,937,185	
Class	Title	FTE			FTE			Additional Notes
Program Management Office								
1054	IS Business Analyst-Principal	1.54	\$	203,445	2.00	\$	272,649	EMR Analyst, PM
1053	IS Business Analyst-Senior	0.77	\$	87,873	1.00	\$	117,763	Analyst/PM
1824	Principal Administrative Analyst	0.77	\$	92,483	1.00	\$	123,941	Principal Admin Resource
1822	Administrative Analyst	0.77	\$	68,553	1.00	\$	91,871	Supporting Resource
IS Trainee Program								
1010	IS Trainee	7.70	\$	404,059	20.00	\$	1,049,504	Classification to be finalized
Subtotal			\$	856,413		\$	1,655,729	
Fringe			\$	313,105		\$	596,457	
Attrition Savings			(6.50)	\$ (800,000)		\$	-	
		5.05	\$	369,518	25.00	\$	2,252,185	

Operating Expenses

081H4	WorkOrder: Year Up Intern Program	\$	500,000	\$	500,000	DHR Intern Program
081C5	Professional Services - IT Service Management	\$	600,000	\$	645,000	DT Partnership
03596	Software License and Maintenance	\$	37,000	\$	40,000	PMO License
04000	Materials and Supplies	\$	18,200	\$	-	PMO Supplies
02200	Training	\$	500,000	\$	500,000	DPH IT and Interns
		\$	1,655,200	\$	1,685,000	

Informatics		2.33	\$	631,009	13.00	\$	1,857,290	
Class	Title	FTE			FTE			Additional Notes
1092	IT Operations Support Administrator II	-	\$	-	6.00	\$	349,859	At the elbow support
1052	IS Business Analyst	1.54	\$	151,816	2.00	\$	192,694	BA Leads
2320	Registered Nurse	1.54	\$	233,522	3.00	\$	407,595	RN Experts
1237	Training Coordinator	0.77	\$	79,860	1.00	\$	103,714	Training Program
1232	Training Officer	-			1.00	\$	74,419	Training Program
Subtotal			\$	465,198		\$	1,128,281	

Fringe	\$	195,383		\$	519,009	
Attrition Savings	(1.52) \$	(187,072)				
	2.33 \$	473,509	13.00	\$	1,647,290	
Operating Expenses						
Professional Services	\$	157,500		\$	210,000	UC Physican Champions
EMR System Assessment, Evaluation, and Implentation	\$	1,000,000		\$	8,882,945	
02761 Professional Services Consulting	\$	1,000,000				Pre-planning RFQ
02761 Implementation Program				\$	8,882,945	Implementation
	\$	1,000,000		\$	8,882,945	