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

February 4, 2020
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

- Public Health Administration, $161,598,936
- Health Network Services, $244,418,012
- San Francisco General Hospital, $1,021,623,347
- Laguna Honda Hospital, $304,731,509
- Behavioral Health, $425,593,046
- Jail Health, $38,473,836
- Health at Home, $9,032,648
- Primary Care, $97,166,060
- Population Health, $120,766,367
Budgeted Expenses by Type

- **Salaries & Fringe Benefits**, $1,285,209,292, 53%
- **Non-Personnel Services**, $818,257,420, 34%
- **Materials & Supplies**, $144,732,088, 6%
- **Equipment**, $17,803,419, 1%
- **Facilities Maint & Capital Including Debt Service**, $34,279,518, 1%
- **Transfers to and Services of Other Depts**, $123,122,024, 5%
Budgeted FTEs by Division

- Public Health Administration, 492.30
- Health Network Services, 363.76
- San Francisco General Hospital, 3,032.97
- Laguna Honda Hospital, 1,332.56
- Behavioral Health, 668.69
- Primary Care, 450.28
- Jail Health, 155.88
- Health at Home, 46.88
- Population Health, 433.75
DPH Leverages Revenue to Offset General Fund

- 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

- 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

<table>
<thead>
<tr>
<th>Sources Increase / (Decrease)</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
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<td>346.0</td>
<td>289.4</td>
<td>423.6</td>
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*Uses*

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<th>Uses</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>FY 23-24</th>
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<tr>
<td>Baselines &amp; Reserves</td>
<td>(45.5)</td>
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<td>Salaries &amp; Benefits</td>
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<td>Citywide Operating Budget Costs</td>
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<td>(167.8)</td>
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<td>Departmental Costs</td>
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<td>(119.9)</td>
<td>(168.8)</td>
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<td><strong>USES (Increase) / Decrease</strong></td>
<td>(284.3)</td>
<td>(570.1)</td>
<td>(820.5)</td>
<td>(1,054.2)</td>
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*Projected Cumulative Surplus / (Shortfall)*

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<th>FY 20-21</th>
<th>FY 21-22</th>
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<tr>
<td>(195.4)</td>
<td>(224.1)</td>
<td>(531.1)</td>
<td>(630.6)</td>
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**Two Year Deficit**

(419.5)
The City’s Projected Deficit vs. Historical Deficits

Deficit at Time of Budget Instructions ($M)

<table>
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<tr>
<th>Fiscal Years</th>
<th>FY 16 &amp; FY 17</th>
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<th>FY 18 &amp; FY 19</th>
<th>FY 19 &amp; FY 20</th>
<th>FY 20 &amp; FY 21</th>
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<td>First year of budget (BY)</td>
<td>$104.2</td>
<td>$340.0</td>
<td>$402.4</td>
<td>$261.6</td>
<td>$270.8</td>
<td>$419.5</td>
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<td>Second year of budget (BY+1)</td>
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<td></td>
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- FY 16 & FY 17: $104.2
- FY 17 & FY 18: $340.0
- FY 18 & FY 19: $402.4
- FY 19 & FY 20: $261.6
- FY 20 & FY 21: $270.8
- FY 21 & FY 22: $419.5

Legend:
- First year of budget (BY)
- Second year of budget (BY+1)
Mayor’s Budget Instructions – Balancing the Budget

“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)

- 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.
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)

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

- 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
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

- 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.
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

- 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