

James M. Illig
President

Sonia E. Melara
Vice President

Edward A. Chow, M.D.
Commissioner

Margine A. Sako
Commissioner

David J. Sanchez, Jr., Ph.D.
Commissioner

Steven Tierney, Ed.D.
Commissioner

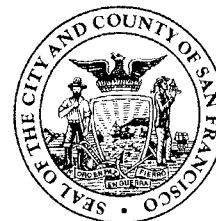
Catherine M. Waters, R.N., Ph.D.
Commissioner

HEALTH COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Gavin C. Newsom, Mayor

Department of Public Health



Mitchell H. Katz, M.D.
Director of Health

James M. Soos
Acting Executive Secretary

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MINUTES

HEALTH COMMISSION MEETING

Tuesday, February 17, 2009

At

4:00 p.m.

101 GROVE STREET, ROOM 300 or ROOM 302
San Francisco, CA 94102

1) CALL TO ORDER

The meeting was called to order at 4:03 p.m.

Present: President James M. Illig
Vice President Sonia E. Melara
Commissioner Edward A. Chow, M.D.
Commissioner Margine A. Sako
Commissioner David J. Sanchez, Ph.D.
Commissioner Steven Tierney, Ed.D.
Commissioner Catherine M. Waters, R.N., Ph.D.

2) APPROVAL OF THE MINUTES OF THE HEALTH COMMISSION MEETING OF FEBRUARY 3, 2009

Action Taken: The Commission (Illig, Melara, Chow, Sako, Sanchez, Tierney, Waters) approved the minutes of the meeting of February 3, 2009.

The Commission requested that a checklist of follow-up items be included as part of the minutes.

3) DIRECTOR'S REPORT

House Approves \$789 Billion Economic Stimulus Package

On Friday afternoon, the House approved a compromise \$789 billion economic stimulus bill designed to jump-start the American economy. The Senate is expected to vote on the bill on Friday evening. While most of the package targets "shovel-ready" infrastructure projects, a number of provisions of the bill could bring significant benefit to the Department. Those provisions that impact the Department include:

- Extension of the moratoria on seven Bush-administration Medicaid rules through June 2009. If implemented, these rules were estimated to cost San Francisco General Hospital more than \$29 million annually in lost Medi-Cal funding.
- A temporary increase in the FMAP, or federal share of Medicaid payments through December 2010. This provision is anticipated to result in \$27 million in additional Medi-Cal revenue for the current 2008-09 fiscal year and the 2009-10 budget year.
- Investment in health information technology. The Department has identified \$12 million in potentially eligible health information projects, including a new ambulatory electronic health record for the Healthy San Francisco program.
- New funding for prevention and wellness programs. Nearly \$10 million in Department-wide programs have been identified for submission including programs targeting physical activity, nutrition, fetal infant mortality, and smoking cessation.
- Funding for renovation of federally qualified health centers (FQHCs). Currently the Department has six "shovel-ready" clinic renovation projects valued at more than \$9 million.
- Additional funding for pandemic flu and biomedical preparedness. The Department has identified \$2 million in potential preparedness projects.

Department staff continues to work with the Mayor's Office, other City departments and our State and federal lobbyists to ensure that the Department and the City are well positioned to benefit from this significant inflow of funding. As you are aware, this has been an item that has moved quickly and continues to develop. I will continue to provide updates to the Commission as they become available.

Nurses Union Agree to Wage Concessions

Mayor Gavin Newsom has announced the first wage concession agreement this year by a City labor union. On February 12, the City's negotiating team and the Teamsters, Local 856 reached a tentative agreement for wage concessions in the Supervising Nurses labor agreement. These 126 nursing supervisors and directors are currently in a closed contract with guaranteed wage increases, but have agreed to reduce their upcoming wages. The agreement saves \$113,000 in the current fiscal year and approximately \$800,000 in fiscal year 2009-2010, reducing the City's wage costs next year by 3.72%.

The agreement is subject to ratification by the union's membership and final adoption of the contract amendment by the Board of Supervisors.

Commissioner Illig praised the supervising nurses for this wage concession, and called upon the other unions to do the same.

Healthy San Francisco Expands Coverage to 500% of Federal Poverty Level

We continue to expand our roll out of Healthy San Francisco by increasing the eligibility for enrollment to residents with annual incomes at or below 500% of the Federal Poverty Level. For an individual, this means an income of around \$52,000; for a family of four, \$106,000.

Mayor Newsom made the announcement on February 10, noting that over 35,000 residents are already enrolled in the program. The expansion to 500% of the Federal Poverty Level recognizes the fact that uninsured residents with modest incomes also have difficulty accessing healthcare.

For a complete copy of the Mayor's Press Release about Healthy San Francisco's expansion, go to http://www.sfgov.org/site/mayor_index.asp?id=98409.

"Disease control is at its best when you don't notice that it is done."

In late January, Communicable Disease Control & Prevention (CDCP) received a report of a probable case of measles in an adult San Francisco resident. He had recently traveled abroad and had known contact with a case of measles. Our disease control team worked long hours and into the evening to interview the individual and his immediate family, gather laboratory specimens, and place him in isolation and his household members into quarantine. The next day, the California Department of Public Health confirmed the individual was positive for measles.

In response, the CDCP section activated IDER—our ICS compliant Infectious Disease Emergency Response structure—to better manage and handle the work load. IDER was activated for 13 days and utilized nearly 100 staff from Community Health Programs. Approximately 122 staff were trained and 60 were called in as part of the response. In all, we identified and contacted 73 exposed people, and gathered information on an additional 69 people who may have been exposed. Twenty four people were quarantined, and 18 people had blood drawn to prove their immunity to measles. As expected, two of the initial case's unvaccinated household contacts developed measles, but because they had been in quarantine during their infectious period, did not spread the disease further. I believe that the Department's rapid response, early involvement, aggressive disease control measures and recruitment of additional staff from within the Department, helped avert any further spread of measles. This event underscores the importance of immunization and the public health principle that, "Disease control is at its best when you don't notice that it is done." Many thanks to all those who participated in this successful measles prevention case.

The California Endowment Awards Grant to Healthy San Francisco and to Shape Up SF

The California Endowment has awarded two grants that will further the work of DPH. The Department of Public Health received a \$250,000 grant from the California Endowment to support a comprehensive evaluation of the Healthy San Francisco program. The evaluation will measure the program's ability to improve access to care and help identify potential modifications in program design, clinical service delivery, or administrative operations. We are grateful to the California Endowment for their support of efforts that improve the health of underserved individuals and families by expanding access to health services.

The second grant from the California Endowment comes to Shape Up SF's Physical Activity Council (PAC) which was awarded a \$162,000 grant. The grant, to begin immediately, will allow PAC members and SFSU Professor of Kinesiology Susan Zieff, PhD, to conduct an in-depth analysis of local policies that help/hinder people's ability to physically active. This grant builds on Dr. Zieff's formative research in which Shape Up SF provided a supporting role. The policy analysis will focus specifically on those communities most impacted by chronic disease. Shape Up will integrate feedback from African American and Latino communities in the development of final

policy recommendations. Thanks to the California Endowment for their support of this important and innovative work.

International Delegation Visit

Late last month the SFGH Birth Center and the HIV/AIDS Prevention Section hosted senior-level health care executives from a number of Central Asian countries including Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The delegates were here as part of the Special American Business Internship Training Program, designed to familiarize senior-level hospital administrators with U.S. industry standards and trends in hospital administration. The program is a division of the U.S. Department of Commerce, International Trade Administration.

During the morning, the delegation spent time with the HIV Prevention staff at 25 Van Ness to learn about the prevention strategies and outreach efforts that have worked in San Francisco among the MSM populations, and heard a presentation on current HIV testing technologies that are being implemented here in San Francisco. HIV/AIDS prevention and treatment in these countries lags years behind the advances and policies of more developed ones.

Later in the afternoon, staff at the Birth Center at SFGH provided them with an overview of the Perinatal Division and facilities, the RN training program, a discussion about security issues, and a visit with perinatologists and labor and delivery nurses.

The Department is a frequent host to many international delegations throughout the year who come to San Francisco to learn about topics such as best practices in public health policy planning, communicable disease control, food safety, hospital management and, of a more pragmatic and pressing need, how to deliver public health services to economically disadvantaged populations.

We also assist many of these delegations with visa letters and, when possible, identify a staff person to do the presentation in the native language of the delegation. With today's economic crisis that has compelled public health departments everywhere to do more with less, we are proud to be able to share what we know with those countries whose public health leaders seek new ideas and whose resources are critically compromised.

Public Health Lab Seeing Increases in Norovirus

Like other parts of the state, San Francisco is seeing more Norovirus outbreaks. The Public Health lab located here at 101 Grove St. has been assisting Communicable Disease Control and Prevention Unit in their recent investigations at group facilities.

African-American Women's Health Celebration at Southeast Health Center

The Southeast Health Center is sponsoring an important community wide African-American Women's Health Fair on Saturday, February 21 at the Bayview Opera House (3rd St. @ Oakdale) from 8 a.m. - 3:30 p.m. The event includes such highlights as mammograms, smoking cessation, resources for pregnant or postpartum women, free workshops, substance and alcohol abuse assistance, asthma information and free food, music and prizes. The Susan G. Komen for the Cure and the California Pacific Medical Center have partnered with us to bring this day-long event into an underserved community. We invite the Commissioners to set aside some time on Saturday to stop by this community celebration. Many thanks to Veronica Shepard, Community Health Worker at Southeast Health Center, who has worked for months to bring this event to the community

Highly Effective STD Prevention Campaign Returns

The STD Prevention & Control Unit, joined by Supervisor Bevan Dufty, held a press event on Friday in the Castro to relaunch the “Healthy Penis” campaign, www.healthypenis.org.

This highly-popular and effective campaign originated in San Francisco in 2002 under the creative direction of Better World Advertising and encouraged men who have sex with men to get tested for syphilis. The healthy penis appeared on t-shirts, in a series of cartoon print ads, as novelty items and as a 6-foot tall costume worn by staff in parades and other community events. After three years in San Francisco and a measured decline in syphilis, the campaign was retired and moved on to other cities. The healthy penis, updated material and new ads have returned to San Francisco in the spirit of the current economy, the historic success of the campaign and the City’s emphasis on recycling--even its best ideas.

Arbor Day Details for Honoring Dr. Ellen Wolfe

The previous Director’s Report included a preliminary item about Mayor Newsom planting a tree on Arbor Day to honor the life and work of Dr. Ellen Wolfe. I hope the Commissioners, staff and friends of Dr. Wolfe will join me on March 11th at 11 a.m. at the corner of South Van Ness and Howard St. for this important Arbor Day tribute. Members of Dr. Wolfe’s family will be traveling to San Francisco for this event. We anticipate a good turn out from the DPH family as well. I am attaching a copy of the letter from Mohammed Nuru, Deputy Director for Operations, with more details.

Kanaley Appointed to Board of Directors Hospital Council

Congratulations to Laguna Honda Executive Director John T. Kanaley who has been appointed to the board of directors of the Hospital Council of Northern and Central California.

John was appointed by San Francisco member hospitals to represent the San Francisco section of the organization for the 2009 term. John’s nearly thirty years of experience in hospital management lends a strong public sector perspective to the Council’s legislative and public education efforts.

Dr. Katz also reported on the identification of placements for adult day health center (ADHC) clients at Laguna Honda Hospital. Since the Health Commission meeting of February 3, many of the participants have found other arrangements. Currently the Department is on the same schedule and will be reducing the staff at the ADHC after February 20 and running a smaller program.

Commissioner Waters noted that Gene O’Connell was honored at the “Hearts and Heroes” luncheon of the San Francisco General Hospital Foundation last week.

COMMUNITY HEALTH NETWORK
 SAN FRANCISCO GENERAL HOSPITAL & TRAUMA CENTER
FEBRUARY 2009
Health Commission - Director of Health Report
 (02/09/09 MEC)

	02/09	07/08 to 06/09
New Appointments	11	189
Reinstatements	0	1
Reappointments	31	312
Delinquencies:	0	0
Reappointment Denials:	0	0
Resigned/Retired:	21	146
Disciplinary Actions	0	0
Restriction/Limitation-Privileges	0	0
Deceased	0	1
Changes in Privileges		
Additions	6	46
Voluntary Relinquishments	1	29
Proctorship Completed	15	159
Proctorship Extension	0	0

Current Statistics – as of 01/26/09	
Active Staff	510
Courtesy Staff	563
Affiliate Professionals (non-physicians)	244
TOTAL MEMBERS	1,317

Applications In Process	16
Applications Withdrawn Month of February 2009	0
SFGH Reappointments in Process 03/2009 to 06/2009	179

4) GENERAL PUBLIC COMMENT

There was no general public comment.

5) **CITYWIDE HEALTH PLANNING AND EFFECTIVENESS COMMITTEE REPORT**

Commissioner Melara reported on the meeting of the CHPEC. She reported on the report of the Long Term Care Coordinating Committee's "Living with Dignity Strategic Plan." The Committee requested that staff give the CHPEC a quarterly update on implementation of the Plan. The Committee also took on the Budget Principles of the Health Commission, which was accepted with minor amendments.

6) **PRESENTATION OF THE FY 2009-2010 HEALTH POSSIBLE DEPARTMENT BUDGET**

Commissioner Illig presented the Budget Principles as amended by the Citywide Health Planning and Effectiveness Committee.

Commissioner Comments:

Commissioner Chow questioned the role of effectiveness review, as many programs that are very effective may still be eliminated. Commissioner Tierney responded that evaluation and review of programs that the Department funds have been goals of the Commission and Department for years. He added that for excellent programs, it should be the goal to work with the community to ensure that the service or program is continued elsewhere in the community. Dr. Katz suggested that evaluation be done in comparison to other similar programs or services.

Action: The Commission (Illig, Melara, Chow, Sako, Sanchez, Tierney, Waters) approved the amended principles. A copy is attached and included as part of these minutes.

Dr. Katz; Gregg Sass, CFO; and Barbara Garcia, Deputy Director and Director of Community Programs presented the second half of the Department's FY 2009-10 base budget. A copy of the presentation is attached and included as part of these minutes.

Commissioner Comments:

Commissioner Illig asked about item A9, and whether private hospitals are willing to pay a patch for Laguna Honda Hospital. Dr. Katz responded that he does not know, but suspects they would not. However, that would free up beds for SFGH, which would reduce SFGH's administrative days.

Dr. Chow asked whether we can expect \$500,000 in revenue from those hospitals and whether there is an obligation for hospitals to pay the patch. Dr. Katz responded that even without revenue from other hospitals, the Department would see an equal or greater benefit through the reduction of administrative days at SFGH. He added that the Department pays a patch to skilled nursing facilities for difficult placements.

Commissioner Melara asked whether the fee would count toward hospitals' charity care obligation. Dr. Katz responded that it would count toward community benefit, but does not believe it would be considered charity care.

Commissioner Illig asked about push back on the rent increases (item B6). Dr. Katz responded that he's not locking the Department into leases now because he believes that as the economy gets worse, the ability of the Department to lease will improve.

Commissioner Illig responded that he would not vote in favor of item B4, the non-faculty staff COLA because Department staff and other contractor staff are taking cuts. Dr. Katz responded that it would require that City requisitions be obtained to hire those professionals. Commissioner Melara requested that there be an analysis of the cost-benefit of contracting versus hiring civil service staff.

Commissioner Sako asked about the details of item B4, the non-faculty staff COLA, including staff positions affected and the percent increase. Mr. Sass responded that he would get that information. Commissioner Sako asked what other hospitals are paying for similar positions.

Commissioner Chow asked whether the Department's capacity to respond to public health emergencies will be affected by the cuts. Dr. Katz responded in the negative. Cuts to communicable disease have been included in STD and TB, with effective alternative models identified.

Commissioner Illig proposed that the salary structural fixes in the budget (items E1 and E2) be eliminated and put back onto the Mayor's Office and Human Resources. Dr. Katz asked how the Commission would like to implement this. Commissioner Illig responded that the Department needs to have budget discipline within its sections and that the Mayor's Office needs to take these fixes into account when negotiating union contracts. Commissioner Chow noted that removing the fixes from the budget would require either raising revenue in another line item or laying off staff. Dr. Katz replied that it could also come from a hiring freeze, but that there should be transparency about how the Department will deal with a budget line item. Mr. Sass added that other Departments benefit from attrition savings, but because of the nature of the Department's work, DPH does not benefit from attrition savings because positions at the hospitals need to be backfilled.

Commissioner Chow asked whether there is ability to be creative with item E5, community placement program patches. Commissioner Illig added that he believes there are creative ways to deal with community placements. Dr. Katz replied that he could lower the amount, but without the patches, there would be additional costs in SFGH administrative days that would outweigh the savings of reducing or eliminating the patches.

Commissioner Waters asked about an impression that she has heard from community partners that they were not included in the process until after the cuts were made. Ms. Garcia replied that with cuts, the Department has tried to give notice to the Commission first to get approval, and then work with the community partners regarding how to implement the cuts. She works with a 70-member stakeholder work group to plan for and implement the cuts. Commissioner Illig asked for a write up on the stakeholder process, and commended Ms. Garcia on the process this year. Ms. Garcia responded in that she would prepare a write up.

Commissioner Tierney asked about item F15, behavioral health contractor reductions, and whether the cuts were made to the larger providers, sparing smaller providers. He suggested that perhaps the Department should reduce the number of providers and seek economies of scale. Ms. Garcia responded that the next phase is to cascade the cuts to reduce the number of providers. She added that there will be a next round of cuts, and that there would be natural attrition of providers.

Commissioner Tierney asked about the cut to HIV Prevention Reduction (item F22) and how there could be no service affects. Ms. Garcia responded that she believes it is an RFP that was never issued.

Commissioner Sako asked about duplication of case managers under item F15, behavioral health contractor reductions, and whether there would be cuts to programs that would result in elimination of

all case management for some clients. Ms. Garcia responded that was an issue she would be working with community partners to address.

Commissioner Tierney asked about the justification to item G1, the increased operating costs of the new Laguna Honda Hospital, some of which should be provided through private foundation funds.

Commissioner Illig noted that he will not support item G4, as the ambulatory health record should be covered under the federal Stimulus package. Commissioner Chow asked about the \$6 million for the ambulatory electronic health record, and whether it needs to be budgeted in order to apply for it. Dr. Katz replied that the Stimulus legislation is so new that no one yet fully understands what is contained in it or whether the Department can apply for it. In addition, the Department has many information technology needs.

Public Comment:

Commissioner Illig prefaced public comment by noting that even with a \$100 million cut, the Department still has a \$1.4 billion budget, and San Francisco will still spend more per capita on public health than any other jurisdiction in the country. He noted that the enemy is the economy and not the people in the Department or at City Hall.

Jacob Moody testified against the cut to the Bridge to Recovery program at the County Jail, while no cut is being made to post-release services. He stated that he would like a more equitable cut be made.

Bob Rybicki of Westside Mental Health spoke against the cut to the crisis clinic. Using the Department's priorities and cost-effectiveness, the program should continue.

Richard Heasley spoke against the cuts to item F15. He noted that not all case management programs are created equally. He proposed that the cuts be made at the clinics rather than to the community providers. It's not only less costly, but more efficient and better.

Louise Foo of Conard House spoke against the cuts to Conard House. She believes that care management should be handled exclusively through Conard and not the outpatient clinics.

Seth Katzman of Conard House testified that there is no duplication of case management with the clinics, as their clients do not receive case management through the clinics. Conard House assumes case management responsibilities for all of its clients. Services at clinics are not reliably available.

Donna Castelli spoke against the cuts to Conard House. She believes the services are necessary for clients who are dually and triply diagnosed. Services do not duplicate city case management services. They frequently receive calls from city case managers about their clients.

Dave Monaghan, a case manager at Conard House, noted that they provide essential services to vulnerable populations, which do not duplicate City services and save money for the City in other areas, including PES and SFGH.

Jesse Stevens, a client of Conard House since 1991 spoke in favor of the services he receives from Conard House and how they've saved his life.

Alexandra Kutick spoke in favor of the services provide through supportive housing. Reduction in services will shift the burden to emergency services and criminal justice.

Saadia Al Khalifa of Conard House spoke against the cuts to supportive housing. She believes this budget cut will lead to additional homeless and result in a loss of dignity to clients.

Elizabeth Barnes, a case manager at Conard House, testified that supportive housing results in savings to the City. Without supportive housing, there will be an increased hospital and jail costs. Also, these programs do not duplicate City case management services. This is a cut to the most vulnerable clients.

Heath Hodge, program director at Conard House co-ops, stated that there is no duplication of services between Conard House and City case managers. Conard case managers work directly on site with clients, which City case managers do not.

Jennifer Friedenbach from the Coalition on Homelessness noted that they had worked with the Department to establish a single standard of care. Cutting services to the uninsured mental health patients will result in higher costs in PES and other costs. Cuts to Caduceus are misplaced.

Matthias Mormino believes that the Department should look for ways to cut that don't cut people from their services. He believes that there needs to a plural process to raise revenues. We should all feel the crisis.

Phil Fong of Conard House testified that he had worked at a clinic prior to working at Conard. At Conard, case managers work with clients in a more holistic manner. Case managers at Conard can identify problems with clients much more quickly than City case managers. Cuts should be made at the clinics.

Jenny Wiley of Hospitality House spoke in favor of funding the lowest level of care.

Ed Warshauer commended the Commission on its work. He noted that the Mayor has exempted Healthy SF. However, these cuts, especially those to mental health, will impact Healthy SF. The voters must be asked to support programs, including Healthy SF. He does not believe that the private system is participating in charity care as much as it should be.

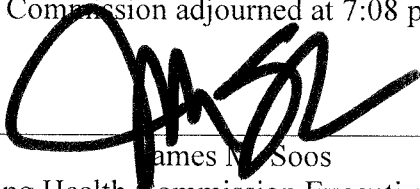
Commissioner Sako asked Ms. Garcia about effectiveness and efficiency. She stated that non-profits and the Department should be measured against the same standard.

7) **OTHER BUSINESS**

None.

8) **ADJOURNMENT**

The Commission adjourned at 7:08 p.m.



James N. Soos
Acting Health Commission Executive Secretary

Attachments: (2)

Health Commission Principles to Guide Budget Reductions

Adopted February 17, 2009

PREAMBLE

The Department of Public Health is committed to improving the health of all San Franciscans. In order to accomplish this goal, the Department funds programs inside DPH and in communities across the city. These partnerships enable us to provide the highest quality health services in all neighborhoods of the City. In order to accomplish these goals in challenging fiscal times, it is necessary to set budget priorities. The priorities and policies that govern health funding in San Francisco require the active involvement of the Health Commission, the Health Department staff, community partners, the Mayor, the Board of Supervisors and the public. The policies and budget assumptions for 2009-2010 are:

- The Health Department operates, and plans to rebuild, an acute care hospital and trauma center, and must meet all regulatory requirements in order to do so.
- The Health Department operates, and is currently rebuilding, a long-term care facility, and must meet all regulatory requirements in order to do so.
- The Department has a County and State mandated role to control the spread of communicable illness, including tuberculosis, sexually transmitted diseases, HIV/AIDS. These activities must be adequately funded to fulfill this role.
- Healthy San Francisco is a citywide priority, and the Health Department operates a primary care network that is critical to the success of Healthy San Francisco.
- The Health Department depends on successful partnerships with community based organizations.
- The Health Department is committed to community-based alternatives to institutional and long-term care.
- A number of Health Department budget allocations are used to draw down State and Federal funds.
- The Department is developing measures and outcomes for all programs that it operates and funds.
- Cultural and linguistic competency is integral to effective service delivery by both city-operated and contracted services.

Given the above budget assumptions, which must be adequately funded, the budget principles that are adopted by the Health Commission will be applied to the remaining portion of the budget.

Revenue

1. The Department shall develop a budget to include revenue increases to the maximum extent possible.
2. The Department shall ensure that fee-based programs will have fees set to recover costs, and those programs that are financially self-sustaining will be exempt from cuts (e.g., immunization clinic, outpatient dialysis), although cost reductions within them can be considered.
3. The Department will minimize cuts to leveraged services whose General Funds draw down MediCal, state and federal funding, grants, etc.

4. Any reduction in the General Fund will be presented in the context of other revenues, including grants, for the identified services.

Vulnerable Populations

5. In proposing cuts the Department will minimize the impact on vulnerable populations. We define vulnerable populations as low income persons with the following characteristics:
 - Lowest Income: Prioritize services for the very poor over services for the poor.
 - More Severe Illness: Prioritize services for those with serious illness over those with moderate illness.
 - Health Disparities: Prioritize services addressing populations with known disparities over programs serving the general population.
 - Homeless: Prioritize services for the homeless over the housed.
6. Given that most clients we serve fit at least one of these characteristics, clients fitting multiple categories would be judged to be more vulnerable than other persons.
7. The Department will identify those vulnerable persons most likely from history or condition to need institutional care, and maintain community-based services and support for those persons to avoid higher-end costs.

Core Functions

8. In proposing cuts, the Department will focus on its core functions:
 - to assure a primary care home for every uninsured and underinsured person, and maintain the physical and behavioral healthcare safety net for low-income, vulnerable populations,
 - to provide emergency care for accidents and diseases that are life-threatening,
 - to protect the public's health through education and infectious disease control.
9. The revised DPH Strategic Plan now incorporates the four priority Community Benefit Partnership goals into the plan: Access to Care, Communicable Disease Control, Chronic Care Management, and Violence Prevention. DPH and our community partners must work together to address these priorities.

Primary Care Teams

10. In the near future, valuable services such as housing, skilled nursing care, diagnostics, medical specialty care, and home health care should be treated as specialty care; that is, the need for the care should be defined by the interaction between the primary care provider and the patient. Use of these resources should be coordinated by the primary providers, thereby minimizing duplication and ensuring equity of service delivery.
11. In the near future, primary care teams for severely mentally ill persons should include multidisciplinary approaches to manage chronic conditions and promote recovery and wellness in community settings.

Service Reductions

12. The Department will identify those services of the highest priority where no cuts will be recommended and those services of moderate priority where some cuts can be recommended.

13. The Department will continue to fulfill its legally mandated functions, although we may recommend cuts to fulfill this mandate at lower expenses.
14. When making service cuts, the Department will try to mitigate them by substituting a less expensive level of service for the same population, or look for opportunities to provide a similar service at a lower cost.
15. In proposing cuts, the Department will take into account the availability and capacity of other providers in the community who can offer the same or alternative services for the same population.
16. Budget cuts should directly address the need in today's economy for efficiency of scale, so the Department will identify savings from service efficiencies and coordination, consolidation of functions and structures, and administrative streamlining.
17. Budget principles and reductions will apply equally to providers of identified services, regardless of whether they are operated by city or contract staff.
18. In proposing cuts, the Department will consider the ease or difficulty of growing services back when there is additional funding.

Budget Approval Process

In proposing budget cuts or funding restorations, the following questions should be answered by staff in the presentation to the Commission and the public:

- Priorities and Principles Review How do these reductions (and/or restorations) relate specifically to the priorities and principles set by the Health Commission and the Director for improving the health of all San Franciscans. (What are the impacts of this budget action on those strategic priorities; are they congruent with stated priorities?)
- Effectiveness review What are the effectiveness and efficiency evaluations for the programs proposed for reductions or restorations as compared with other similar programs. (How effective and efficient is this program in meeting the goals referred to above, stipulated in RFPs and contracts, etc.)
- Systematic review How might these services be provided by other partners (public, private, non-profit) in our community.

San Francisco
 Department of Public Health
 Budget Update
 FY 2009-2010

Budget Process – Introduction

With this second budget presentation to the Health Commission, Congress has passed the Economic Stimulus Bill.

The Bill includes provisions for a temporary increase in the Federal Medical Assistance Percentage (FMAP) that is projected to increase revenue to the Health Department \$12.1 million for the current year and \$14.9 million for the budget year. This additional revenue is a primary component contributing to a \$60.7 million overall reduction in general fund.

This exceeds the base budget reduction target of \$50.08 million required for submission to the Mayor's Budget Office on February 20 and contributes \$10.6 million towards the \$50.08 million contingency plan.

Increased Revenues

We have increased revenues \$32 million. This includes a \$27 million increase to the federal match of local expenditures for services to Medi-Cal patients included in the Economic Stimulus Bill and effective retroactive to October 1, 2008.

The initiative includes \$12.1 million in current year and \$14.9 million in budget year revenues. The current year revenue increase reduces our 2008-09 use of general fund and is *one-time* in nature. The increase expires on December 31, 2011.

We are also including \$4.9 million in FMAP that is part of a new State Plan Amendment to allow Counties to draw down federal matching for the unreimbursed costs of services to Managed Medi-Cal patients. The state is targeting and effective date of October 1, 2008 with funding occurring after approval by CMS. This also includes revenue for both the current year (\$2.1 million) *one-time* and budget year (\$2.8 million).

Increased Revenues

Total Revenue Increases - February 3	\$24,097,366
New Initiatives:	
FMAP for Managed Medi-Cal - SFGH (A6)	4,900,000
Temporary increases to Federal Medical Assistance Program (FMAP) – Department Wide (A7)	27,000,000
Baseline Revenue - MH (A8)	(3,500,000)

Increased Revenues (continued)

Patch Revenue from Acute Care Hospitals - LHH (A9)	507,602
Rehabilitation Services Revenue Enhancement - LHH (A10)	244,465
Acute Rehabilitation Services Revenue Enhancement - LHH (A11)	213,154
Environmental Health Revenue changes - EHS (A12)	796,705
Environmental Health Fee Increase due to program Costs - EHS (A13)	699,638
Vector Control Increase and Program Change - EHS (A15)	915,792
Total Revenues	\$35,874,452

Inflationary Increases

We have included an inflationary increase for rent increases to properties occupied by the Health Department. A second item has been deleted and replaced with a new initiative (G3) that includes the inflationary item and a request for new funding.

Total Inflationary Increases - February 3	\$3,171,945
Deletion of MIS Systems Inflationary Costs	(169,177)
Rent Increases - Dept - Wide (B6)	361,706
Total Inflationary	\$3,364,474

Revenue Neutral Programs

We have included one additional item reducing administrative costs of the California Healthcare for Indigents Program (CHIP) in response to State funding cuts. This reduces revenue and expense \$160,843.

Structural Issues

Three initiatives presented at the February 3 meeting have been revised downwards for a \$4 million reduction in requested funding.

Structural Initiatives - February 3	\$18,332,096
Salary Structural Fix - SPCH (E1)	(2,032,973)
Buprenorphine pharmacy costs - CBHS (E4)	(105,000)
Community Placement Program Shortfall - CBHS (E5)	(1,753,800)
Total Structural	\$14,440,323

Reductions in Spending we did not Recommend

The Health Commission has frequently asked how certain reductions were selected and what other items were evaluated and considered as the Department developed its list of reductions.

Recognizing that more than 60% the expenses of the Department and 49% of general fund are invested in our two hospitals, we have worked hard to identify opportunities to identify reduction initiatives at the hospitals.

Several initiatives to reduce hospital general fund are included in our Mid-year and budget year reductions. Several others were evaluated and not taken. Following is a list of items we evaluated for potential reductions at the hospitals which did not result in general fund reductions.

Reductions in Spending we did not Recommend

San Francisco General Hospital

In each case, the revenue loss exceeded the reduction in expenses

- Close the Pediatric Clinic
- Reduce hours of service and volume in medical clinics
 - 25% reduction in Cardiac Clinic
 - 50% reduction in Rheumatology Clinic
 - 50% reduction in Endocrine Clinic
- Reduce hours of service and volume in surgical specialties
 - 25% reduction in Neurology
 - 12.5% reduction in Optometry
 - 25% reduction in Plastic Surgery
 - 12.5% reduction in Orthopedics
 - 12.5% reduction in General Surgery
 - 16.7% reduction in ENT

Reductions in Spending we did not Recommend

Laguna Honda Hospital

- Close a 30 bed unit and reduce census 28 patients (3.6% of budgeted volume). The \$4.1 million revenue loss exceeds the savings in nurse staffing cost and reduction in clinical and non-clinical support services.

- Reduce the number of hours of nursing cost per day (HPPD)

Budgeted staffing	3.70 HPPD
Actual staffing	3.99 HPPD

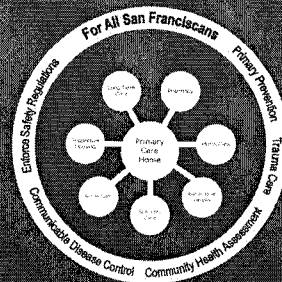
Reduction to budget would save \$4.2M. This would not produce budget savings as the budget is already reflective of the reduced staffing.

Minimum State staffing	3.2 HPPD
CMS recommended staffing	4.10 HPPD

An additional \$5M in savings could be realized, but State staffing ratio is not seen as clinically safe or adequate to care for the residents of LHH.

Higher than the current staffing levels and would increase our actual cost by an additional \$1.6M.

DPH Vision



Reductions in Spending

Total Reductions - February	\$18,669,609
Revisions	
Behavioral Health Contractor Reductions - CBHS (F15)	524,557
Nursing Skill Mix Changes - LHH (F17)	17,433
New Initiatives	
Cancer Health Education Reduction - SFGH (F18)	93,806
Special Programs for Youth at the Juvenile Justice Center (Youth Guidance Center) - JC (F19)	746,016
Reduce 100 Stabilization Beds as new supportive housing is added - HUH (F20)	750,000

Reductions in Spending (continued)

Contingency Savings from LHH Rebuild Project - (F21)	9,000,000
HIV Prevention - Administrative (F22)	289,040
Civil Service Reductions in Health Promotion (F23)	155,778
Additional GF Positions Backfilled by MHSA	1,571,273
Total Reductions	\$31,822,572

Reductions to Community Programs

Budget Item	Civil Service FTE	Total GF Savings FY08_09	Total Reduction FY09_10	Revenue Loss FY08_09	Total GF Savings FY09_10
CP Business Office Formation	(4.00)	(72,648)	(474,026)		(474,026)
Health Promotion Civil Service Reduction	(0.88)		(155,778)		(155,778)
Administrative Position Deletions	(4.38)				
Administrative Positions Redirect to MHSA		(526,838)	(1,473,685)		(1,473,685)
Additional MHSA Backfill	(13.75)				(1,571,273)
Additional Reductions to CBHS Civil Service Staff	(12.24)	(160,330)	(1,141,979)		(1,141,979)
Administrative Position Reduction	(1.00)	(11,049)	(72,039)		(72,039)
Administrative Position Reduction	(0.50)	(59,837)			(59,837)
Reorganization of SPY at YGC	(4.10)		(746,016)		(746,016)
Priority Mental Health Services to partner with various mental illness	(7.32)		(989,152)		(989,152)
Civil Service Position Deletions	(48.09)	(669,691)	(6,624,147)		(6,693,834)

Reductions to Community Programs

Budget Item	Civil Service FTE	Total GF Savings FY08_09	Total Reduction FY09_10	Revenue Loss FY08_09	Total GF Savings FY09_10
Leverage Short-Doyle Medi-Cal at 3 Supportive Housing Sites			(357,260)		(357,260)
Eliminate staff positions on grant funding to backfill GF Contract			(205,970)		(205,970)
Reduce 100 Stabilization Beds			(750,000)		(750,000)
Reduction in HHS Outpatient Model by 10% Reduction in HIV/AIDS Housing Subsidy Funding			(310,943)		(310,943)
Behavioral Health Contract Reductions		\$ (5,584,823)	\$ (817,305)		(4,972,514)
Redirection of Behavioral Health Services	(115,645)	\$ (923,888)			\$ (923,888)
Total Contractors Reduction/Redirection Savings	(115,645)	(6,508,711)	(8,972,244)	(817,305)	(7,778,935)
Total General Fund Savings	(48.09)	(676,336)	(15,321,391)	(817,305)	(14,465,919)

New Initiatives

Increased Operating Costs for New Facility - LHH (G1)	1,969,060
New Supportive Housing at 149 Mason Street HUH (G2)	268,790
DPH Information Technology Operating Expenses Increase - Dept wide (G3)	777,583
Electronic Ambulatory Medical Record Project - Dept wide (G4)	<u>6,000,000</u>
Total New Initiatives	9,015,451

Summary

Revenue Increases		\$35,874,453
Revenue Neutral		0
	Total Revenue	\$35,874,453
Regulatory		(143,600)
Inflationary		(3,364,474)
Structural		(14,440,323)
Reductions		31,822,572
New Initiatives		<u>(9,015,451)</u>
Grand Total Revenue, Revenue Neutral, Regulatory, Inflationary, Structural, Reductions and New Initiatives		\$60,733,776
General Fund Base Reduction Target		50,080,600
Difference to be applied to Contingency Plan		\$10,653,176

Next Steps

A draft resolution approving the Base Budget submission is included for your consideration and approval.

We are continuing to work on additional initiatives toward the remaining Contingency Reductions.