

DEPARTMENT OF PUBLIC HEALTH FY 17-19 BUDGET

February 21, 2017

FY 17-19 Proposed Budget

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February 7

- Review of financial outlook and budget instructions
- Goals and strategies for FY 17-19 Budget

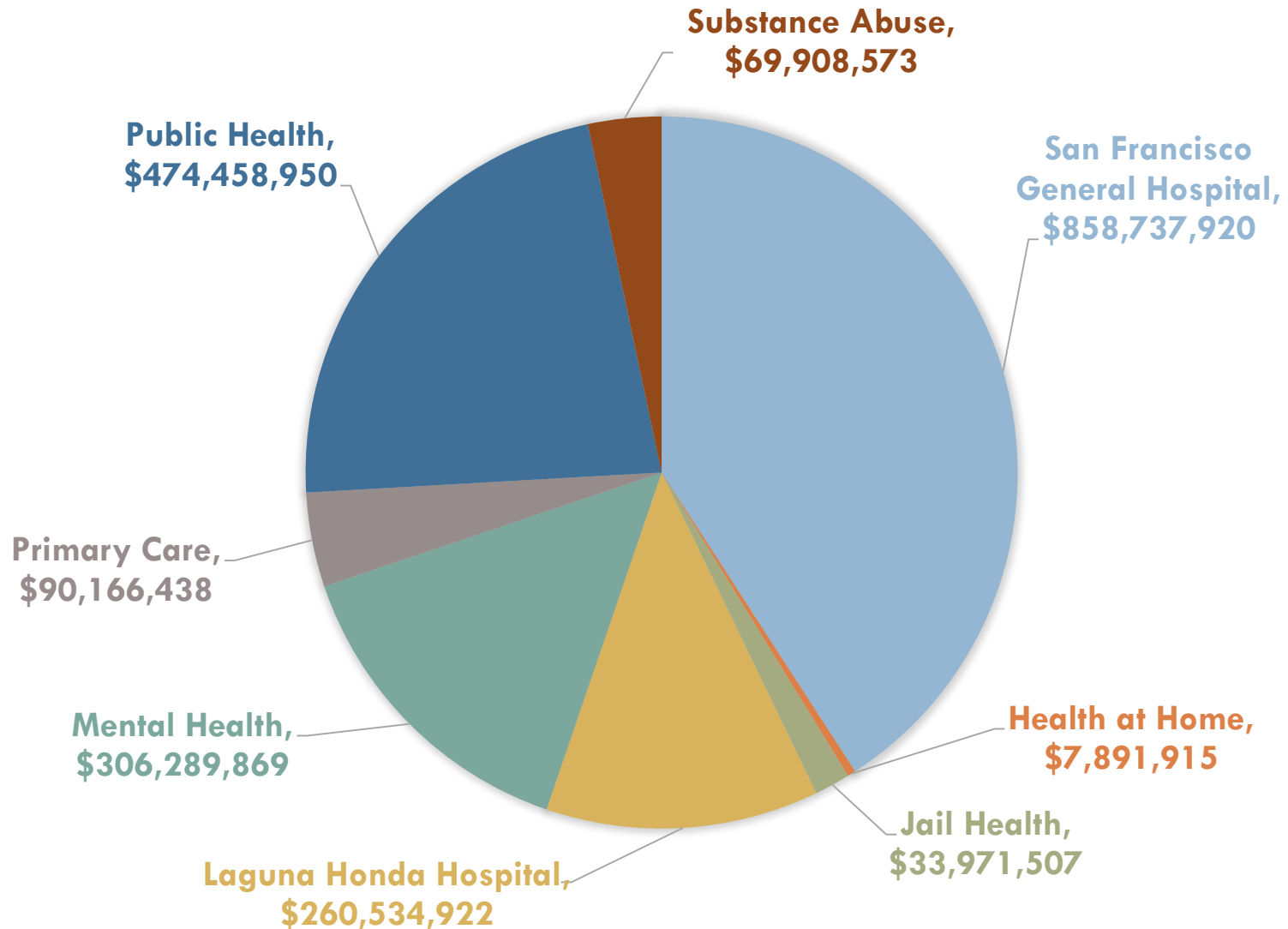
February 21

Balance Budget Proposal Including

- Revenue Initiatives
- Revenue-neutral and regulatory initiatives
- Key Strategic Initiatives
- Electronic Health Records

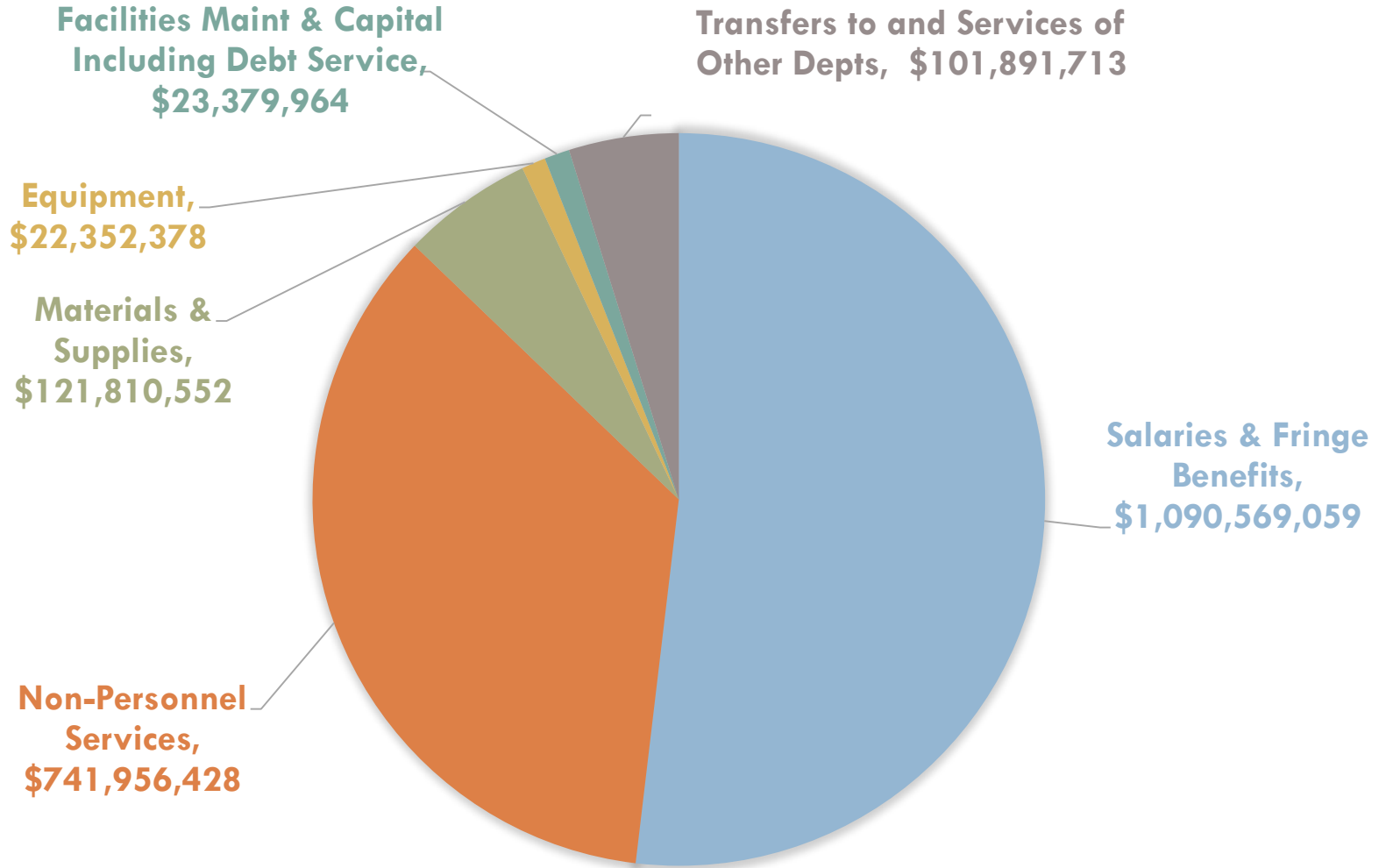
DPH 17-18 Approved Base Budget \$2.10B

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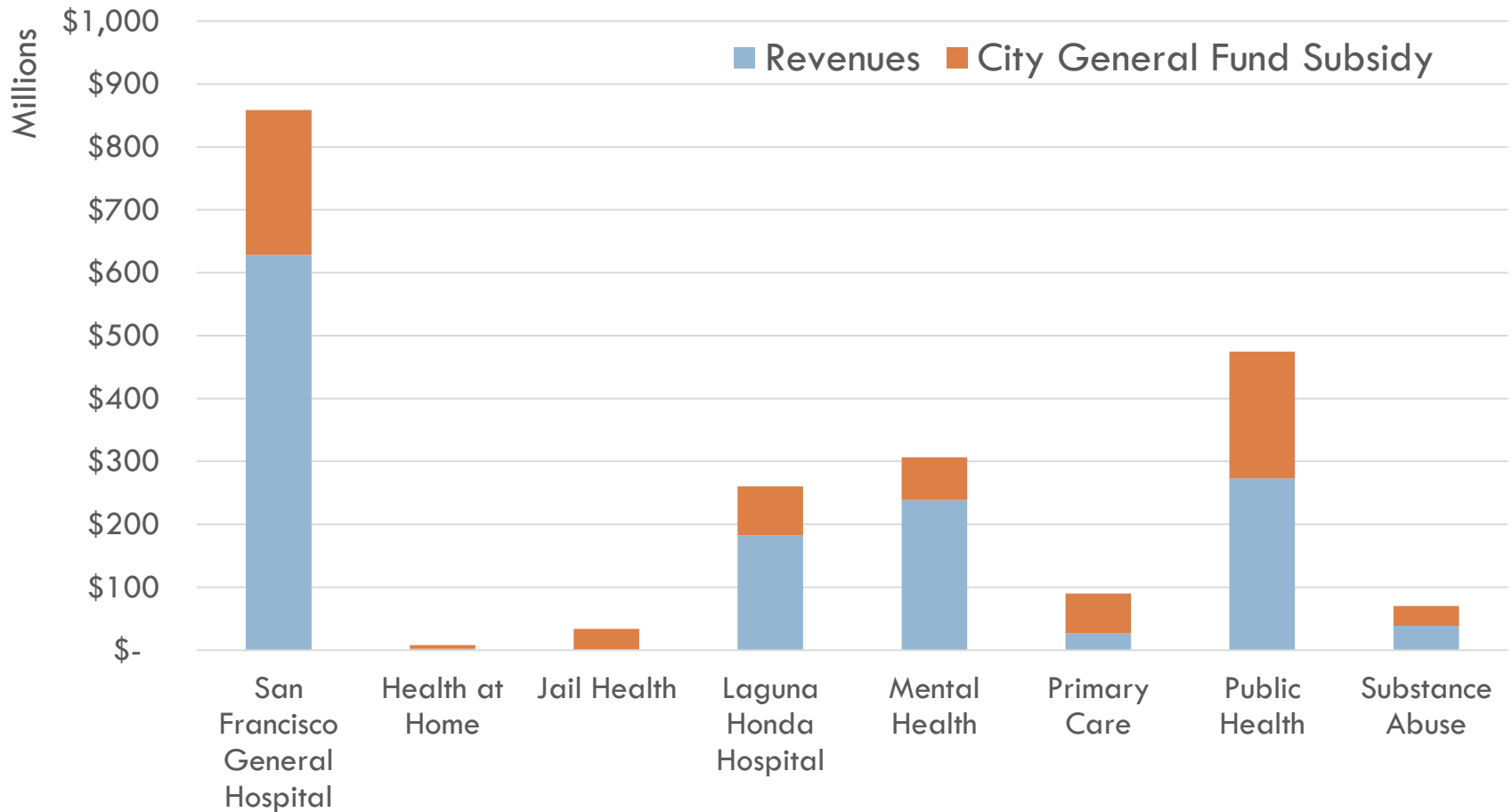


DPH 17-18 Base Budget Expenses by Type

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DPH Leverages Revenue to Offset General Fund



17-18 Base Budget Grows by \$43M

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Division	FY 16-17 Final Approved	FY 17-18 Base Budget	Growth	%
San Francisco General Hospital	837,174,636	858,737,920	21,563,284	2.58%
Health at Home	7,767,692	7,891,915	124,223	1.60%
Jail Health	33,666,051	33,971,507	305,456	0.91%
Laguna Honda Hospital	274,828,720	260,534,922	-14,293,798	-5.20%
Mental Health	302,830,821	306,289,869	3,459,048	1.14%
Primary Care	90,904,673	90,166,438	-738,235	-0.81%
Public Health	443,223,295	474,458,950	31,235,655	7.05%
Substance Abuse	68,480,551	69,908,573	1,428,022	2.09%
Total	\$2,058,876,439	\$2,101,960,094	\$43,083,655	2.09%

Position Growth Between FY 16-17 and 17-18

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Operating Positions Approved FY 16-18 Budget

Division	Approved 16-17 FTE	Approved FTE Change	Approved 17-18 FTE
San Francisco General Hospital	2,968.43	+ 8.60	2,977.03
Health at Home	46.95	- 0.10	46.85
Jail Health	155.49	+13.43	168.92
Laguna Honda Hospital	1,325.53	- 1.13	1,324.4
Mental Health	561.88	+ 13.01	574.89
Primary Care	517.22	- 1.25	515.97
Public Health	1,159.73	+ 10.56	1,170.29
Substance Abuse	71.07	+ 17.60	88.67
Total FTE	6,806.3	+ 60.72	6,867.02

Detailed Budget Initiatives – 1 of 2

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REVENUES		FY 17-18	FY 18-19
		Net GF (Savings)/Cost	Net GF (Savings)/Cost
A1	ZSFG Baseline Revenues and Medi-Cal 1115 Waiver Changes	\$ (49,906,477)	\$ (41,580,147)
A2	LHH Baseline Revenues	\$ (6,871,700)	\$ (8,954,751)
A3	Primary Care Baseline Revenues	\$ (2,454,700)	\$ (2,454,700)
TOTAL REVENUES		\$ (59,232,876)	\$ (52,989,598)

BUDGET NEUTRAL		FY 17-18	FY 18-19
		Net GF (Savings)/Cost	Net GF (Savings)/Cost
B1	Environmental Health Fees	\$ -	\$ -
B2	Children's Mental Health and 2011 Realignment	\$ -	\$ -
TOTAL BUDGET NEUTRAL		\$ -	\$ -

Detailed Budget Initiatives – 2 of 2

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EMERGING NEEDS		FY 17-18	FY 18-19
		Net GF (Savings)/Cost	Net GF (Savings)/Cost
C1	Additional Operating Costs for Zuckerberg San Francisco General	\$ 9,772,945	\$ 10,045,036
C2	Investments in Human Resources	\$ 491,653	\$ 509,561
C3	Establishing Department Wide Lean Strategy	\$ 1,406,167	\$ 1,406,167
C4	Electronic Health Record Operating Costs	\$ -	\$ 15,000,000
TOTAL EMERGING NEEDS		\$ 11,670,764	\$ 26,960,763

INFLATIONARY (Does not affect target)		FY 17-18	FY 18-19
		Net GF (Savings)/Cost	Net GF (Savings)/Cost
D1	Pharmacy and Other Inflationary Costs	\$ -	\$ 5,561,519
TOTAL INFLATIONARY		\$ -	\$ 5,561,519

Update Electronic Health Records Initiative

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	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Implementation Costs				
Annual Expenditures		6,617,700	54,522,700	91,041,900
Cumulative Total		6,617,700	61,140,400	152,182,300
Existing and Planned Appropriations				
Base Project Funding	12,783,000	11,458,974	11,553,565	11,642,993
One time increase funding by 16-17 Fund Balance	-	-	31,404,204	
Proposed FY 17-19 Additional Base Appropriation				15,000,000
Revenue Transfer In	25,000,000	25,000,000		
Total	37,783,000	36,458,974	42,957,769	26,642,993
Cumulative Total	37,783,000	74,241,974	117,199,743	143,842,736
Cumulative Surplus/(Shortfall)	37,783,000	67,624,274	56,059,343	(8,339,564)

FY 17-19 Budget Balancing

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DPH Target	FY 17-18	FY 18-19	Two-Year Total
3% General Fund Reduction Target	18,435,530	36,871,061	55,306,591
Revenue Growth Assumed in Deficit	5,364,032	12,622,163	17,986,195
Subtotal Revenue and Expenditure Target	\$ 23,799,562	\$ 49,493,224	\$ 73,292,786
DPH Target	(\$avings)/Cost	(\$avings)/Cost	Two-Year Total
Summary of Initiatives			
Revenue	(59,232,876)	(52,989,598)	(112,222,474)
Budget Neutral	-	-	-
Emerging Needs (Including EHR)	\$ 11,670,764	\$ 26,960,763	\$ 38,631,528
Subtotal All Initiatives	\$ (47,562,112)	\$ (26,028,835)	\$ (73,590,947)
Net Balancing - (Exceeds)/Below Target	\$ (23,762,550)	\$ 23,464,389	\$ (298,161)
Other Initiatives			
Inflationary (does not affect target)	\$ -	\$ 5,561,519	\$ 5,561,519
Note: positive figures represent general fund cost increases and negative figures indicate general fund savings.			

Proposed Operating Position Changes in 17-19

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Division	Approved FY 16-18 Budget			Proposed FY 17-18 Budget	
	Approved 16-17 FTE	Approved FTE Change	Approved 17-18 FTE	Proposed FTE Change	Proposed 17-18 FTE
San Francisco General Hospital	2,968.43	+ 8.60	2,977.03	- 7.80	2,969.23
Health at Home	46.95	- 0.10	46.85	0	46.85
Jail Health	155.49	+13.43	168.92	0	168.92
Laguna Honda Hospital	1,325.53	- 1.13	1,324.4	- 1.50	1,322.90
Mental Health	561.88	+ 13.01	574.89	- 1.00	573.89
Primary Care	517.22	- 1.25	515.97	- 1.70	514.27
Public Health	1,159.73	+ 10.56	1,170.29	+ 12	1,182.29
Substance Abuse	71.07	+ 17.60	88.67	0	88.67
Total FTE	6,806.3	+ 60.72	6,867.02	0	6,867.02

Additional Citywide Initiatives Pending

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- DPH is working with the Mayor's Office on additional initiatives in the coming months including:
 - MIST/Murphy Beds
 - Hummingbird Behavioral Health Navigation Center
 - Transfer of Emergency Management Services to Population Health Division

Ongoing Financial Planning

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- DPH continues to focus on preparedness for negative changes in the budget environment, such as an economic downturn or federal/state policy changes
 - ▣ Controller management reserve against potential loss of state/federal revenues, balance = \$107.6 million
 - ▣ General ledger reserve policies in place to protect against disallowances, negative reconciliation of federal funding
 - ▣ EHR funds budgeted in separate project, so funds remain available in future years
 - ▣ Financial strategies identified in 2016 Health Commission planning session underway – focus on limiting cost growth and increasing revenue generating capabilities

Next Steps

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- June 1 – Mayor’s Balanced Budget Submission
- June – Board of Supervisors Budget (BOS) Hearings
- Mid-July – Final BOS approval of Budget