

DEPARTMENT OF PUBLIC HEALTH FY 2020-21 AND FY 2021-22 BUDGET

February 4, 2020

Agenda

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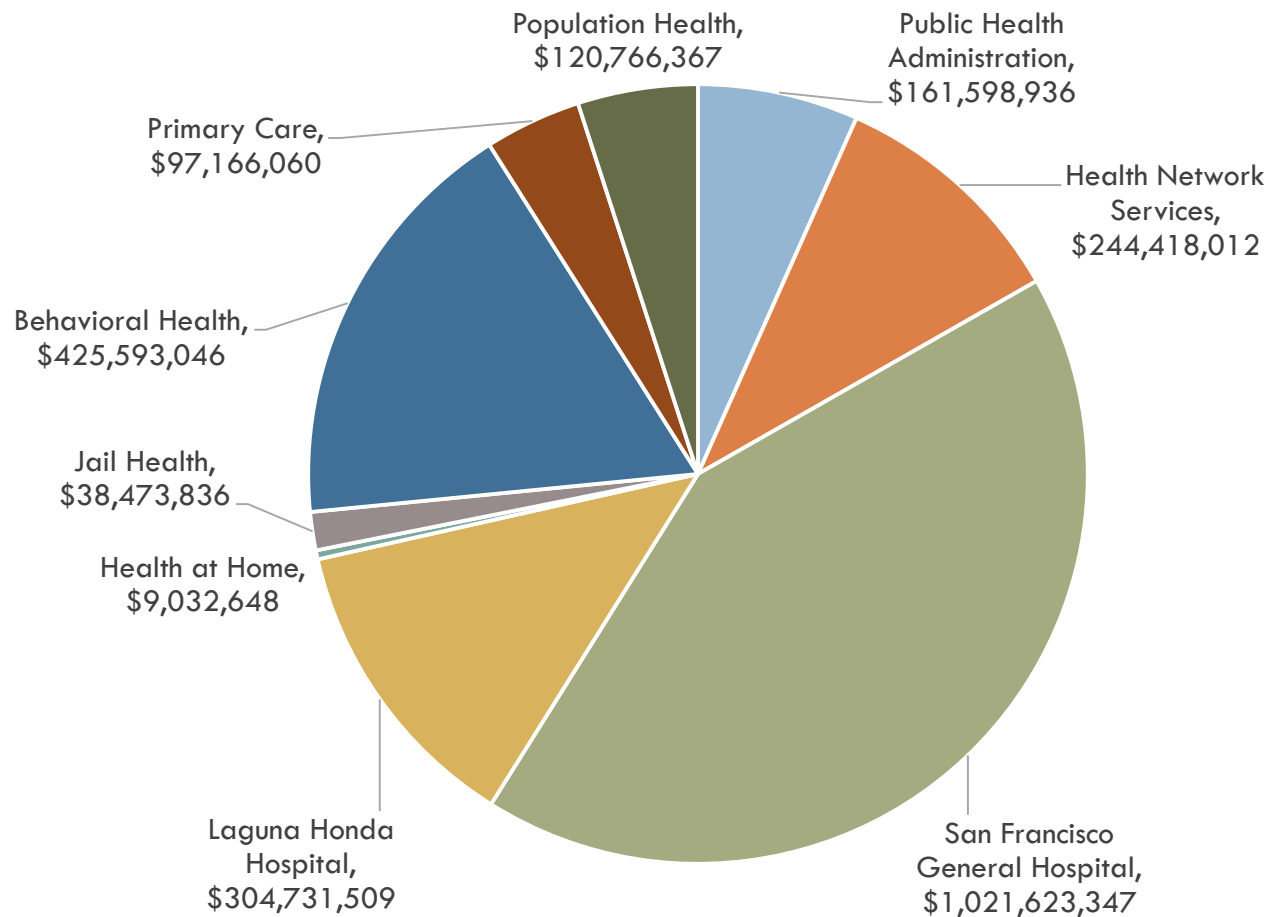
Board of Supervisors set new requirements for public hearings and presentations on departments' proposed budgets starting in this fiscal year.

- Budget Overview of DPH's Divisions
 - ▣ Changes in Services Levels
 - ▣ Projected Salary Spending in Current Year
- Five-Year Financial Projection and Mayor's Budget Instructions
- Department Goals and Areas of Focus for FY 2020-22

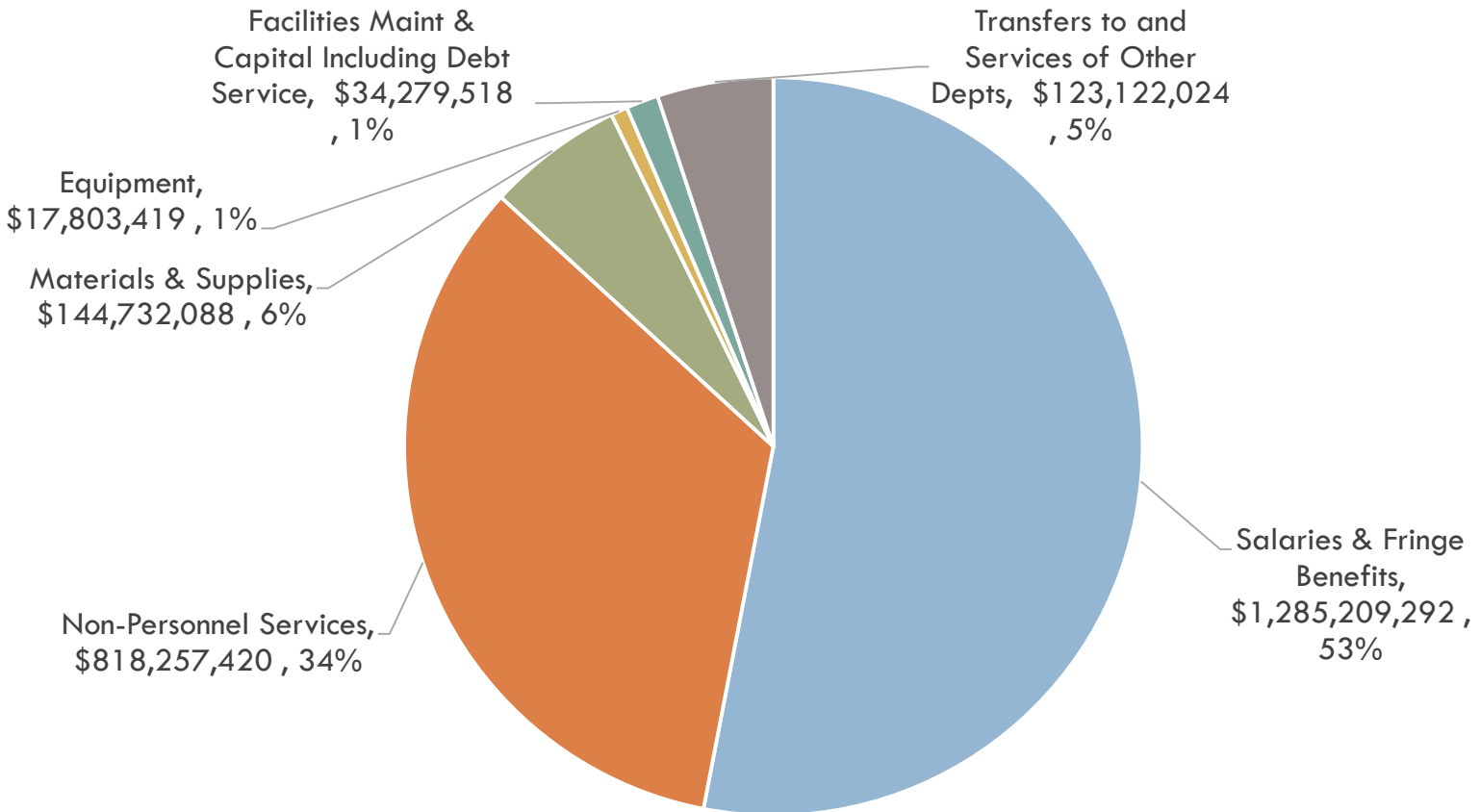
DPH Budget Overview

DPH Approved FY 20-21 Base Budget \$2.4 Billion

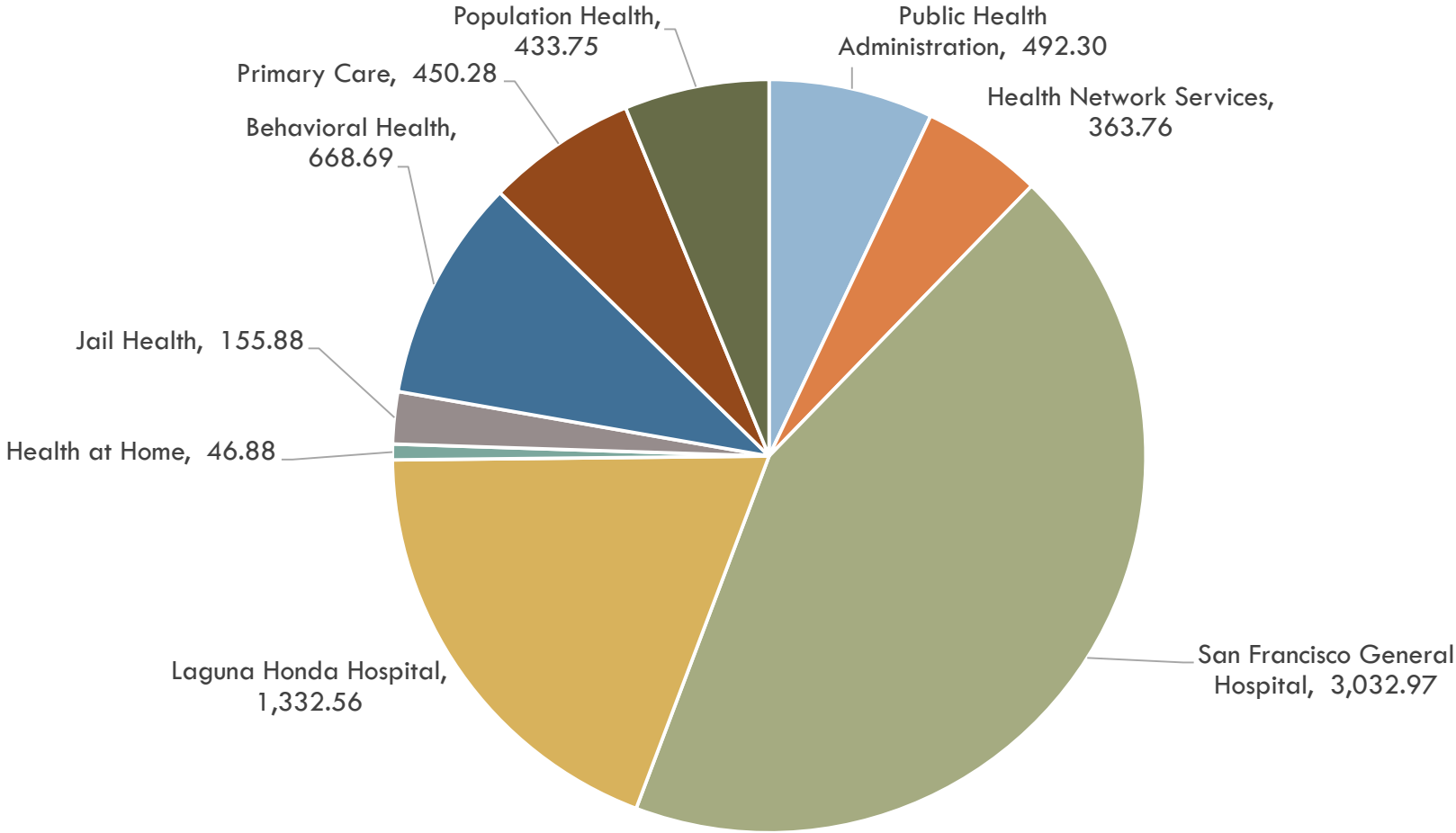
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Budgeted Expenses by Type

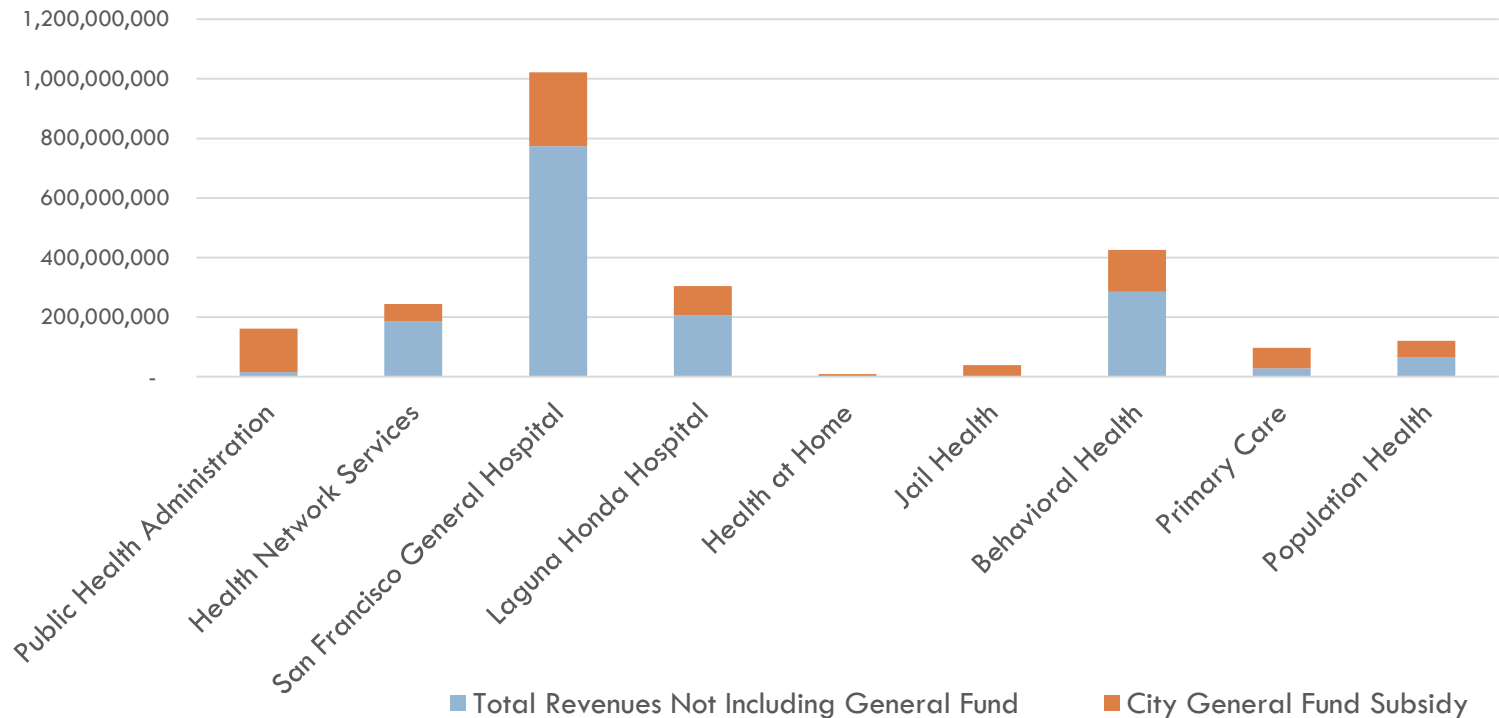


Budgeted FTEs by Division



DPH Leverages Revenue to Offset General Fund

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- DPH offsets 65% of its costs with revenue, requiring a general fund subsidy of 35%
- FY 21-22 base budget includes \$861 million of General Fund

Current Year Salary Spending Projections

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- We are expected to come in at budget for salary and fringe costs for DPH's operating budget of 1.085 billion.
- This is consistent with our most recent closing fiscal year, FY 2018-19, where we ended the year with a \$4.5 million balance. This savings represented a 0.4% positive variance from our \$1.053 billion operating salary and fringe budget.
- Work continues to aggressively hire permanent staff to replace temp and per diem staff.
- Salary and fringe budgets will be reviewed as part of our annual budget process.

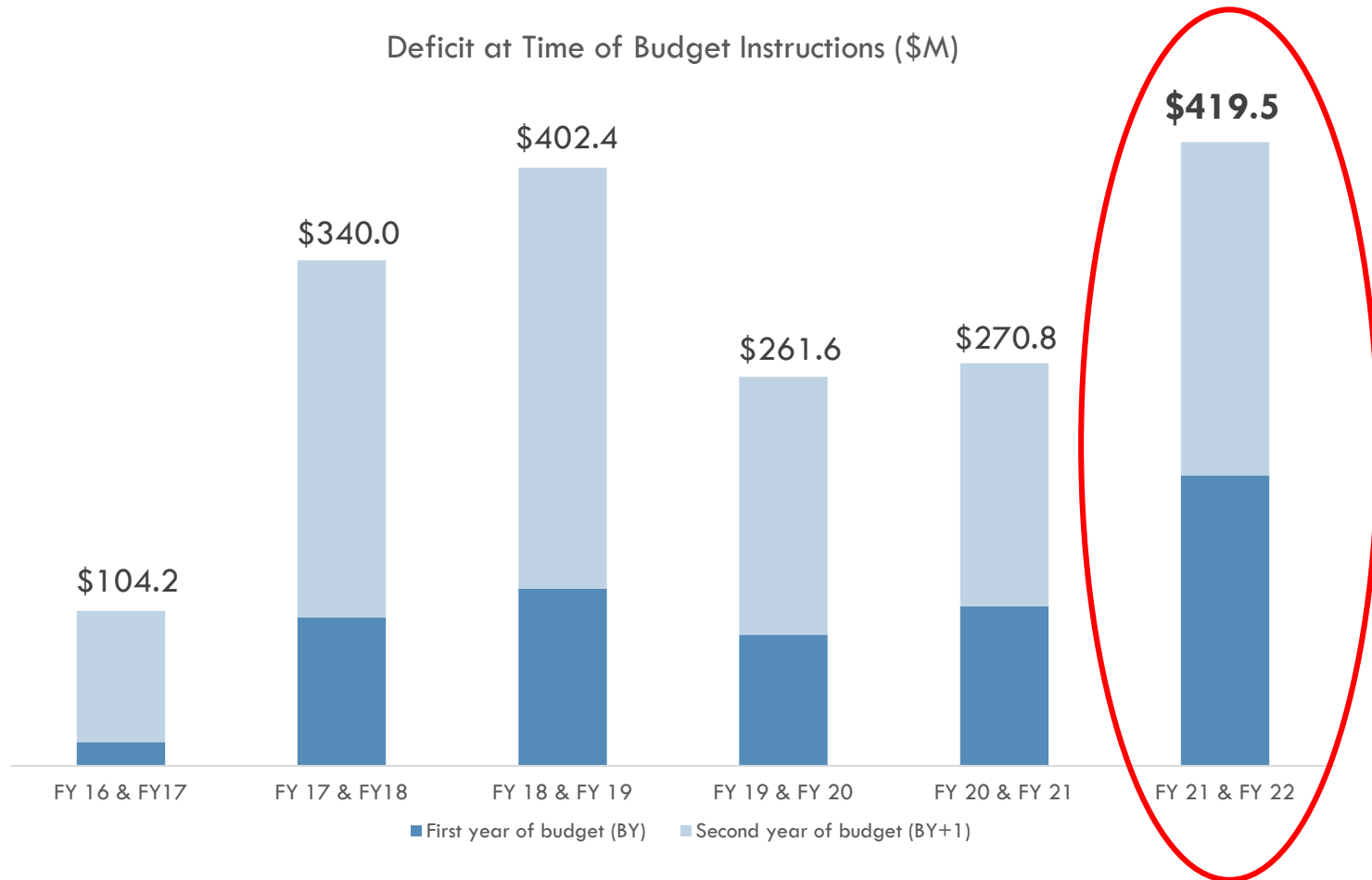
Five-Year Financial Projections & the Mayor's Budget Instructions

Citywide Deficit Details

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	FY 20-21	FY 21-22	FY 22-23	FY 23-24
<i>SOURCES Increase / (Decrease)</i>	89.0	346.0	289.4	423.6
Uses				
Baselines & Reserves	(45.5)	(54.0)	(127.1)	(163.3)
Salaries & Benefits	(167.9)	(269.6)	(338.5)	(407.5)
Citywide Operating Budget Costs	(66.9)	(167.8)	(235.0)	(314.6)
Departmental Costs	(3.9)	(78.8)	(119.9)	(168.8)
<i>USES (Increase) / Decrease</i>	(284.3)	(570.1)	(820.5)	(1,054.2)
Projected Cumulative Surplus / (Shortfall)	(195.4)	(224.1)	(531.1)	(630.6)
Two Year Deficit	(419.5)			

The City's Projected Deficit vs. Historical Deficits



Mayor's Budget Instructions – Balancing the Budget

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“Target” Efficiency/Reduction Proposals

- Required proposals to reduce General Fund support
 - ▣ Equivalent to 3.5% of adjusted GFS (growing to 7% in the second year of the budget)
- When developing target proposals, please seek solutions that prioritize core functions, minimize service impacts, and avoid lay-offs
- Seek and prioritize solutions that spend General Fund more effectively and efficiently, such as:
 - ▣ Explore revenue options
 - ▣ Review and consolidate service contracts for potential savings
 - ▣ Streamline programs and operations using Lean principles
 - ▣ Pilot creative solutions that reduce costs

DPH Goals and Areas of Focus for FY 2020-2022

Mental Health San Francisco (MHSF)

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- Ambitious framework for increasing access to mental health and substance use disorder services.
- Targets San Francisco residents 18 years or older who have a diagnosed mental illness or substance use disorder, and are homeless, uninsured, enrolled in Medi-Cal, or released from jail and waiting for enrollment in Med-Cal.
- Joint legislative initiative by the Mayor and Board of Supervisors passed in December 2020.

New Services Under MHSF

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1. Mental Health Services Center

- 24/7 central access point for incoming patients' care needs
- Pharmacy hours expansion to seven days a week
- Transportation
- Urgent Care
- Drug Sobering Center

2. Office of Coordinated Care

- Expands case management at all levels so that all patients who receive care has a treatment plan and is case managed
- Creates an inventory of City funded mental health programs
- Coordinates services with PES and Jail Health

New Services Under MHSF (cont'd)

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3. Crisis Response Team

- Engage persons on the street who are experiencing a behavioral health crisis and connecting them with services
- Coordinating existing health services

4. Services Expansion

- Increases to services which may include residential treatment, secure inpatient hospitalization, and transitional residential treatment beds

5. Office of Private Health Insurance Accountability

- assist residents in obtaining mental health care through their private insurance policies (Implementing City Agency TBD)

Other Areas of Focus for MHSF

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- Developing a behavioral health workforce to sustain this work – for both civil service and community based providers
- Harm Reduction approach
- Rigorous data collection and analysis
- Increasing public awareness

MHSF Next Step

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- Implementation Working Group will make recommendations to DPH regarding services
- Will require significant staffing and project management infrastructure to implement successfully
- Working with the Mayor's Office to fund initial implementation, will continue through June 1
- Implementation Plan due to Board of Supervisors by February 2021

Other Key Areas of Focus

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- Improving Quality Management
- Investing in Workforce and Equity
- Medi-Cal Healthier California for all:
 - Current waiver that provides DPH \$150 million in annual net revenue expires at the end 2020. State is negotiating a new framework for a successor program renewals aimed at:
 - Identifying and managing member risk and need
 - reducing complexity and increasing flexibility in the Medi-Cal system
 - Improving quality outcomes and driving delivery system transformation through value-based initiatives, modernization of systems and payment reform.

General Fund Reduction Target Strategy

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- DPH General Fund Reduction targets are \$26.5 million in FY 20-21, increasing to \$53 million in FY 21-22
- Goal is to meet General Fund reduction targets with revenues with no reductions in service levels
- No reductions in services levels and expected significant increases in behavioral health services across the department

Next Meeting

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- Detailed proposed initiatives
- Complete balancing plan for meeting general fund reduction target
- Request for Health Commission approval of proposed budget for submission to Controller and Mayor's Office
- Proposed Health Commission budget will include some initial Mental Health SF infrastructure, but development of this initiative will continue through Mayor's June 1 budget proposal