

# DEPARTMENT OF PUBLIC HEALTH

## 4<sup>TH</sup> QUARTER FINANCIAL REPORT

October 18, 2016

# Summary

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- DPH will end year with net \$103.3 million General Fund surplus
- Year end balance is \$46.3 million more than 3<sup>rd</sup> Quarter. Of this difference:
  - ▣ \$35.9 million reflects one-time revenues and balance close-outs already assumed in adopted FY 16-17 to 17-18 budget
  - ▣ Remaining \$10.4 million reflects improved year end position versus adopted budget
- Balance is net of additional \$12.4 million deposit to AAO Section 12.6 management reserve

# Summary

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Division	REVENUES			EXPENDITURES			TOTAL
	Revised Budget	Current Projection	Surplus/ (Deficit)	Revised Budget	Current Projection	Surplus/ (Deficit)	Surplus/ (Deficit)
Department of Public Health							
ZSFG	\$ 1,192,780,000	\$ 1,164,533,000	\$ (28,247,000)	\$ 1,192,780,000	\$ 1,158,854,000	\$ 33,926,000	\$ 5,679,000
Laguna Honda	\$ 254,862,516	\$ 297,360,310	\$ 42,497,794	\$ 254,862,519	\$ 254,912,731	\$ (50,212)	\$ 42,447,582
Primary Care	\$ 97,354,000	\$ 99,136,000	\$ 1,782,000	\$ 97,354,000	\$ 92,225,000	\$ 5,129,000	\$ 6,911,000
Health at Home	\$ 8,307,000	\$ 8,757,000	\$ 450,000	\$ 8,307,000	\$ 8,211,000	\$ 96,000	\$ 546,000
Jail Health	\$ 32,920,000	\$ 32,766,000	\$ (154,000)	\$ 32,920,000	\$ 32,801,000	\$ 119,000	\$ (35,000)
Public Health	\$ 282,286,402	\$ 283,749,692	\$ 1,463,290	\$ 282,286,402	\$ 271,070,271	\$ 11,216,131	\$ 12,679,421
Mental Health	\$ 336,034,166	\$ 349,348,896	\$ 13,314,731	\$ 336,034,166	\$ 304,731,190	\$ 31,302,976	\$ 44,617,707
Substance Abuse	\$ 94,290,897	\$ 95,041,182	\$ 750,286	\$ 94,290,897	\$ 92,255,690	\$ 2,035,206	\$ 2,785,492
<b>TOTAL DPH</b>	<b>\$ 2,298,834,980</b>	<b>\$ 2,330,692,081</b>	<b>\$ 31,857,101</b>	<b>\$ 2,298,834,983</b>	<b>\$ 2,215,060,882</b>	<b>\$ 83,774,101</b>	<b>\$ 115,631,202</b>
Additional Contribution to Reserve Under AAO Administrative Provision Section 12.6							\$ (12,360,000)
Year End GF Balance Net of Deposits to Reserve							\$ 103,271,202

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- SFGH: \$5.7 million surplus:

Major Variances	15-16 GF Favorable / (Unfavorable)
Net Patient Revenues	\$67.1
GPP/PRIME and Prior Year Waiver Revenues (includes unneded authority for intergovernmental transfers)	(\$79.3)
Capitation Revenues	(\$20.0)
Operating transfers out – expenditure savings from unneded authority to for intergovernmental transfers	\$28.8
Salary and Fringe Benefits	\$4.8

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- SFGH: Revenue and Expenditure Variances Driven by changes to intergovernmental transfer programs under 1115 Waivers:

		(in \$000's)	
	Gross Variance	IGT Variance	Net Variance
<b>GPP/PRIME</b>			
Prior Year DSRIP Adjustment	6,484	(1,813)	4,671
Prior Year DSH/SNCP Adjustmen	(57,070)	(2,305)	(59,375)
Current Year GPP Variance	(14,015)	29,362	15,347
Current Year PRIME Variance	(14,668)	7,333	(7,335)
	(79,269)	32,577	(46,692)
<b>Capitation</b>			
Current Year Variance	(13,859)	(3,753)	(17,612)
Prior Year Payment	9,504		9,504
One-Time Distributions	5,506		5,506
	1,151	(3,753)	(2,602)
		28,824	

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- Laguna Honda: \$42.4 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
Net Patient Revenues (includes \$31.0 million from State reversal of previous legislated rate reductions)	\$42.4

- Health at Home: \$0.8 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
Net Patient Revenues	\$0.5

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- Primary Care: \$6.9 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
Capitation Revenues	\$4.0
Net Patient Service Revenues	(\$1.9)
Salary and Fringe Benefits	\$5.1

- Jail Health Services: \$0.04 million deficit:

Major Variances	14-15 GF Favorable / (Unfavorable)
Salary and Fringe Benefits	(\$0.04)

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- Mental Health: \$44.6 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
Short-Doyle revenue reserves for 13-14 and 14-15	\$10.8
Salary and Fringe Benefits	\$3.9
Non-personal services (primarily one-time prior-year cost report settlements, encumbrance liquidations, manual appropriation carryforward close-outs)	\$26.6



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- Public Health: \$12.8 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
Non-Personal Services (includes one-time manual appropriation carryforward close-outs)	\$10.3

- Substance Abuse: \$2.8 million surplus:

Major Variances	14-15 GF Favorable / (Unfavorable)
State Alcohol Funds	\$0.8
Salary and Fringe Benefits	\$1.1
Non-Personal Services	\$0.6

# Other Comments

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- Positive FY 15-16 performance made possible significant investments in major one-time expenses in FY 16-18 budget
  - EHR (\$31.4 million)
  - LHH Capital (\$12.8 million)
- Budget provision allowing transfer of \$25 million in surplus balance to EHR project
- AAO Admin Provision Section 12.6 Management Reserve
  - Allows reserve to guard against revenue uncertainty/volatility
  - 15-16 YE balance grows from \$95.2 million to \$107.6 million
  - Known potential issues factoring into reserve balance:
    - CMS disallowances of SB 1128 payments (\$35.1 million)
    - Realignment and supplemental revenues (\$73.1 million)