



Edwin M. Lee,  
Mayor

Greg Wagner,  
Chief Financial Officer

## MEMORANDUM

February 14, 2017

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

FROM: Greg Wagner, Chief Financial Officer

THROUGH: Barbara Garcia, Director

RE: **FY 2017-18 and 2018-19 Proposed Budget – Second Hearing**

At the February 21<sup>st</sup> Commission meeting we will have the second hearing on the Department of Public Health's proposed budget for FY 2017-18 and 2018-19. As you recall, our first hearing on February 7<sup>th</sup> included an overview of the City's financial picture, the Mayor's Budget instructions, and the Department's proposed strategic approach to the budget. At the February 21<sup>st</sup> hearing, we will introduce a number of proposed initiatives to meet the Mayor's Budget Instructions and to support key departmental priorities for the Commission's consideration. We are requesting approval of these initiatives for submission to the Mayor's Office.

### DPH Budget Priorities for FY 2017-19

As discussed in the previous Commission meeting, DPH's balanced budget proposal will emphasize:

- Financial stewardship
- Support for key citywide initiatives on homelessness and public safety
- Establishing a department-wide Lean management strategy
- Increasing revenue generation and capture

### Budget Initiatives

Initiatives to be presented to the Commission on February 21 include:

- **Baseline Revenue Growth.** DPH meets its assumed revenue growth in the Controller's Five Year Financial Plan and forecasts sufficient revenue to meet its 3% reduction target each year. The baseline revenue increases include improved revenue estimates from the Global Payment Program (GPP) and Public Hospital Redesign and Incentives (PRIME) revenues as part of the Medi-Cal totaling \$36.6 million in FY 17-18 and \$25.1 million in FY 18-19. Projections also include growth in patient service revenues at Zuckerberg San Francisco General (\$13.1 million in FY 17-18 and \$16.4 million in FY 18-19), Laguna Honda Hospital (\$6.8 m in FY 17-18 increasing to \$8.9 million in FY 18-19), and Primary Care (\$2.5 million annually). Note that any potential changes to the Affordable Care Act or other federal changes are unknown at this time, and therefore are not reflected in our projections.

- ***Budget Neutral Regulatory Initiatives.*** Our budget proposal includes our annual adjustments to Environmental Health fees to support existing costs and new costs necessary to support these programs. Costs are entirely offset by fee revenues. In addition, we continue a prior year initiative to meet State mandated requirements for Specialty Children's Mental Health Services. DPH will increase its contractual services budget by \$1.2 million to continue support for Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS) and Therapeutic Foster Care (TFC). These costs will be offset by increases in 2011 Realignment and matching Federal Financial Participation revenues.
- ***Operating Support for Zuckerberg San Francisco General Hospital.*** Zuckerberg San Francisco General Hospital (ZSFG) opened its new acute care hospital in May 2016. After seven months of operations and data on staffing needs, census, utilization, and access to care, the hospital has identified several areas where actual operating expenses differ from budget estimates made prior to the opening of the new hospital. As part of the budget process, ZSFG Administration reviewed existing budgeted service levels and vacancies in order to realign its budget to current operations to maintain service levels in several units including the Emergency Department, Imaging, Psychiatric Emergency Services and Rehabilitation. The proposed changes will increase ZSFG's budget by approximately \$10 million annually and allows this critical facility to continue to deliver quality care in its new facility and to meet the needs of its patients.
- ***Introducing a Department Wide Lean Management Strategy.*** Building upon the successful deployment of Lean in various programs across the department, DPH plans to develop a central Kaizen Promotion Office (KPO) to coordinate and facilitate improvement efforts across the department. This office will be created through the repurposing of eight positions within DPH and will support key quality initiatives including revenue maximization as part of a new enterprise electronic health record, as well as other efforts to improve service quality and revenue capture. DPH will also require continued outside consulting support of \$1.4 million to support this effort.
- ***Investing in Human Resources.*** Over the last several years, DPH has added a significant number of positions for service delivery, but without corresponding growth in human resources staffing to handle hiring, separations and leaves. This shortage has led to difficulty achieving sufficient permanent clinical staffing levels and unsustainable levels of use of overtime, per diem, and registry staffing. The department has partially addressed these needs through temporary staffing, but requires ongoing capacity. The budget includes 13 permanent human resources positions.
- ***Development of a Unified Electronic Health Records (EHR) system.*** Over the last several budgets, the department has proposed a combination of one-time and ongoing solutions to fund the implementation of an enterprise electronic health record system. Currently, an RFP is being issued for the implementation of an EHR that is expected to go live in the summer of 2019. To continue the multi-year strategy to fund this major project, DPH is proposing an additional \$15 million in annual project costs starting in FY 18-19.

**Balancing Summary**

DPH Target	FY 17-18	FY 18-19	Two-Year Total
<b>3% General Fund Reduction Target</b>	18,435,530	36,871,061	55,306,591
<b>Revenue Growth Assumed in Deficit</b>	5,364,032	12,622,163	17,986,195
Subtotal Revenue and Expenditure Target	\$ 23,799,562	\$ 49,493,224	\$ 73,292,786
<b>DPH Target</b>	<b>(Savings)/Cost</b>	<b>(Savings)/Cost</b>	<b>Two-Year Total</b>
<b>Summary of Initiatives</b>			
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)
<b>Net Balancing - (Exceeds)/Below Target</b>	\$ (23,762,550)	\$ 23,464,389	\$ (298,161)
<b>Other Initiatives</b>			
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.

In addition to the items included in our budget submission above, the Department continues to work with the Mayor’s Office and other City departments on key policy priorities including:

Misdemeanor Incompetent to Stand Trial (MIST) and Murphy Conservatorship Beds – DPH is looking to increase its long term care capacity to relieve individuals in the jails that are determined to be incompetent to stand trial and assessed for conservatorship. Once conserved, these patients typically require placement in a locked facility due to their low level of functioning and history of inability to care for themselves in a non-secure setting.

Hummingbird Place Conversion to Behavioral Health Navigation Center – A new 15 bed addiction/mental health program to be located at the Behavioral Health Center at Zuckerberg San Francisco General.

Transfer of Emergency Management Services – Following on a FY 16-18 Citywide initiative Emergency Management Services will be transferred from the Department of Emergency Management to the Population Health Division effective July 1, 2017. DPH will continue work with the Mayor’s Office to review the programmatic and staffing needs of this program.

We will keep you informed and as necessary schedule any additional hearings as our initiatives are considered for the Mayor’s Proposed Budget on June 1.

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Div	Item	Description	FY 17-18				FY 18-19				Comment
			FTE Change	Expend Incr/(Decr)	Revenues Incr/(Decr)	Net GF (Savings)/Cost	FTE Change	Expend Incr/(Decr)	Revenues Incr/(Decr)	Net GF (Savings)/Cost	
<b>MAYOR'S INSTRUCTIONS</b>											
		3% General Fund Reduction	-	\$ 18,435,530	\$ -	\$ 18,435,530	-	\$ 36,871,061	\$ -	\$ 36,871,061	
		Revenues Assumed in 5 Year Projection	-	\$ 5,364,032	\$ -	\$ 5,364,032	-	\$ 12,622,163	\$ -	\$ 12,622,163	
		<b>TOTAL MAYOR'S INSTRUCTIONS</b>	-	\$ 23,799,562	\$ -	\$ 23,799,562	-	\$ 49,493,224	\$ -	\$ 49,493,224	
<b>REVENUES</b>											
GH	A1	ZSFG Baseline Revenues and Medi-Cal 1115 Waiver Changes	-	\$ 10,963,927	\$ 60,870,404	\$ (49,906,477)	-	\$ 6,529,888	\$ 48,110,035	\$ (41,580,147)	Adjustments ZSFG revenue based on actual projections related to Medi-cal, Capitation, Medicare and other patient revenues. This initiative includes changes to the Global Payment Program (GPP) and Public Hospital Redesign Incentives (PRIME) are adjusted to reflect actual expected payments.
LH	A2	LHH Baseline Revenues	-	\$ -	\$ 6,871,700	\$ (6,871,700)	-	\$ -	\$ 8,954,751	\$ (8,954,751)	Annual adjustment to baselie revenues at Laguna Honda Hospital due to legislated state rate increase.
AC	A3	Primary Care Baseline Revenues	-	\$ -	\$ 2,454,700	\$ (2,454,700)	-	\$ -	\$ 2,454,700	\$ (2,454,700)	Annual adjustment to Primary Care revenues to reflect current projections.
		<b>TOTAL REVENUE</b>	-	\$ 10,963,927	\$ 70,196,803	\$ (59,232,876)	-	\$ 6,529,888	\$ 59,519,487	\$ (52,989,598)	
<b>BUDGET NEUTRAL</b>											
	B1	Environmental Health Fees	(0.34)	\$ 672,384	\$ 672,384	\$ -	(0.50)	\$ 672,384	\$ 672,384	\$ -	Annual and legislated increases in Environmental Services inspection fees to cover related program expenditures.
	B2	Children's Mental Health and 2011 Realignment	-	\$ 1,200,000	\$ 1,200,000	\$ -	-	\$ 1,200,000	\$ 1,200,000	\$ -	This initiative continues the expansion of Specialty Mental Health Services for Youth which it began in FY 2016-18, as required by State and Federal Medicaid law. This increase will support regulatory changes to the "Katie A." program for children's mental health as well as new Intensive Care Coordination and Intensive Home-Based Services.
		<b>TOTAL REVENUE NEUTRAL</b>	(0.34)	\$ 1,872,384	\$ 1,872,384	\$ -	(0.50)	\$ 1,872,384	\$ 1,872,384	\$ -	
<b>EMERGING NEEDS</b>											
GH	C1	Additional Operating Costs for Zuckerberg San Francisco General	-	\$ 9,772,945	\$ -	\$ 9,772,945	-	\$ 10,045,036	\$ -	\$ 10,045,036	Zuckerberg San Francisco General Hospital (ZSFG) opened its new acute care hospital in May 2016. After seven months of operations, program staff has identified areas in its operations where adjustments are needed to staffing and related budgets based on census, utilization, and access to care.
All	C2	Investments in Human Resources Infrastructure	-	\$ 491,653	\$ -	\$ 491,653	-	\$ 509,561	\$ -	\$ 509,561	DPH will add 13 FTE of permanent front line Human Resources staff to support Operations and Merit to continue current services levels supported by temporary staff. These new FTE will be created through substitutions of existing vacant positions. General fund impact represents the salary differences in between proposed classes and the vacant positions being repurposed.

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Div	Item	Description	FTE Change	Expend Incr/(Decr)	Revenues Incr/(Decr)	Net GF (Savings)/Cost	FTE Change	Expend Incr/(Decr)	Revenues Incr/(Decr)	Net GF (Savings)/Cost	Comment
All	C3	Establishing Department Wide Lean Strategy	-	\$ 1,406,167	\$ -	\$ 1,406,167	-	\$ 1,406,167	\$ -	\$ 1,406,167	Building upon the successful deployment of Lean in various programs across the department, DPH plans to develop a central kaizen Promotion Office (KPO) to coordinate and facilitate improvement efforts across the department.
All	C4	Electronic Health Record Operating Costs	-	\$ -	\$ -	\$ -	-	\$ 15,000,000	\$ -	\$ 15,000,000	
<b>EMERGING NEEDS</b>											
			-	\$ 11,670,764	\$ -	\$ 11,670,764		\$ 26,960,763	\$ -	\$ 26,960,763	
		Total All Initiatives and Targets Two Year Balance	(0.34)	\$ 48,306,637	\$ 72,069,187	\$ (23,762,550)		\$ 84,856,260	\$ 61,391,870	\$ 23,464,389	
										\$ (298,161)	
<b>INFLATIONARY (Does not affect target)</b>											
DPH	D1	Pharmacy and Other Inflationary Costs	-	\$ -	\$ -	\$ -	-	\$ 5,561,519	\$ -	\$ 5,561,519	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.
<b>TOTAL INFLATIONARY</b>											
						\$ -				\$ 5,561,519	

2017-18 and 2018-19 Program Change Request

**DIVISION:**

- DPH – department wide
- Zuckeberg San Francisco General Hospital (ZSFG)
- Population Health
- Laguna Honda Hospital
- Ambulatory Care
- SF Health Network Wide / Managed Care

PROGRAM / INITIATIVE TITLE: **SF Health Network & ZSFG Baseline Revenues**

TARGETED CLIENTS: N/A

PROGRAM CONTACT NAME/PHONE: Valerie Inouye, ZSFG CFO, 415-206-3599

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
-	-	(\$49,906,777)	(\$41,580,147)

**PROGRAM DESCRIPTION:** (Brief description of Program Change)

To adjust Zuckeberg San Francisco General and San Francisco Health Network baseline revenues due to current managed care projections, funding changes outlined in the current Medi-Cal Waiver, and updated estimates of Meaningful Use revenues.

**JUSTIFICATION:**

Net patient revenues at Zuckeberg San Francisco General are being adjusted to reflect FY 15-16 levels, our most recent completed fiscal year. These revenues are offset by a required Intergovernmental Transfer (IGT) payment. Patient days and outpatient revenues FY 16-17, our fiscal year are currently consistent with the volumes in FY 15-16. In addition, payments from Prior Year Settlements, are also being adjusted by \$5 million in each year to reflect historical settlements received annually. At the same, Meaningful Use revenues are adjusted and will sunset after FY 18-19.

For the San Francisco Health Network, funding for the Global Payment Program (GPP) and Public Hospital Redesign and Incentives (PRIME) is being adjusted based on more recent allocations provided. The decline in funding from FY 17-18 to FY 18-19 reflects the projection that will California receives its pro-rata share of the national Disproportionate Share Hospital (DSH) cuts. The projected net increase for these programs are \$36.6 million and \$25.1 million in FY 17-18 and FY 18-19 respectively.

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

n/a

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Net revenues would increase by \$49,906,777 in year 1 and by \$41,580,147 in year 2.

**IMPACT ON DEPARTMENT’S WORKFORCE:**

None.

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**ATTACHMENT B FY 17-19  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: SF Health Network & ZSFG Baseline Revenues**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	ZSFG Med-Cal	6,766,667	6,700,000
	ZSFG Medicare	6,766,667	6,700,000
	ZSFG Other	6,766,667	6,700,000
	PY Settlements	5,000,000	5,000,000
	Meaningful Use	(1,062,330)	(2,124,660)
	SF Health Network - GPP/PRIME	\$ 36,632,734	\$ 25,134,695
Subtotal Sources		60,870,404	48,110,035
<b>Uses:</b>			
	Operating Transfer Out	\$ 10,963,927	\$ 6,529,888
		-	-
		-	-
Subtotal Uses		10,963,927	6,529,888
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ (49,906,477)	\$ (41,580,147)
<b>Total FTE's</b>		<b>0.0</b>	<b>0.0</b>

**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)**

2017-18 and 2018-19 Program Change Request

DIVISION:

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

PROGRAM / INITIATIVE TITLE: LHH Baseline Revenue

TARGETED CLIENTS:

PROGRAM CONTACT NAME/PHONE: Chia Yu Ma/759-3325

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2018-19 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
n/a	n/a	\$6,871,700	\$8,954,751

PROGRAM DESCRIPTION: (brief description of proposed change)

Laguna Honda Hospital’s baseline revenues will increase by \$6,871,700 in FY 2017-18 \$8,954,751 in FY2018-19.

JUSTIFICATION:

The projected increase in inpatient revenue at Laguna Honda Hospital is due to a 4% increase in Medi-Cal SNF Per Diem Rates, 50% of this increase is offset by the decrease in the DP/NF Supplemental revenue based on federal matching requirements.

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

No impact.

EXPENSE AND REVENUE IMPACT: (for both fiscal years)

Revenue increase will offset existing general fund costs.

IMPACT ON DEPARTMENT’S WORKFORCE :

No impact.



**ATTACHMENT B  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: Laguna Honda Baseline Revenues**

Description	FY 2017-18	FY 2018-19
<b>Sources:</b>		
LHH Net Patient Revenue	6,871,700	8,954,751
Subtotal Sources	\$ 6,871,700	\$ 8,954,751
<b>Uses:</b>		
	\$ -	\$ -
Subtotal Uses	\$ -	\$ -
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>	<b>\$ (6,871,700)</b>	<b>\$ (8,954,751)</b>
<b>Total FTE's</b>	<b>0.00</b>	<b>0.00</b>

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

<u>Class</u>	<u>Title</u>	FTE	FY 17-18	FTE	FY 18-19
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**Operating Expenses**

Index Code	Character/Subobject Code	<u>FY 17-18</u>	<u>FY 18-19</u>
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**Facilities Maintenance, and Equipment** (List by each item by count and amount)

2017-18 and 2018-19 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: **Primary Care Baseline Revenue**

TARGETED CLIENTS:

PROGRAM CONTACT NAME/PHONE: **Chia Yu Ma/759-3325**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2018-19 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
n/a	n/a	\$2,454,700	\$2,454,700

**PROGRAM DESCRIPTION:** (brief description of proposed change)

Community Primary Care baseline revenues will increase by \$2,454,700 in FY18-19 to reflect current projections.

**JUSTIFICATION:**

The projected increase in San Francisco Health Plan capitation revenue of \$4.3 million in FY17-18 will be offset by the decrease of \$1.9 million in the Fee for Service (FFS) revenue based on the prior year actual and expected rate increase. This increase is consistent with the FY 15-16 actual revenues received and FY 16-17 projections.

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

No impact.

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Revenue increase will offset existing general fund costs.

**IMPACT ON DEPARTMENT’S WORKFORCE :**

No impact.

**ATTACHMENT B  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: Primary Care Baseline Revenues**

Description	FY 2017-18	FY 2018-19
<b>Sources:</b>		
Net Patient Revenue	2,454,700	2,454,700
Subtotal Sources	\$ 2,454,700	\$ 2,454,700
<b>Uses:</b>		
Subtotal Uses	\$ -	\$ -
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>	\$ (2,454,700)	\$ (2,454,700)
<b>Total FTE's</b>	0.00	0.00

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

<u>Class</u>	<u>Title</u>	FTE	FY 17-18	FTE	FY 18-19
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**Operating Expenses**

Index Code	Character/Subobject Code	FY 17-18	FY 18-19
HCHAPADMING 021/02700		\$ -	\$ -
HCHAPADMING 040/04461		\$ -	\$ -

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

## 2017-18 and 2018-19 Program Change Request

## DIVISION:

- DPH – department wide       Population Health       SF Health Network Wide  
 San Francisco General Hospital       Laguna Honda Hospital       Ambulatory Care \_\_\_\_\_

PROGRAM / INITIATIVE TITLE: **Environmental Health Baseline Revenue/Expenditures**

TARGETED CLIENTS: All San Francisco Residents and Regulated Business Establishments

PROGRAM CONTACT NAME/PHONE: Christine Siador 628-306-7621

2016-17 FTE Change	2017-18 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
-0.34	-0.5	\$0	\$0

**PROGRAM DESCRIPTION:** (brief description of proposed change)

The San Francisco Department of Public Health's Environmental Health Branch strives to promote health and quality of life in San Francisco by ensuring healthy living and working conditions in the City and County of San Francisco. Projected revenues fluctuate annually due various reasons, including change in inventory, new fees, changes in regulatory programs, fee increases (CPI) and economic conditions. Expenditures are adjusted (when feasible) ensure that programs do not exceed 100% cost recovery and to minimize the impact on the General Fund as well as to local businesses.

**JUSTIFICATION:**

Projected increases in revenues are due to cost of living (CPI) increases in fees, changes in inventory and program changes due to state regulations. As outlined in authorizing legislation, fees and expenditures are adjusted accordingly for workloads to ensure cost recovery and adequate staffing and resources to carry out regulatory work. Fees that were increased were based on the CPI (3.18%) and the remaining increases are based on increased inventory. Environmental Health's baseline revenues and expenditures will be increased by \$672,384 in FY17-18 and FY18-19.

The following programs have changes in revenue:

Program Name / Index Code	Reason for Revenue Change	Change in Baseline Revenue
Air Quality / HCHPBAIRQUGF	Increase to offset existing operating cost increases.	\$ 3,682
Food Safety / HCHPBFOOD-GF	Increase in expected inventory due to temporary events, plan check reviews, new regulated facilities, increase in retail and mobile establishments. Increase will add 1.0 FTE 6120 Environmental Health Inspector to assist with the reduction of food facilities not inspected in over a year, and 1.0 FTE 1630 Account Clerk to assist in billing and monitoring fee collection.	\$ 201,803
Hazardous Materials/ HCHPBHAZMTGF	Legislative changes, new industry sectors previously unregulated under the Hazardous Materials now regulated and increase in inventory and a CPI increase. DPH will add an additional 1.0 FTE 1406 Senior Clerk to support administrative functions, billing, invoicing and	\$ 346,311

	registration processing.	
Hazardous Waste/ HCHPBHAZWTGF	Increase in new housing development which has increased site mitigation reviews.	\$ 13,090
Medical Cannabis/ HCHPBMEDCNGF	Increase to offset existing operating cost increases and increased inventory.	\$ 98,678
Noise Abatement/ HCHPBNOISEGF	CPI increase to offset existing operating cost increases.	\$ 9,141
Non Potable Water/ HCHPBNONPWGF	Increase to offset existing operating cost increases.	\$ 2,540
Radio Frequency/ HCHPBRADIAGF	Increase to offset existing operating cost increases.	\$ 7,500
Solid Waste Insp/ HCHBPUBSVGF	CPI increase & inventory increase expected. Funding will cover 1.0 FTE 6120 Environmental Health Inspector to ensure that the LEA meets CalRecycle certification requirements.	\$ 258,394
Tattoo & Body Piercing/ HCHPBTATOOGF	CPI increase to offset existing operating cost increases.	\$ 8,821
Water Quality/ HCHPBWATERGF	Increase to offset existing operating cost increases and increased inventory.	\$ 120,492
Tobacco Smoke/ HCHPBTOBACGF	CPI increase to offset existing operating cost increases. Retail Tobacco Permit Density (HC Ordinance No. 259-14 )	\$ 3,191
Housing and Vector Control / HCHPBVECTRGF	Decrease in inventory.	\$ (244,776)
Massage Program/ HCHPBMASSAGF	Decrease in inventory.	\$ (156,482)
The following programs have changes in only expenditures:		
Administration/ HCHPBADMININGF	There will be an addition 1 FTE 1630 to oversee daily inquiries and issues regarding billing, tax collector, business registration, delinquent fees, and revenue.	\$ 95,212

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

New staff will increase Environmental Health's capacity to meet current needs for inspections and be in compliance with state requirements.

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Revenues and expenditures increased by \$672,384 in FY17-18 and FY18-19.

**IMPACT ON DEPARTMENT'S WORKFORCE :**

Five new permanent positions will be added through the repurposing of vacant positions previously funded by expired grants and have no general fund impact.

**ATTACHMENT B  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: ENVIRONMENTAL HEALTH FEES**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	Revenues	\$ 672,384	672,384
	Subtotal Sources	\$ 672,384	672,384
<b>Uses:</b>			
	Salary and Benefits	\$ 637,384	637,384
	Operating Expense	\$ 35,000	35,000
	Subtotal Uses	\$ 672,384	672,384
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		(0)	0
<b>Total FTE's</b>		(0.34)	(0.50)

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

<u>Class</u>	<u>Title</u>	<u>FTE<sup>1</sup></u>		<u>FTE</u>	
1406	Senior Clerk	1.00	60,652	1.00	62,623
1630	Account Clerk	1.00	54,356	1.00	56,122
1630	Account Clerk	1.00	54,356	1.00	56,122
6120	Environmental Health Inspector	1.00	117,900	1.00	121,732
6120	Environmental Health Inspector	1.00	117,900	1.00	121,732
9993M	Attrition Savings - Miscellaneous	(1.34)	(126,594)	(1.50)	(146,309)
TempM	Temporary - Miscellaneous	1.00	97,666	1.00	100,708
(001/013)	Salary adjustments including base MOU Costs		128,800		132,664
2430	Medical Evaluations Assistant	(1.00)	-	(1.00)	-
2533	Emergency Medical Services Agency Specia	(0.50)	-	(0.50)	-
1822	Administrative Analyst	(0.50)	-	(0.50)	-
2586	Health Worker II	(1.00)	-	(1.00)	-
1406	Senior Clerk	(1.00)	-	(1.00)	-
1632	Senior Account Clerk	(1.00)	-	(1.00)	-
	<b>Total Salary</b>	<b>(0.34)</b>	<b>505,036</b>	<b>(0.50)</b>	<b>505,395</b>
	<b>Fringe</b>	<b>26.2%</b>	<b>132,348</b>	<b>0.26</b>	<b>131,989</b>
	<b>Total Salary and Fringe</b>	<b>(0.34)</b>	<b>637,384</b>	<b>(0.50)</b>	<b>637,384</b>

Character/Subobject Code			
081TX	GF-Tax Collector workorder	35,000	35,000
		35,000	35,000

2017-18 and 2018-19 Program Change Request

**DIVISION:**

- DPH – department wide       Population Health       SF Health Network Wide  
 San Francisco General Hospital       Laguna Honda Hospital       Ambulatory Care – MH

PROGRAM / INITIATIVE TITLE: Behavioral Health Services (BHS), **Children Youth and Families (CYF) Section Services: EPSDT Realignment and Medi-Cal Expansion**

TARGETED CLIENTS: BHS, CYF Clients

PROGRAM CONTACT NAME/PHONE: **Kavoos Ghanebassiri/255-3401**

2017-18 FTE Change	2018-19 FTE Cumulative Change	2017-18 FTE Net General Fund Impact	2018-19 FTE Cumulative Net General Fund Impact
n/a	n/a	\$0	\$0

**PROGRAM DESCRIPTION:** (brief description of proposed change)

This initiative continues the expansion of Specialty Mental Health Services for Youth which began in FY 2016-18, as required by State and Federal Medicaid law. Federal Medicaid law requires states to provide Early and Periodic Screening, Diagnostic and Treatment Services (EPSDT) to correct or ameliorate defects and physical and mental illnesses or conditions to all eligible beneficiaries under the age of 21. In California, funding for these services is equally State Realignment and matching Federal MediCal. The overall budget for the subject program expansion is \$2,200,000, of which \$1,000,000 was including in the FY 2016-18 budget process and approved by the Health Commission, the Mayor and the Board of Supervisors. The proposed additional amount of \$1.2 million would be funded with State Realignment (\$600k) and Federal Short Doyle MediCal (\$600k), with all funding allocated to community based non-profit agencies.

The State has several mandated EPSDT service requirements for youth. In FY13-14, the Department began the implementation of the requirements resulting from the State’s settlement of a lawsuit (“Katie A.”) requiring screening and assessment along with the provision of Intensive Care Coordination (ICC) and Intensive Home-Based Services (IHBS) for children/youth in foster care or at imminent risk of placement into the foster care system. The latter two services did not previously exist. The State designated 2011 Realignment to fund this expanded service mandate. In 2015 and 2016 two additional State changes were required to expand these services, specifically requiring that ICC and IHBS be made available to all children eligible for EPSDT services (and not just those in foster care). Additionally, as the result of Assembly Bill 403, approved October 2015, there is a requirement to reduce the use of group homes by increasing the utilization of services in family based settings. Most recently, as part of the Katie A. settlement, the State is requiring counties to implement a new Therapeutic Foster Care (TFC) benefit, which would allow for MediCal Certified Foster Care Agencies to contract with San Francisco (and or existing contractors) to train Foster Parents to provide billable Mental Health Rehab services to youth in their care.

In response to all of these additional benefits, as well as the expansion of eligibility to existing clients, the CYF section has recently issued a Request for Proposals (RFP) to solicit vendors who

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can ensure San Francisco has the capacity to meet the required level of service availability. The RFP'd services would expand capacity in the following categories: In Home Behavioral Services (IHBS), Intensive Case Coordination (ICC); Child and Family Teams (CFT's); Therapeutic Foster Care (TFC); clinical services for undocumented youth, youth involved in the juvenile justice system, children and youth with multiple psychiatric hospitalizations, and additional Rehabilitation and clinical services for youth placed in residential treatment. The proposed amount of \$1.2 million would be utilized to support these services.

**JUSTIFICATION:**

The Department is required to deliver mandated EPSDT MediCal services to all eligible beneficiaries. The proposed annualization of funding for these expanded services, approved in FY16-17, is necessary to ensure that the Behavioral Health Services system has capacity to meet all of the requirements.

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

Funds from this initiative will be allocated across the CYF service delivery system, enhancing services for existing youth, as well as serving youth who will be new to the system. For example, services which previously had only been provided to youth eligible for Foster Care, are now available for MediCal eligible youth who have complex case needs, but aren't in Foster Care. A total estimated 500 new and existing youth will receive a combination of the ICC & IHBS services identified above. IHBS & ICC services augment traditional outpatient services by delivering the services in homes, residential placement facilities, and schools. The infrastructure for all of the new programming is a Child Family Therapy Team (CFT), whereby a lead staff engages families/care givers to plan and decipher service options for their children. The CFT meeting is the primary vehicle for collaboration on the assessment, case planning and placement decisions that are made to best support the success of the family.

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

The proposed impact for FY 17-19 is \$1,200,000 increase in professional services and funded with \$600,000 of Short Doyle MediCal and \$600,000 State Realignment.

**IMPACT ON DEPARTMENT'S WORKFORCE:**

No impact.



**INITIATIVE TITLE: Children Services EPSDT Medi-Cal Expansion**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	Revenues - FFP Medi-Cal - index code HMHM048041; subobject 45416	\$ 600,000	\$ 600,000
	2011 Realignment Match	\$ 600,000	\$ 600,000
Subtotal Sources		\$ 1,200,000	\$ 1,200,000
<b>Uses:</b>			
	Salary and Benefits		
	Contractual Services	\$ 1,200,000	\$ 1,200,000
	Contractual Services		
Subtotal Uses		\$ 1,200,000	\$ 1,200,000
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ -	\$ -
<b>Total FTE's</b>		0.00	0.00

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

<u>Class</u>	<u>Title</u>	<u>FTE</u> <sup>1</sup>		<u>FTE</u>	
Total Salary		0.00	-	0.00	-
Fringe					
Total Salary and Fringe		0.00	0	0.00	0

**Operating Expenses**

Index Code	Character/Subobject Code		
HMHMCP751594	021/02700	1,200,000	1,200,000
		\$ 1,200,000	\$ 1,200,000

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

**2017-18 and 2018-19 Program Change Request**

**DIVISION:**

- DPH – department wide                       Population Health                       SF Health Network Wide  
 **Zuckerberg San Francisco General Hospital (ZSFG)**                       Laguna Honda Hospital                       Ambulatory Care

PROGRAM / INITIATIVE TITLE: **ZSFG Additional Operating Costs**

TARGETED CLIENTS: All ZSFG Patients

PROGRAM CONTACT NAME/PHONE: **Susan Ehrlich, MD, Chief Executive Officer**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
0	0	\$9,772,945	\$10,045,036

**PROGRAM DESCRIPTION:** (brief description of proposed change)

Zuckerberg San Francisco General Hospital (ZSFG) opened its new acute care hospital in May 2016. After seven months of operations, program staff has identified areas in its operations where adjustments are needed to staffing and related budgets based on census, utilization, and access to care.

**JUSTIFICATION:**

As part of the budget process, ZSFG Administration reviewed existing budgeted service levels and vacancies in order to realign its budget to current operations. Service level changes, vacancies and salary savings were identified in Inpatient Services, Perioperative Services, Interventional Radiology, Health Information Services as well as Patient Financial Services. Vacant positions identified and reviewed by administration will be substituted and reprogrammed to those services requiring additional resources. The following proposed changes will allow the hospital to continue to deliver quality care in its new facility and to meet the needs of its patients.

Inpatient Services: (\$265,266) ZSFG proposes to increase the budgeted Average Daily Census (ADC) of Medical Surgical Inpatient Services by 6 beds and to decrease the budgeted ADC of Intensive Care Unit (ICU) Inpatient Services by 3 beds based on the actual ADC for the first seven months of operations. To compensate for seasonal peaks in census in the ICU, we are increasing premium dollars to pay for standby pay during these peak times.

Emergency Department (ED): \$3,777,200 Overtime/Per Diem Hours for non-productive time backfill are proposed to be added to the ongoing operating budget to support staffing models agreed to during collective bargaining and to correct overtime budgets to reflect actual experience.

Psychiatric Emergency Services: \$728,910 Salary dollars are proposed to be added to the budget to release vacancies currently programmed to salary savings in order to comply with staffing models agreed to during collective bargaining.

Imaging: \$1,436,191 ZSFG proposes to increase staffing levels by 8.33 FTE to meet service demand and to reduce reliance on registry in order to comply with collective bargaining agreements. Radiology expanded from two to six locations including embedding diagnostics in the ED and providing Interventional Radiology (IR) in Perioperative. Additional costs for Imaging may also be incurred pending current Diagnostic Technologists compensation reclassifications efforts with the Department of Human Resources.

Rehabilitation Services: \$381,880 Propose to add 1.0 FTE Speech Pathologist in order to cover Inpatient Service and eliminate utilization of Registry for permanent work. Propose to add 2.32 FTE Physical Therapists to reduce the wait time of 43 days for outpatient referral initial assessments. This will reduce the numbers of patients not following up with or seeking treatment.

Surgery: \$33,584 Propose to make permanent a limited duration 1.0 FTE Health Care Analyst that supports Perioperative Services and the *Surgical Information System* in order to maintain revenue generated by the departments.

Health & Safety: \$35,988 Propose to make permanent a limited duration 1.0 FTE Ergonomic & Safety Program Coordinator to control workers compensation claims.

Premium Pay and Holiday Pay: \$3,644,458 Proposes to increase budgeted Premium Pay and Holiday Pay to correct currently budgeted amounts to actuals driven by FTE growth, baseline salary increases (COLA's), as well as expanded premiums outlined in collective bargaining agreements.

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

This will allow to Zuckerberg San Francisco General Hospital to continue to provide quality services to its clients and within budget.

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Expenses will increase by \$10.045 Million annually by FY1819

**IMPACT ON DEPARTMENT'S WORKFORCE :**

Reprogramming of existing vacancies will have no impact on the existing workforce. Reprogramming vacancies to services that need the additional resources will help reduce utilization of Registry, Overtime and as needed staff.

**2017-18 and 2018-19 Program Change Request**

**DIVISION:**

- DPH – department wide     
  Population Health     
  SF Health Network Wide  
 San Francisco General Hospital     
  Laguna Honda Hospital     
  Ambulatory Care \_\_\_\_\_

PROGRAM / INITIATIVE TITLE: **Investments in DPH HR Operations**

TARGETED CLIENTS: All DPH staff and clients

PROGRAM CONTACT NAME/PHONE: **Ron Weigelt 415-554-2592**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
13.00	13.00	\$491,652	\$509,561

**PROGRAM DESCRIPTION:** (brief description of proposed change)

This initiative creates permanent human resources to ensure quality services continue for all of DPH's operations.

**JUSTIFICATION:**

Between FY11-12 and the FY 16-17 approved last year, DPH has added over 1,100 new budgeted positions. Approximately 200 of these budgeted position increases were due to a salary structural correction at ZSFG and LHH, but the most of remaining increase is related new positions. At the same time, DPH has only made modest increases of in its permanent human resources (HR) staffing to support these new positions and a significant number of temporary staff to hire for the new ZSFG rebuild and other key areas. In the last budget cycle, DPH added 14 FTE to its human resources programming. This year, we propose adding 13 FTE of staff to complete the transition of HR staffing to permanent civil service to adequately serve all DPH divisions and programs, as follows:

HR Operations

The Operations Division advises managers on position allocation and position control; as well as processing all new hires, promotions, reassignments, and separations for the department, They are responsible for advising department management and staff on Civil Service Rules, provisions of the Memorandum of Understanding, and various other employment laws. To support these functions, DPH will add 1.0 FTE 1404 Clerk, 2.0 FTE 1406 Clerk, 1.0 FTE Junior Management Assistant, 2.0 FTE Senior Personnel Clerk, 2.0 FTE 1241 Personnel Analyst, 2.0 FTE Senior Personnel Analyst and 1.0 1250 Recruiter.

Merit & Exams

The Merit Division oversees the DPH hiring needs for approximately 260 classifications. These consist of providing Position Based Tests (PBT) within DPH, Class Based Tests (CBT) for Citywide examinations and exempt recruitments. To support their work to fill critical positions, DPH will add 1.0 FTE 1250 Recruiter.

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

This investments will ensure that both clinical and non-clinical operations are adequately staffed, minimizing service delays and ensuring that clients receive quality care

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Increase of \$492,652 in FY 17-18 increasing to \$509,561. This increase represents the salary and fringe differences between the proposed new positions and those of the vacant positions repurposed to address the needs outlined in this initiative.

**IMPACT ON DEPARTMENT'S WORKFORCE :**

All positions will be created using repurposed positions identified in Initiative B1.

**ATTACHMENT B  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: Investments in Human Resources**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	Revenues	\$ -	\$ -
	Subtotal Sources	\$ -	\$ -
<b>Uses:</b>			
	Salary and Benefits	\$ 491,652	\$ 509,561
	Operating Expense	\$ -	\$ -
	Subtotal Uses	\$ 491,652	\$ 509,561
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ 491,652	\$ 509,561
<b>Total FTE's</b>		(0.00)	(0.00)

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

<u>Class</u>	<u>Title</u>	<u>FTE</u> <sup>1</sup>		<u>FTE</u>	
<b>Operations</b>					
1404	Clerk	1.00	59,098	1.00	61,018
1406	Senior Clerk	3.00	181,957	3.00	187,870
1840	Junior Management Assistant	1.00	77,492	1.00	80,010
1204	Senior Personnel Clerk	2.00	152,356	2.00	157,308
1244	Senior Personnel Analyst	2.00	232,905	2.00	240,474
1241	Personnel Analyst	2.00	187,174	2.00	193,257
1250	Recruiter	1.00	116,452	1.00	120,237
<b>Merit</b>					
1250	Recruiter	1.00	116,452	1.00	120,237
<b>Repurposed</b>					
1635	Health Care Billing Clerk I	(1.00)	(69,233)	(1.00)	(71,483)
2310	Surgical Procedures Technician	(0.90)	(75,438)	(0.90)	(77,890)
2310	Surgical Procedures Technician	(0.90)	(75,438)	(0.90)	(77,890)
1428	Unit Clerk	(1.00)	(71,646)	(1.00)	(73,975)
1404	Clerk	(0.50)	(29,549)	(0.50)	(30,509)
2430	Medical Evaluations Assistant	(0.50)	(34,148)	(0.50)	(35,258)
1404	Clerk	(1.00)	(59,098)	(1.00)	(61,018)
2908	Senior Hospital Eligibility Worker	(0.50)	(42,071)	(0.50)	(43,438)
1636	Health Care Billing Clerk II	(1.00)	(77,814)	(1.00)	(80,343)
2818	Health Program Planner	(1.00)	(99,855)	(1.00)	(103,100)
1404	Clerk	(1.00)	(59,098)	(1.00)	(61,018)
2204	Dental Hygienist	(0.20)	(21,081)	(0.20)	(21,766)
2846	Nutritionist	(0.50)	(51,295)	(0.50)	(52,962)
2802	Epidemiologist I	(1.00)		(1.00)	
2593	Health Program Coordinator III	(1.00)		(1.00)	
2932	Senior Psychiatric Social Worker	(1.00)		(1.00)	
Total Salary		(0.00)	358,122.58	(0.00)	369,761.68
Fringe		37.3%	133,530	37.8%	139,799
Total Salary and Fringe		(0.00)	491,652	(0.00)	509,561

Character/Subobject Code

2017-18 and 2018-19 Program Change Request

**DIVISION:**

- DPH – department wide     
  Population Health     
  SF Health Network Wide  
 San Francisco General Hospital     
  Laguna Honda Hospital     
  Ambulatory Care \_\_\_\_\_

PROGRAM / INITIATIVE TITLE: **Centralized Lean Strategy**

TARGETED CLIENTS: All DPH Clients and Staff

PROGRAM CONTACT NAME/PHONE: **Roland Pickens 415-554-6210**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
n/a	n/a	\$1,406,167	\$1,406,167

**PROGRAM DESCRIPTION:** (brief description of proposed change)

Building upon the successful deployment of Lean in various programs across the department, DPH plans to develop a central Kaizen Promotion Office (KPO) to coordinate and facilitate improvement efforts across the department.

**JUSTIFICATION:**

The Lean Management Theory focuses on continuous improvement, value creation, unity of purpose, respect for front-line workers, visual tracking, and flexible regimentation. Other Healthcare delivery systems has shown that Lean is as applicable in complex knowledge work as it is in assembly-line manufacturing. A department-wide KPO created with the reassignment of existing positions will support the Electronic Health Records project, key quality initiatives, and efforts to improve revenue capture.

The Department’s long-term goals include:

- engaging all staff in problem solving,
- spreading improvement, management and leadership skills and practices across all areas of the Department,
- furthering team-based approaches in clinical and administrative services, and
- employing standard work to reduce the risk of defects/errors and, in doing so, creating time for improvement.

To standardize our efforts and support all workflows and functions throughout the department, DPH will established a central KPO and create a three year plan for lean activities for the entire department. The KPO will be staffed through the reassignment 8 positions from within DPH from Ambulatory Care and Behavioral Health Quality Improvement and Mental Health Workforce Development Team. This office will house the human, technical and knowledge infrastructure of the Department’s lean system and will be critical in the development of individuals throughout DPH who will become internal lean experts and teachers to ensure longevity of the investment in lean. The KPO will also coordinate with existing Lean programs and Zuckerberg San Francisco General, Population Health and other areas in DPH.

In addition, DPH will seek outside to support key lean activities including value stream mapping,

strategic planning (hoshin kanri), strategy deployment and developing lean management structures.

Planned activities and areas of focus for the next two years include:

- Emergency Department Diversion – reduce and/or eliminate the number of days the emergency department is on diversion and cannot accept new ambulance transports;
- Patient Flow – optimize flow of patients from the most acute settings to improve care, safety and financial performance and improvement in patient and workforce experience to sustain/increase patient revenues, patient care experience and improve employee satisfaction.
- Electronic Health Records and Revenue Capture – reviewing current processes from front office to back office to improve coding, billing and revenue capture.
- Hospital Admission and Discharges – improve our current admission and discharge processes and revenue cycle processes to shorten the waitlists/wait times for hospital beds, reduce delays in processing patients, and optimizing and increasing patient revenue.
- Contracts Development and Processing – minimize delays in processing contracts for professional services with the goal eliminating wasteful/unnecessary steps and speeding up the delivery of services to San Francisco residents.
- Environmental Health Inspections – shorten the process of granting DPH approval to operate food services at restaurants and other brick and mortar establishments. This effort is expected to improve operator satisfaction and revenue collection, and increase the number of applications the department can process a year.

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

Upon the further deployment of Lean production and management systems across the DPH, clients and staff will be intimately involved in improving quality of care and business operations, controlling rising costs and increasing satisfaction with DPH as a provider of care, services and employment.

**EXPENSE AND REVENUE IMPACT:** (for both fiscal years)

Increase in \$1.4 million of professional services annually. Staffing for the Kaizen Promotion Office will be repurposed from existing positions as described below.

**IMPACT ON DEPARTMENT'S WORKFORCE :**

The KPO will be staffed through the reassignment 8 FTE staff from within DPH from staff members from Ambulatory Care Quality Improvement (1.0 FTE 2233 Supervising Physician 1.0 FTE 2119 Healthcare Analyst) and five positions from Behavioral Health Services Quality Management and Workforce Development (1.0 FTE 0922 Manager I, 1.0 FTE 2593 Health Program Coordinator III, 1.0 FTE 2591 Health Program Coordinator II, 1.0 FTE 2585 Health Worker I and 1.0 9924 Public Services Aide, 1.0 FTE Healthworker II.)



**INITIATIVE TITLE: Centralized Lean Strategy**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	Revenues	\$ -	\$ -
Subtotal Sources		\$ -	\$ -
<b>Uses:</b>			
	Salary and Benefits	\$ -	\$ -
	Operating Expense	\$ 1,406,167	\$ 1,406,167
Subtotal Uses		\$ 1,406,167	\$ 1,406,167
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ 1,406,167	\$ 1,406,167
<b>Total FTE's</b>		0.00	0.00

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

<u>Class</u>	<u>Title</u>	<u>FTE</u> <sup>1</sup>		<u>FTE</u>	
		0.00		0.00	
		0.00		0.00	
	Total Salary	0.00	-	0.00	-
	Fringe				-
	<b>Total Salary and Fringe</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
	Character/Subobject Code				
02700	Professional Services		1,406,167		1,406,167
			\$ 1,406,167		\$ 1,406,167

**Initiative Number C4**

**2017-18 and 2018-19 Program Change Request**

**DIVISION:**

- DPH – department wide     
  Population Health     
  SF Health Network Wide  
 San Francisco General Hospital     
  Laguna Honda Hospital     
  Ambulatory Care \_\_\_\_\_

**PROGRAM / INITIATIVE TITLE: Implementation of an Enterprise Electronic Health Record**

**TARGETED CLIENTS: All SFHN Clients**

**PROGRAM CONTACT NAME/PHONE: Bill Kim 554-2633**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
n/a	n/a	\$0	\$15,000,000

**PROGRAM DESCRIPTION: (brief description of proposed change)**

This initiative funds \$15 million of implementation for DPH’s enterprise electronic health record (EHR) starting in FY 18-19.

**JUSTIFICATION:**

For the last several years, DPH has been planning and preparing for a new enterprise electronic health record (EHR) that will replace our current set of legacy systems. This change will affect all divisions of the San Francisco Health Network. The new EHR will not only be a clinical system managing medical records, but will also serve as the San Francisco Health Network’s billing and revenue collection system. Our current system, Invision, is responsible for hundreds of millions annually in revenue.

In January 2017, DPH issued a request for proposals for vendor to implement this new system. We plan to complete vendor selection and have a completed contract by the end of calendar year 2017 with the goal of implementing the new system by the summer of 2019.

Several consultant studies have estimated the costs of implementing a new electronic health record at approximately \$377 million over 10 years. To continue to fund the expected project costs based on the consultant studies, DPH proposes to add an additional \$15 million in project costs.

Using one-time and ongoing sources, DPH will have programmed \$143.8 million of costs for the HER replacement budget through the proposed FY 2017-19 budget. At the same time, total expected costs for EHR through FY 18-19 are projected at \$152,182,300.

	FY 15-16	FY 16-17	FY 17-18	FY 18-19
<b>Implementation Costs</b>				
Annual Expenditures		6,617,700	54,522,700	91,041,900
Cumulative Total		6,617,700	61,140,400	152,182,300
<b>Existing and Planned Appropriations</b>				
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		
<b>Total</b>	<b>37,783,000</b>	<b>36,458,974</b>	<b>42,957,769</b>	<b>26,642,993</b>
<b>Cumulative Total</b>	<b>37,783,000</b>	<b>74,241,974</b>	<b>117,199,743</b>	<b>143,842,736</b>
Cumulative Surplus/(Shortfall)	37,783,000	67,624,274	56,059,343	(8,339,564)

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This \$15 million increase to the project will put DPH in solid financial footing for successfully completing the project, but currently leaves a projected gap of almost \$8.3 million by the end of FY 18-19. The final expenditure projections costs, however, will not be solidified until the system and vendor has been selected. Over the next three years, DPH will update projections and seek to close the gap through one-time revenue sources, additional project close outs and philanthropy as needed.

**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)

\$15 million in project expenditures starting in FY 18-19.

**IMPACT ON DEPARTMENT'S WORKFORCE :**

No impact.

**INITIATIVE TITLE: 17-19 Electronic Health Records Project**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>			
	Revenues	\$ -	\$ -
	Subtotal Sources	\$ -	\$ -
<b>Uses:</b>			
	Salary and Benefits	\$ -	\$ -
	Operating Expense	\$ -	\$ 15,000,000
	Subtotal Uses	\$ -	\$ 15,000,000
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ -	\$ 15,000,000
<b>Total FTE's</b>		0.00	0.00

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

<u>Class</u>	<u>Title</u>	<u>FTE<sup>1</sup></u>		<u>FTE</u>	
		0.00		0.00	
		0.00		0.00	
		<u>0.00</u>		<u>0.00</u>	
	Total Salary	0.00	-	0.00	-
	Fringe				-
	Total Salary and Fringe	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
Character/Subobject Code					
HCHACITEMRGF/ 06P00/Programmatic Project Expenses					15,000,000
PHCEMRMR0000					
		\$	-	\$	15,000,000

## 2017-18 and 2018-19 Program Change Request

**DIVISION:**

DPH – department wide                       Population Health                       SF Health Network Wide /  
 San Francisco General Hospital             Laguna Honda Hospital                Managed Care  
 Ambulatory Care \_\_\_\_\_

PROGRAM / INITIATIVE TITLE: **DPH Pharmacy and Other Inflationary Costs**

TARGETED CLIENTS:

PROGRAM CONTACT NAME/PHONE: **Jenny Louie/554-2610**

2017-18 FTE Change	2018-19 FTE Cumulative Change	FY 2017-18 Net General Fund Impact	FY 2018-19 Cumulative Net General Fund Impact
n/a	n/a	n/a	\$5,561,519

**PROGRAM DESCRIPTION:** (brief description of proposed change)

This initiative requests annual inflationary adjustments for expenses critical to network operation. The department projects costs increases of 10% for pharmaceuticals, 3% for food and 3.2% for laundry & linen costs. In addition, this initiative also includes contracted increases to housing programs at DPH.

**JUSTIFICATION:**

These adjustments are critical to ensuring that DPH is able to continue to provide services and treatments to its patients in a financial sustainable manner.

Pharmacy: Drugs continue to be the primary treatment modality for the prevention, mitigation or cure of disease. Drug therapy cost increases have exceeded the inflationary rate for other goods and services for the past decade, and increases in the utilization of novel therapeutic agents are expected to continue into year 2017-18 and 2018-19. Projected nation-wide increases in drug expenditures are 4-10% across all settings. At DPH, continued participation in drug manufacturer patient assistance programs, tight drug formulary control, and aggressive use of lower cost generic drugs will help offset increases in expense due to volume. At the same time, the development and increased use of specialty drugs which affect a smaller number of drugs, but tend to be higher. The net result of factors that will increase and decrease drug costs at DPH are projected to lead to an overall increase in the cost of pharmaceuticals for the department of 10% in FY 2018-19.

Food and Laundry: In addition, while DPH continues to leverage discounts for its food purchase, it expects a 3% increase in food costs in next fiscal year. Finally, laundry and linen costs will rise by 3.2%.

**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 \$5.56 million in FY 18-19.

**IMPACT ON DEPARTMENT'S WORKFORCE :**

None.

**ATTACHMENT B  
SUMMARY OF PROGRAM COST**

**INITIATIVE TITLE: DPH Pharmaceuticals and Materials and Supplies Inflation**

Description		FY 2017-18	FY 2018-19
<b>Sources:</b>		\$ -	\$ -
Subtotal Sources		\$ -	\$ -
<b>Uses:</b>			
	Operating Expenses	\$ -	\$ 5,561,519
Subtotal Uses		\$ -	\$ 5,561,519
<b>Net General Fund Subsidy Required (savings)/cost (Uses less Sources)</b>		\$ -	\$ 5,561,519
<b>Total FTE's</b>		n/a	n/a

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

<u>Class</u>	<u>Title</u>	FTE	FY 16-17	FTE	FY 17-18
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**Operating Expenses**

Index Code	Character/Subobject Code	FY 17-18	FY 18-19
HGH1HUN40061	040/04461 Pharmaceutical Supplies - SFGH		3,050,368
HLH448803	040/04461 Pharmaceutical Supplies - LHH		1,085,374
HJAILHLTH-GF	040/04461 Pharmaceutical Supplies - Jail Health		273,246
HCHAPADMINGF	040/04461 Pharmaceutical Supplies - Primary Care		188,290
HCHAPSPY--GFC	040/04461 Pharmaceutical Supplies - Primary Care		21,036
HMHMCC730515	040/04461 Pharmaceutical Supplies - CBHS		562,903
HMHMCC730515	021/02700 Pharmaceutical Supplies - CBHS		-
HLH448811	040/04699 Food (LHH)		127,861
HGH1HUN40061	040/04699 Food (SFGH)		137,943
HLH449439	021/040 Laundry Services & Linen (LHH)		60,917
HGH1HUN40061	021/040 Laundry Services & Linen (SFGH)		53,582

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